



# Corporate Governance Report

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2013

**CTT – Correios de Portugal, S.A.**

Public Company

Avenida D. João II, Lote 01.12.03, 1999-001 Lisboa

Lisbon commercial registry and legal person number 500 077 568

Share capital EUR 75,000,000.00



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## INTRODUCTION

This report seeks to disclose, in compliance with the Corporate Governance Code provided by the Securities Commission (CMVM) as revised by CMVM Regulation 4/2013 of 18 July, the corporate governance structure and practices adopted by CTT – Correios de Portugal (Portuguese Postal Services), S.A. – a Publicly-traded Company (hereinafter referred to as CTT), and was prepared in accordance with the provisions in articles 7 and 245-A of the Securities Code and following the model attached to said CMVM Regulation.

The year to which this Corporate Governance Report refers (2013) was a year of profound transformation within CTT, culminating in its privatisation, on 5 December 2013, with the sale of the majority of its share capital through an initial public offering (IPO) combined with an institutional direct sale.

Thus, this report reflects the reality of the transition from a State-held company to that of a company mainly of private ownership, issuer of shares listed for trading on a regulated market.



## **PART I – INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND GOVERNANCE OF THE COMPANY**

### **A. SHAREHOLDER STRUCTURE**

#### **I. CAPITAL STRUCTURE**

##### **1. Capital Structure**

On 30 October 2013, CTT's share capital was 87,325,000 euros, represented by 17,500,000 shares with a nominal value of four euros and ninety-nine cents each.

By unanimous decision in writing by the then sole shareholder Parpública - Participações Públicas (SGPS), S.A. (Parpública) dated 30 October 2013, the nominal value of the shares representing the share capital of four euros and ninety-nine cents was changed to fifty cents, followed by a reduction of the share capital in the amount of 12,325,000 euros, for the purpose of releasing surplus capital.

Consequently, the share capital of CTT is currently 75,000,000 euros, being fully underwritten and paid-up and represented by 150,000,000 shares with a nominal value of fifty cents each. The shares are registered and dematerialized and there are no different categories of shares. Since 5 December 2013, as part of the privatisation process of CTT, the total of shares representing the capital of the Company are listed for trading on the regulated market of Euronext Lisbon.

CTT's privatisation process was approved by Decree-Law 129/2013 of 6 September and complemented by the Council of Ministers Resolution 62-A/2013 of 11 October, which authorized Parpública to sell up to 70% of CTT's share capital through a public offering and/or an institutional direct sale, reserving up to 5% of CTT's share capital for its workers, and Council of Ministers Resolution 72-B/2013 of 18 November, which stated the terms of the privatisation process, namely by determining the lots for each type of investor (21,000,000 shares in a public offering and 84,000,000 shares in institutional direct sales) and the price range of the shares to be sold: between €4.10 and €5.52.

Following the privatisation of CTT under the terms above stated, on 31 December 2013, 70.0% of the share capital was held by private shareholders and 30.0% by the State (although with the votes that were imputed to it, this amounted to 36.36% of the voting rights), as detailed in paragraph 7 of this Report. As of 3 January 2014, the State sector holds a participation of 31.5% (with an equal proportion of the voting rights) and the private sector shareholders hold the remaining 68.5%.

## **2. Restrictions on the transfer of shares**

No limitations are statutorily defined regarding the transfer or ownership of Company shares.

However, the shares acquired by CTT employees under the offer reserved to them in the privatisation process, were subject to a lock-up period of 90 days as from the date of registration in their respective securities account, which ended on 5 March 2014.

The shares of the Company which are still held by Parpública – Participações Públicas (SGPS), S.A. and that were not included in the IPO (30%) can only be sold after the end of a period of 270 days from the date of listing for trading, if expressly authorised by the financial Institutions, the Global Coordinators of the Offer, subject to the fulfilment of a series of formal procedures to be undertaken by the Portuguese State when it deemed appropriate.

## **3. Own shares**

The Company does not hold own shares, nor did it make any transactions with its own shares during 2013.

## **4. Significant Agreements with change of control clauses**

Some of the lease contracts of immovable property entered into by the Company along the years expressly stipulated that if the Portuguese State was no longer to hold at least 50% of the share capital of the Company, the latter would be required to assure the issue of a bank guarantee on first demand, in favour of the respective leaseholder, in a revolving system, of the amount equivalent to 6 or 24 months of rent.

The sale by the Portuguese State of more than 50% of the Company's share capital in early December 2013, led most leaseholders to request the bank guarantees established in the respective contracts, which shall be provided within the contractually stipulated time limits. However, as a result of a negotiation process, it was possible to reduce the value of the guarantees to be provided, in some cases to a value corresponding to 12 months of rent.

Currently, there are no other significant agreements that will take effect, change or terminate in the event of change of control of the company, nor are there any measures that shall have the effect of requiring payment or reimbursement of expenses by the Company in the case of change of control or change of composition of the Board of Directors, which may hinder the free transfer of shares and the shareholders' free assessment of the members of the Board of Directors performance, complying CTT with CMVM Recommendation I.5.

5. **Regime to which the renewal or revocation of defensive measures is subject to, particularly those that provide for the limitation of the number of votes capable of being held or exercised by a single shareholder, individually or jointly with other shareholders.**

There are no limits established in the company's Articles of Association regarding the exercise of voting rights.

6. **Shareholder agreements that are known to the company and which may lead to restrictions on the transfer of securities or voting rights**

The Company is not aware of any shareholder agreements that may lead to restrictions on the transfer of securities or voting rights.

## II. SHAREHOLDINGS AND BONDS HELD

### 7. Holders of qualifying holdings, percentage of capital and votes attributed, source and causes of the attribution

As at 31 December 2013, based on the communications made to the Company, pursuant to article 447 of the Companies Code (CSC) and article 16 of the Portuguese Securities Code (CVM), the structure of the qualifying holdings in CTT was as follows:

Shareholders	Nr. of Shares	% share capital	% voting rights
Parpública-Participações Públicas (SGPS), S.A. (1)	45,000,000	30.000%	30.000%
Parpública-Participações Públicas (SGPS), S.A. (2)	9,545,455	6.364%	6.364%
<b>Total (3)</b>	<b>54,545,455</b>	<b>36.364%</b>	<b>36.364%</b>
Goldman Sachs International (4)	7,496,479	4.998%	4.998%
<b>Total</b>	<b>7,496,479</b>	<b>4.998%</b>	<b>4.998%</b>
Deutsche Bank AG London (5)	3,063,798	2.043%	2.043%
<b>Total</b>	<b>3,063,798</b>	<b>2.043%</b>	<b>2.043%</b>
Remaining shareholders (6)	84,894,268	56.596%	56.596%
<b>Total</b>	<b>84,894,268</b>	<b>56.596%</b>	<b>56.596%</b>
<b>TOTAL</b>	<b>150,000,000</b>	<b>100.000%</b>	<b>100.000%</b>

(1) Shares held by Parpública-Participações Públicas (SGPS), S.A., which in turn is fully owned by the Portuguese State.

(2) Shares allocated to Parpública-Participações Públicas (SGPS), S.A. in conformity with its call option on the Underwriters, represented for this purpose by the Stabilisation Manager, under the Institutional Underwriting Agreement, signed with the Underwriters in the privatisation process of CTT. Under this contract the Underwriters also held a put option on Parpública - Participações Públicas (SGPS), S.A. The stabilisation transactions of the action were completed on 3 January, 2014, with the Underwriters exercising the put option of 2,253,834 shares, of a total of 9,545,455 shares, representing 1.5% of the share capital of CTT.

(3) Total shareholding of Parpública-Participações Públicas (SGPS), S.A., as at 31 December, 2013, which in turn is fully owned by the Portuguese State. From 3 January, 2014, Parpública - Participações Públicas (SGPS), S.A. holds 47,253,834 shares, that is, 31.5% of the share capital of CTT.

(4) Shares held by Goldman Sachs International, controlled by Goldman Sachs Holding (U.K.), which in turn is controlled by Goldman Sachs Group Holdings (U.K.) Limited, controlled by Goldman Sachs Group UK Limited, controlled by Goldman Sachs (UK) L.L.C., which in turn is controlled by The Goldman Sachs Group, Inc..

(5) Shares held by Deutsche Bank AG London, which is a branch of Deutsche Bank AG.

(6) Includes 2,064,660 shares held by CTT employees who, according to the terms of the offer reserved for employees within the privatisation of CTT, are unavailable until 5 March, 2014.

The updated information as at the date of approval of this Report on qualifying holdings in the Company can be found at [www.ctt.pt](http://www.ctt.pt) and the Securities Commission (CMVM) website.

### 8. Number of shares and bonds held by members of the governing and Supervisory bodies

As at 31 December 2013, based on the communications made to the Company pursuant to article 447 of the Companies Code and article 14 of CMVM Regulation 5/2008, the members of the Board of Directors and Supervisory Board held the number of Company shares referred to in paragraphs 17 and 31 below.

## **9. Special Powers of the Board of Directors, especially as regards resolutions on capital increase**

The granting of special powers to the Board of Directors for carrying out capital increases is not provided for in the company's articles of association.

## **10. Information on the existence of significant business relationships between the holders of qualifying holdings and the company**

There are not any significant business relationships between the holders of qualifying holdings and the company. Nevertheless the following business relationships between CTT and the Portuguese State should be considered:

- CTT sells and renders services to the Portuguese State and various of its related entities;
- CTT collects various payroll taxes, and other taxes on behalf of the Portuguese State and is liable to Portuguese Corporate Tax on profits earned and to employees' social security taxes on its payroll;
- CTT accounts for VAT in Portugal;
- CTT incurs costs as result of services provided by several Portuguese State related parties, namely:
  - Energy costs;
  - Water supply costs;
  - Air transportation costs.

## **B. GOVERNING BODIES AND COMMITTEES**

### **I. GENERAL MEETING**

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

## **11. Identification, position and term of office (beginning and end) of the Board members of the General Meeting**

Until 30 October 2013, the Company's Articles of Association stated, in article 11, that the Board General Meeting should be composed of a Chairman, Vice-Chairman and a Secretary.

The Board of the General Meeting until said date was thus composed of the following members:

Pedro Miguel Nascimento Ventura  
Maria Onilda Sousa  
Paula Alexandra Caetano da Silva

Chairman  
Vice-Chairman  
Secretary

These members were appointed by a unanimous resolution in writing of the shareholder on 28 August 2012, for the term of office 2012-2014.

By unanimous resolution in writing, dated 30 October 2013, of the sole shareholder Parpública, who amended the Company's Articles of Association, the Board of the General Meeting of CTT would thereafter be composed of a Chairman and a Vice-Chairman, assisted by the Secretary of the Company, appointed by the Board of Directors.

Following the resignation of the former members of the Board of the General Meeting Parpública, by a unanimous resolution in writing dated 12 November 2013, elected the following members to complete the term of office of 2012-2014:

Júlio de Lemos Castro Caldas

Francisco Maria Freitas de Moraes Sarmiento Ramalho

Chairman

Vice-Chairman

The agenda of the General Meeting called for 24 March 2014, includes a proposal for an amendment to the Articles of Association, with the addition of new Chapter VI (Transitional Provision) and a new article 25 (Board of the General Meeting until 2016), which consigns the extension of the terms of office of the members of the General Meeting who began their duties in 2013, for the time required for alignment with the terms of office of the other Board members, i.e. until the end of 2016.

## **b) Exercising the right to vote**

### **12. Possible restrictions on voting rights**

The Company's Articles of Association do not provide for any limitation in terms of voting rights.

Under article 7 of the Articles of Association and in accordance with the law, the right to vote at the General Meeting is given to shareholders who, on the date of registration, corresponding to 0 hours (GMT) of the fifth trading day prior to the General Meeting, hold at least one share.

### **13. Maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders who are in any of the relations noted in number 1 of article 20 of the Securities Code.**

CTT's Articles of Association establishes no limitations with regard to voting rights.

### **14. Shareholder resolutions which, by statutory enforcement, can only be taken with a qualified majority in addition to those legally established**

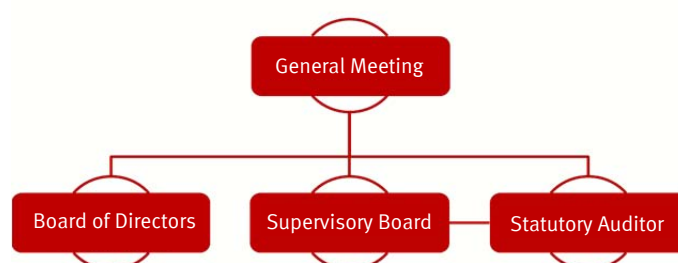
CTT's Articles of Association do not provide for the existence of resolutions requiring a qualified majority of votes. Resolutions are made by the majority of votes of the shareholders present or represented at the General Meeting whenever the law does not require a higher number.

## II. MANAGEMENT AND SUPERVISION

### c) Composition

#### 15. Identification of the adopted governance model

The Company has adopted a one-tier governance model, composed of a Board of Directors, a Supervisory Board and a Statutory Auditor, which schematically has the following structure:



The members of the Board of Directors, Supervisory Board, including the respective Chairmen and Statutory Auditor, were appointed by unanimous resolution in writing by the shareholder Parpública, having the latter been elected upon proposal of the Supervisory Board.

With the objective of promoting the adjustment of the Company's Articles of Association to the new shareholder structure after privatisation, as well as to the best practices applicable to companies who are issuers of shares listed for trading on a regulated market, on 30 October 2013, Parpública, as the sole shareholder, approved a set of statutory changes to CTT's governance model, where an Anglo-Saxon governance model is foreseen, whose taking of effect would be conditional to (i) the conclusion of the privatisation process and (ii) the election of the governing bodies members according to the new model.

In compliance with the intention stated in the prospectus of requiring a General Meeting, no later than the 28 February 2014, for the election of the new Board members according to the Anglo-Saxon governance model, Parpública asked, on February 27, for the call of said General Meeting to the Chairman of the Board of the General Meeting. Bearing in mind CTT's new shareholder structure, composed of a majority of private shareholders (68.5 %) and a minority share of Parpública (31.5%), which does not allow it to exercise a controlling influence on the decision processes of the Company, Parpública submitted a proposal for the new shareholders to confirm the partial amendment of the Company's Articles of Association, with a view to adopting the Anglo-Saxon model of corporate governance.

This model is based on a Board of Directors, composed of five executive Directors and six non-executive Directors and, from among them, a set of independent Directors, which includes an Audit

Committee comprising three of the non-executive Directors, and a Statutory Auditor, elected by the General Meeting via a proposal of the Audit Committee.

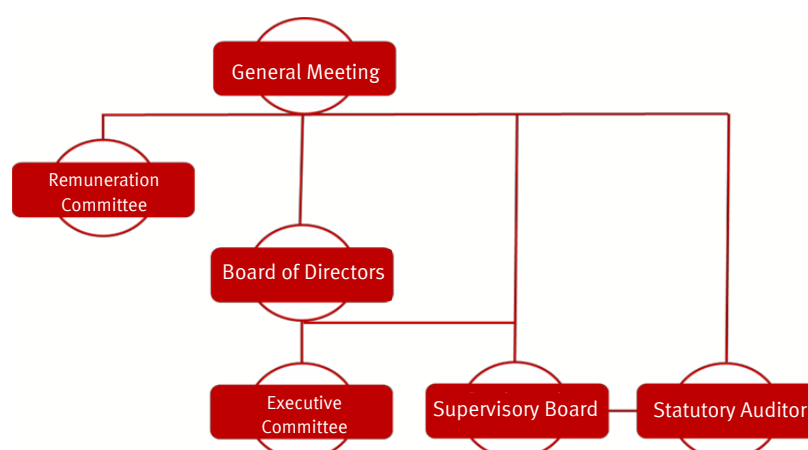
The organizational structure of CTT will also include a Remunerations Committee, elected by the General Meeting, responsible for determining the remuneration of the members of the governing bodies.

According to this model of corporate governance, once the new members of the Board of Directors have been elected and the Audit Committee has been formed, the Board of Directors shall have the necessary conditions to delegate ample powers for the Company's current management, through an Executive Committee.

In this context, the Board of Directors is primarily entrusted to (i) perform the duties which, according to the law, the Articles of Association (as amended) and its internal regulations, can not be delegated to the Executive Committee, including essentially strategic decisions, and (ii) develop specific duties of supervision of the executive management, particularly on matters of corporate governance and review, through the non-executive Directors and/or the establishment of internal committees.

The Audit Committee will, together with the Statutory Auditor, perform the duties of supervising the management of the company, resulting from the applicable legal provisions and the Articles of Association (as amended), becoming the corporate body responsible for these duties and, among others, the supervision of the independence and activity of the Statutory Auditor, internal control systems, internal audits and risk management of the Company.

In schematic terms, the Anglo-Saxon governance model whose confirmation will be submitted to the General Meeting of 24 March may be presented as follows:



## 16. Statutory rules on procedural and substantive requirements governing the appointment and replacement of members of the Board of Directors

According to the Company's Articles of Association, the General Meeting is responsible for electing the members of the Board of Directors, as well as for choosing the respective Chairman.



The Articles of Association approved on 30 October 2013 stipulate that one of the Directors may be elected from among a list of persons proposed by groups of shareholders, provided that none of these groups holds shares representing more than 20% and less than 10% of the share capital.

## 17. Composition of the Board of Directors and Executive Committee

Pursuant to the Articles of Association in force, the Board of Directors is composed of a minimum of five and a maximum of fifteen Directors, elected by a majority of votes by the shareholders present or represented at the General Meeting.

Currently, the Board of Directors is composed of the following members, all of whom have executive duties:

Holders	Board of Directors	Nr. of Shares 31.12.2013
Francisco José Queiroz de Barros de Lacerda	Chairman	3,110
Manuel Cabral de Abreu Castelo-Branco	Vice-Chairman	1,550
André Manuel Pereira Gorjão de Andrade Costa	Member	3,110
Dionizia Maria Ribeiro Farinha Ferreira	Member	-
Ana Maria de Carvalho Jordão Ribeiro Monteiro de Macedo	Member	-

A group of private shareholders endorsed a proposal which shall be presented at the General Meeting of 24 March for deliberation, allowing CTT's adoption of the Anglo-Saxon governance model, which proposes the election of eleven members to the Board of Directors for the 2014-2016 term of office, with the option to delegate powers to an Executive Committee (intended to be composed of five of the current Directors), with executive duties analogous to those presently performed.

If said proposal is approved, corresponding to paragraph 3 on the agenda of the aforementioned Extraordinary General Meeting, the Board of Directors of the Company shall have the following composition and duties:

Holders	Board of Directors	Executive Committee	Audit Committee	Independence (*)
Francisco José Queiroz de Barros de Lacerda	Chairman	Chairman		
António Sarmiento Gomes Mota	Vice-Chairman		Chairman	Yes
Manuel Cabral de Abreu Castelo-Branco	Vice-Chairman	Member		
André Manuel Pereira Gorjão de Andrade Costa	Member	Member		
Dionizia Maria Ribeiro Farinha Ferreira	Member	Member		
Ana Maria de Carvalho Jordão Ribeiro Monteiro de Macedo	Member	Member		
António Manuel de Carvalho Ferreira Vitorino	Member			Yes
José Alfredo de Almeida Honório	Member			Yes
Nuno de Carvalho Fernandes Thomaz	Member			Yes
Diogo José Parede Leite de Campos	Member		Member	Yes
Parpública - Participações Públicas, SGPS, S.A.	Member		Member	

(\*)The independence assessment was conducted in accordance with number 5 of article 414 of the CSC and 2013 CMVM Recommendation nr. II.1.7.

Members of the Board of Directors are elected for a three-year period, with the election year being considered a full calendar year, and may be re-elected.

**18. Distinction between executive and non-executive members of the Board of Directors and, with respect to non-executive members: identification of members who may be considered independent**

Currently, all members of the Board of Directors perform executive duties.

As mentioned in paragraph 17 above, after the General Meeting on 24 March 2014, the Board of Directors will be composed of executive and non-executive members, of which the majority of non-executive members named in the proposal referred to in paragraph 17 are independent.

**19. Professional qualifications and other curricular data of each of the members of the Board of Directors**

The curricula of the current members of the Board of Directors of CTT are included in Annex I.

**20. Family, professional or commercial, customary and significant relations of the members of the Board of Directors with shareholders imputable with a qualifying holding above 2% of voting rights**

No member of the Board of Directors had, as at 31 December 2013, any family, professional or business relations with shareholders with qualifying holdings exceeding 2% of the voting rights in the Company.

**21. Division of powers between the various governing bodies, committees and/or departments within the Company**

The division of powers in force is as follows:

## **A. Governing body:**

### **Board of Directors**

Under the Company's Articles of Association, the Board of Directors is responsible for:

- Approving the Company's management policies and objectives;
- Approving business and financial plans, both annual and multi-annual, and annual budgets, as well as any changes that may be necessary;
- Managing the business of the Company and performing all actions and operations regarding the corporate objectives, which are not under competence entrusted to other bodies of the Company;
- Representing the Company in and out of court, as plaintiff or defendant, with the powers to discontinue, settle or confess in any legal proceedings, and also sign arbitration agreements;
- Acquiring, selling or in any way transferring or encumbering rights, including those relative to shares and movable and immovable property;
- Incorporating companies, subscribing, acquiring, encumbering and selling shares;
- Establishing the technical and administrative organisation of the Company and the rules of internal operation;
- Appointing representatives with the powers it deems appropriate, including those for appointing substitutes;
- Performing other duties as assigned by the General Meeting;
- Appointing the Company Secretary and his deputy.

According to the Articles of Association of the Company, the Chairman of the Board of Directors shall:

- Represent the Board of Directors in and out of court;
- Coordinate the activities of the Board of Directors and call and chair its meetings;
- Exercise the casting vote; and
- Ensure the correct implementation of the resolutions of the Board of Directors.

In his absence or impediment, the Chairman of the Board of Directors shall be replaced by the Vice-Chairman.

The Board of Directors distributed the various areas of responsibility among its members, as follows:

Francisco de Lacerda Chairman & CEO					
Manuel Castelo-Branco Executive Member & Vice-Chairman of the Board of Directors		Dionízia Ferreira Executive Member of the Board of Directors	André Gorjão Costa Executive Member of the Board of Directors & CFO	Ana Jordão Executive Member of the Board of Directors	
Business Areas & Business Support	Express & Parcels (1) <ul style="list-style-type: none"><li>Commercial &amp; Marketing Portugal</li><li>Commercial &amp; Marketing Spain</li><li>Operations &amp; Systems</li><li>Planning, Finance &amp; Support</li></ul>	Mail & Business Solutions (2) <ul style="list-style-type: none"><li>Operations &amp; Delivery</li><li>Mail Marketing</li><li>Philately</li><li>Advertising Mail</li><li>Business Customers</li></ul>	Financial Services <ul style="list-style-type: none"><li>Financial Services</li><li>PayShop Network (3)</li></ul>		
	Large Customers				
	Retail Network				
Corporate & Shared Services	Company Secretary & General Secretariat	Information Technologies	Customer & Business Support	Investor Relations	Legal Advisory (4)
	Strategy & Development			Regulation & Competition	Litigation
	Human Resources & Organisation			Finance & Risk Management	Human Resources Management
	Institutional Marketing & Communication			Accounting & Treasury	Physical Resources & Security
	Audit & Quality			Planning & Management Control	Procurement & Logistics

(1) Includes CTT Expresso, Tourline and CORRE.

(2) Includes Mailtec SGPS, Mailtec Comunicação, Mailtec Consultoria, Mailtec Processos, CTT Gest and PostContacto.

(3) Includes PayShop.

(4) General, labour, and disciplinary.

## B. Committees and Departments to Support Management

The organisational model of CTT also provides for the existence of management committees and internal support structures that contribute to the decision-making process of the Company. The following Committees are in operation:

MANAGEMENT SUPPORT COMMITTEES AND THEIR OBJECTIVES	
<b>Ethics Committee</b>  Coordinated by the Director of Audit and Quality, it also includes the Director of Human Resources and Organization and the Director of International Affairs and Cooperation. This Committee reports to the Board of Directors through the Chairman of the Board.	Implementation, monitoring, interpretation and clarification of doubts and omissions in the Code of Ethics.
<b>Risk Management Committee</b>  Constituted by the Chief Financial Officer and by the heads of the Finance and Risk Management, Strategy and Development, Operations and Distribution, Retail Network, Human Resources and Organization, Information Technology, Accounting and Treasury and Physical Resources and Security.	Promote the performance of the duties of Corporate Risk Management and act as a tool for leveraging the entire process of operationalization of the risk management system at CTT.
<b>Credit Committee</b>  Composed of the Chief Financial Officer, who chairs it, and by the Directors with Business Responsibilities and by the heads of the following departments: Finance and Risk Management, Large Customers, Retail Network, Corporate Clients, Advertising Mail, Express Mail and Parcels. In follow-up and monitoring meetings, those responsible for Accounting and Treasury, the Legal Dept., Customer and Business Services, Mail and Network Marketing and Payshop Network should be represented.	Definition and submission to the Board of Directors of credit policies to clients; assessment and review of risk levels and credit limits; decision on granting/revision/suspension of credit prior to the formalization of contracts; evaluation of proposals for conclusion of payment agreements. Monitoring and evaluation of the results of the implementation of customer credit policy and identification of measures, to achieve the objectives that have been defined.
<b>Treasury Committee</b>  Constituted by the Chief Financial Officer, who chairs it, and by the Directors of the Accounting and Treasury Dept., the Finance and Risk Management Dept. and the Financial Dept. of the subsidiaries.	Measure and analyse CTT's fund management process with a view to its continuous improvement and ongoing adaptation to needs.
<b>Investment Committee</b>  Composed of the heads of the corporate directions of Development and Strategy (which coordinates it), Planning and Control of Management and Finance and Risk Management.	All proposals for investment projects worth more than € 50,000.00, prior to assessment/final approval by the Board of Directors, shall be submitted to this Committee for comment and preparation of a non-binding opinion.
<b>Real Estate Management Committee</b>  Composed of 2 members of the Board of Directors of CTT - responsible for Physical Resources and Security and Finance - and the heads of the following departments: Physical Resources and Security (along with 2 assistants), Retail Network, Operations and Distribution, Management Planning and Control and a member of the Board of Directors of CTT Expresso. Depending on the items on the agenda, the following members may also be included: Vice-Chairman and Director responsible for the Retail Network and other frontline managers, other than those mentioned above.	Strategic planning and management of real estate, real estate investment programming and promotion of optimization and enhanced economic returns of real estate.

The organisational structure of CTT as at 31 December 2013 was as follows:

#### LIST OF CTT DEPARTMENTS AND THEIR OBJECTIVES

<b>Secretary-General and Legal Counsel</b>	Ensure institutional relations of the company; provide technical and administrative support to the Board of Directors and other governing bodies; ensure formal communication between the Board of Directors, CTT's structure, subsidiaries and external entities; ensure general legal, labour and disciplinary counsel and the exercise of disciplinary authority.
<b>Investor Relations</b>	Act as CTT's representative with shareholders, investors, financial analysts, rating agencies, capital markets and the financial community in general, being responsible for providing information that allows knowledge on the evolution and economic, financial and management realities of CTT.
<b>Strategy and Development</b>	Support the Board of Directors in the definition, implementation and management of the development strategy of the CTT universe, proposing and promoting initiatives for strategic development and management of its business portfolio, in a perspective of sustainable value creation.
<b>Human Resources and Organisation</b>	Develop and implement HR policies aligned with the strategy defined for the Group, while promoting a culture of merit and continuing professional development; provide HR administration services to the CTT companies; promote health and safety at work, as well as the availability of health care and social protection.
<b>Institutional Marketing and Communication</b>	Define and implement strategies for the company's internal and external communications and sponsorship and patronage, through the development of actions that contribute to the improvement and value creation of the corporate image and the CTT brand, in close collaboration with the Board of Directors; ensure compliance with the policy and commitments to sustainability, the environment, social responsibility and corporate citizenship of the CTT universe; ensure media relations.
<b>Audit and Quality</b>	Examine and evaluate, in an independent fashion, the activities and business of CTT in order to mitigate risks associated with processes and transactions, recommending corrective measures to the audited areas and providing information required for the governance process; contribute to the management and mitigation of compliance risks in the provision of financial services; investigate unlawful and/or fraudulent practices; define and promote quality policies and procedures in CTT.
<b>Information Technology</b>	Develop strategy for CTT's information and technology systems to maximize its competitiveness and efficiency; ensure proper planning and control of information and technology systems; promote innovation and implementation of new solutions for business development.
<b>Business and Customer Support</b>	Develop the relationship policy for CTT customers in terms of after-sales and customer support and information, contributing to customer loyalty; ensure support to businesses in transversal functions, aimed at optimization of resource use, proposing measures of optimization of processes and/or improvement actions.
<b>Regulation and Competition</b>	Advise the Board of Directors on matters regarding regulation and competition and relations with regulators and supervisors in the industry; manage regulatory risk and relations with competitors.

<b>Management Planning and Control</b>	Advise the Board of Directors in terms of management planning and control of CTT, ensuring coordination with all CTT organizational units and subsidiaries, with a view to value creation.
<b>Finance and Risk Management</b>	Provide and implement strategies for the appropriate use of resources by optimizing the cost and return of capital and an appropriate risk management, in alignment with the strategic objectives defined for CTT.
<b>Accounting and Treasury</b>	Ensure accounting management, economic and financial management and the management of the evaluation of business processes with an impact on revenue generation.
<b>Litigation</b>	Ensure legal representation of the company and subsidiaries, as well as that of workers who lacking legal counsel, for reasons of work and their duties.
<b>Physical Resources and Security</b>	Define a coordinated strategy for the fleet and real estate resources; ensure that the provision of services by suppliers is done in a timely manner and in accordance with the contracted conditions; ensure integrated management of processes and procedures regarding documents and archives; define, coordinate and manage security policies and surveillance of facilities, equipment and people.
<b>Procurement and Logistics</b>	Define CTT's strategy in terms of procurement, centralization and planning of needs in terms of leasing and acquisition of goods, services and execution of contracts, coordination, preparation and monitoring of procurement procedures, centralization of administrative management of contracts, quality control and evaluation of suppliers and the effective management of warehouses and stocks.
<b>Operations and Distribution</b>	Manage the operations for the collection, transport, processing and distribution of mail in an efficient manner, ensuring excellence in quality of service and respect for the nationwide obligations Universal Postal Service, promoting synergies with all business areas of CTT towards increasing efficiency and value creation for the company.
<b>Postal Marketing</b>	Maximize the value of postal offers, contributing to a more efficient and competitive management of the postal business, and for the commercial objectives of profitability and positioning of the various businesses.
<b>Philately</b>	Develop the business of philately and collecting in a comprehensive, sustained and profitable fashion, maintaining the integrity and quality levels of Portuguese philately.
<b>Corporate Clients</b>	Ensure the loyalty of corporate clients, also maximizing the sales volume and profitability through the detection and appropriate response to business needs and business opportunities within the postal business unit.
<b>Financial Services</b>	Manage an innovative offer of competitive financial services and products, creating value for the stakeholders, strategically oriented towards customers, margin and efficiency, based on the retail network.
<b>Business Solutions</b>	Ensure the satisfaction of corporate clients and contracted quality; provide corporate clients with an offer tailored to their needs; manage strategic projects more directly linked to corporate clients.
<b>Retail Network</b>	Manage the retail network, ensuring increased revenue resulting from acts of sale; maximize resource productivity and rationalization of supply versus demand, in terms of the defined offer, price levels and obligations of the Universal Postal Service; rationalize the Retail Network and points of access to the Postal Network; ensure the quality of customer care at all points of access to the Postal Network.
<b>Large Customers</b>	Ensure integrated management of large customers, managing the key accounts segment in terms of maximizing sales and profitability of the various business areas of CTT.

## **22. Existence and place where the operating regulations of the Board of Directors and the Executive Committee may be viewed**

On 28 April 2008, the Board of Directors adopted its internal operation rules, which were changed on 10 September 2013. The full text of this regulation is available on the CTT website via the link [http://www.ctt.pt/fectt/export/download/grupoctt/quemSomos/Regulamento\\_CA.pdf](http://www.ctt.pt/fectt/export/download/grupoctt/quemSomos/Regulamento_CA.pdf)

Following the Extraordinary General Meeting to be held on 24 March to confirm the statutory amendments relative to the governance model and to elect the new members of the Board of Directors, the new operating rules of the Board of Directors shall be approved, as well as the delegation of powers to the Executive Committee, which will later be made available for viewing on the CTT website.

## **23. Number of meetings of the Board of Directors which were held and attendance of each member**

During 2013, 59 meetings of the Board of Directors were held, most of which included the presence, in person or via conference call, of all the members of the Board of Directors during this period.

The Chairman and Vice-Chairman of the Board of Directors, Francisco José Queiroz de Barros de Lacerda and Manuel Cabral de Abreu Castelo-Branco respectively, were absent in the meeting held on 16 April 2013, the latter having also been absent at the meeting held on 22 July 2013, and absent in part of the meeting held on 20 February 2013.

The Member of the Board of Directors, Ana Maria de Carvalho Jordão Ribeiro Monteiro de Macedo, was absent in the meetings held respectively on 12 June, 4 July and 9 July 2013.

## **24. Indication of governing bodies with powers to perform the evaluation of executive Directors**

Until 5 December 2013, as a State-held company, the evaluation of CTT's Directors was the responsibility of the shareholder, pursuant to number 3 of article 6 of the Public Manager's Statute approved by Decree-Law 71/2007 of 27 March, under its current version.

The proposal to be submitted to the resolution of the General Meeting of 24 March provides for the election of a Remuneration Committee composed of 3 members, for the triennium 2014-2016. This Committee will be responsible for monitoring and evaluating the performance of the Directors, verifying the extent to which the proposed objectives were achieved.

The members proposed for integrating the future Remuneration Committee have strong professional experience and the necessary knowledge to deal with and decide on all matters assigned to them.



## **25. Predetermined criteria for evaluating the performance of executive Directors**

The appraisal of the performance of the executive Directors for 2013, is, as stated above, carried out by the shareholder, pursuant to the Public Manager's Statute approved by Decree-Law 71/2007 of 27 March, under its current version, where the parameters are based on the objectives set out in the guidelines provided for the State business sector and those arising from the management contract signed pursuant to article 18 of the said diploma.

The appraisal of the performance of the Directors for 2013, taking into account the objectives set by the shareholders for the term of office 2012-2014, has not yet been performed.

## **26. Availability of each member of the Board of Directors, with indication of positions held simultaneously in other companies, inside and outside the group, and other relevant activities carried out by members of the Board of Directors**

The current Directors, with the exception of the Member of the Board of Directors, André Manuel Pereira Gorjão de Andrade Costa, who is Member of the Board of Directors of Eurogiro on behalf of CTT, do not hold any positions in other companies outside the Group, as detailed in Annex I.

### **d) Committees within the Board of Directors and management**

## **27. Committees created within the Board of Directors and Executive Committee and place where their operating regulations can be viewed**

During 2013, no committees had been established under the Board of Directors, whereby only one management support structure existed, consisting of committees, as referred to in Section B of paragraph 21 mentioned above.

After the General Meeting of 24 March, and if the proposals included in the agenda are approved, Committees will be created under the Board of Directors, using the governance model to be adopted, starting with the Executive Committee and the Audit Committee which will enforce internal regulations whose full texts will be available in time for consultation on the CTT website.

## **28. Composition of the Executive Committee**

To date there is no Executive Committee; all members of the Board of Directors perform executive duties.

After the General Meeting of 24 March 2014, and having approved the proposals, the Board of Directors will delegate the daily management of the Company to an Executive Committee consisting of five members, with the intention that they be members of the current Board of Directors.

**29. Powers of each of the committees created and overview of the activities developed during the exercise of those powers**

Not applicable.

**III. SUPERVISION**

**d) Composition**

**30. Identification of the Supervisory Board according to the adopted model**

The monitoring of CTT's activity is the responsibility of a Supervisory Board and a Statutory Auditor or Company of Statutory Auditors that is not a member of this body, elected by the General Meeting upon proposal by the Supervisory Board.

After the General Meeting of 24 March 2014, upon confirmation of the proposed amendments to the Articles of Association, the supervision of business, stemming from the legal provisions and the Articles of Association, shall be the responsibility of the Audit Committee and Statutory Auditor.

**31. Composition of the Supervisory Board/Audit Committee indicating the statutory minimum and maximum number of members, statutory term of office, number of permanent members, date of first appointment and date of end of term of office of each member**

The Supervisory Board is composed, in statutory terms, of a Chairman, two appointed Board members and an alternate, all elected at the General Meeting.

Following the decision of the sole shareholder of CTT, dated 12 November 2013, the Supervisory Board consists of the following three members elected at that time to complete the term 2012-2014 in progress, and an alternate who stayed on from the previous Board. The term of office starts on 12 November 2013 and ends on 31 December 2014, for appointed members, and starts on 24 August 2012 and ends on 31 December 2014 for the alternate member.

António Sarmento Gomes Mota	Chairman
Elsa Maria Roncon Santos	Member
Diogo José Paredes Leite de Campos	Member
Sara Alexandra Ribeiro Pereira Simões Duarte Ambrósio	Alternate Member

None of the members of the Supervisory Board own CTT shares.

Until 12 November 2013, the Supervisory Board consisted of the following members:

Holders	Supervisory Board
Elsa Maria Roncon Santos	Chairman
Maria Fernanda Ioanaz da Silva Martins	Member
Maria de Lurdes Pereira Moreira Correia de Castro	Member
Sara Alexandra Ribeiro Pereira Simões Duarte Ambrósio	Alternate Member

The members of the Supervisory Board had been appointed to complete the 2012-2014 period, on 24 August 2012, and renounced the office on 7 November 2013, by virtue of the then projected change in the shareholder structure of CTT, resulting from the privatisation.

### **32. Identification of the members of the Supervisory Board and the Audit Committee, who are deemed independent, under article 414, number 5 of the Companies Code**

The Supervisory Board consists of the following independent members:

António Sarmento Gomes Mota	Chairman
Díogo José Paredes Leite de Campos	Member

### **33. Professional qualifications and other relevant curricular data of each of the members of the Supervisory Board/Audit Committee**

The curricula of the members of the Supervisory Board of CTT are presented in Annex I.

## **f) Operation**

### **34. Existence and place where the operating regulations of the Supervisory Board/Audit Committee can be viewed**

On 4 November 2013, the Supervisory Board adopted its rules of operation. The full text of this regulation is available on the CTT website, via the link: [http://www.ctt.pt/fectt/export/download/grupoctt/quemSomos/Regulamento do Conselho Fiscal.pdf](http://www.ctt.pt/fectt/export/download/grupoctt/quemSomos/Regulamento%20do%20Conselho%20Fiscal.pdf)

Pursuant to article 19 of the Articles of Association and Regulation of the Supervisory Board, the latter will normally meet at least once every two months and whenever required by the Chairman or requested by any of the other members.

For the Supervisory Board to vote, the presence of a majority of its members is required. Decisions are taken by majority of votes.

After the General Meeting of 24 March, and having approved the proposals included in the agenda, the Audit Committee shall adopt its rules of operation whose full text will be available in time for consultation on the CTT website.

**35. Number of meetings of the Supervisory Board/Audit Committee and attendance of each member**

The Supervisory Board held seventeen meetings during 2013, where all of its appointed members were present.

**36. Availability of each member of the Supervisory Board/Audit Committee, with indication of the positions held simultaneously in other companies inside and outside the group, and other relevant activities carried out by the respective members**

The positions the Supervisory Board members in office in 2013 held in other companies are listed in Annex I.

**g) Powers and duties**

**37. Procedures and criteria for intervention by the supervisory body for the purpose of hiring additional services from the external auditor**

Pursuant to number 18 of Council of Ministers Resolution (RCM) 49/2007 of 28 March, which establishes rules similar to the CMVM Recommendations on Corporate Governance, the hiring of additional services from the external auditor was always preceded by prior opinion of the Supervisory body, in this case, the Supervisory Board.

The different treatment of matters relating to the "audit related" review were also respected, as were those not located within this perimeter, for which the maximum limit of 30% of total fees paid during 2013 to the auditor was respected.

### **38. Other duties of the Supervisory body**

The Supervisory Board is entrusted with the following duties, pursuant to the law and the Articles of Association:

- Examine, whenever it deems appropriate and at least once a month, the books of the Company ;
- Monitor the operation of the Company and compliance with the applicable laws, Articles of Association and regulations ;
- Request the special calling of the General Meeting when deemed appropriate;
- Examine the situations presented by the Board of Directors during its management;
- Draw the attention of the Board of Directors to any matters that should be considered and rule on any matter submitted to it by that body;
- Oversee the preparation and disclosure of financial information;
- Propose to the General Meeting the appointment of the Statutory Auditors and monitor their independence, and oversee the audit of the Company's books;
- Receive reports of irregularities presented by shareholders , Company employees and others;
- Monitor the effectiveness of the risk management systems, internal audit and internal control ;
- Issue a binding opinion on advance payments on profits over a year.

## **IV. STATUTORY AUDITOR**

### **39. Identification of the statutory auditor and its representative statutory auditor member**

PricewaterhouseCoopers & Associates, Statutory Auditors, Ltd. was reappointed as Statutory Auditor for the term of office of 2012-2014, by unanimous deliberation in writing of 30 October 2012.

This company of Statutory Auditors is represented in its duties, since 30 October 2012, by José Pereira Alves (Chartered Accountant (ROC) number. 711) or by João Rui Fernandes Ramos (Chartered Accountant (ROC) number 1333).

João Rui Fernandes Ramos (Chartered Accountant (ROC) number 1333) was replaced by Ana Maria Ávila de Oliveira Lopes Bertão (Chartered Accountant (ROC) number 902), on 31 January 2014.

The Alternate Statutory Auditor appointed for the 2012-2014 term of office is José Manuel Henriques Bernardo (Chartered Accountant (ROC) number 903), having been reappointed during his office by resolution of 30 October 2012.

**40. Number of years in which the statutory auditor performs duties consecutively with the company and/or the group**

The current Statutory Auditors, PricewaterhouseCoopers & Associates, Statutory Auditors, Ltd. has performed these duties in the Company since 2008.

PricewaterhouseCoopers & Associates, Statutory Auditors, Ltd. still performs duties as Sole Auditor in the following Group companies:

- CTT Gest - Gestão de Serviços e Equipamentos Postais, S.A., since 2008, currently holding office for the term 2012-2014, and
- EAD – Empresa de Arquivo de Documentação, S.A., since 2007, currently holding office for the term 2012-2014.

**41. Description of other services rendered by the Statutory Auditor to the company**

In addition to their services as statutory auditors, during 2013 PricewaterhouseCoopers & Associates, Statutory Auditors, Ltd. (PwC) also provided audit services under the privatisation process that took place in the second half of 2013, including, in particular:

- (i) Audit of the accounts audited over the last three years of the CTT Group (2012, 2011 and 2010) in accordance with EU-IFRS and audit of the accounts of the two intermediate periods (Q3 of 2012 and 2013), prepared in accordance with ISRE 2410 (Balance Sheet, P&L, Cash Flow and Statement of Shareholders Equity, including Notes);
- (ii) Issue of SAS 72 and SAS 72 letters of comfort look alike; and
- (iii) Participation in conference calls of General Coordination of the Offer in order to assist the underwriter banks during the financial due diligence, including participation in the conference call of audit due diligence.

The procedure of direct awarding of the above services to PwC was conducted following a recommendation of the banks involved in the Overall Coordination of the Offer and after obtaining a favourable opinion from the Supervisory Board in office at the date of hire.

**V. EXTERNAL AUDITOR**

**42. Identification of the external auditor and its representative statutory auditor member in the fulfilment of these duties, and its CMVM registration number**

PricewaterhouseCoopers & Associates, Statutory Auditors, Ltd., (PwC), Statutory Auditors of the Company, registered with the Securities and Exchange Commission under number 9077, also holds the office of External Auditor since 2013.

This audit firm is currently represented by José Pereira Alves (Chartered Accountant (ROC) number 711) or Ana Maria Ávila de Oliveira Lopes Bertão (Chartered Accountant number 902).

Besides the external auditor whose duties were, from the second half of 2013, carried out by PwC, the accounts of CTT are also audited by the audit firm KPMG & Associates, Statutory Auditors, S.A., (KPMG), enrolled in the Statutory Auditors Association under number 189 and registered at the Securities and Exchange Commission under number 9093, represented by Maria Cristina Santos Ferreira (Chartered Accountant number 1010), as an independent auditor.

**43. Number of years in which the external auditor, and the respective representative statutory auditor fulfilling these duties, consecutively performs duties at the company and/or group**

The duties of external auditor performed by PwC and that of the respective Statutory Auditor member are exercised in CTT since the beginning of the second half of 2013.

KPMG served as an external auditor in CTT from 2012 until the first half of 2013, and is currently an independent auditor of the Company.

**44. Policy and frequency of rotation of the external auditor and respective representative statutory auditor fulfilling these duties**

The External Auditor was BDO during the years of 2010 and 2011, and KPMG in 2012.

PwC only acted as external auditor for the financial year of 2013, for the privatisation process by public offering, held in the fourth quarter of 2013.

As Statutory Auditors of CTT, PricewaterhouseCoopers & Associates, Statutory Auditors, Ltd. perform duties since 2008 and have therefore not yet exceeded the period corresponding to three terms which obligates the company to rotate, as provided in CMVM Recommendation IV.3.

**45. Body responsible for the evaluation of the external auditor and frequency of this evaluation**

The Supervisory Board is responsible for the annual evaluation of the external auditor.

**46. Works, other than auditing, performed by the external auditor for the company and/or companies with which it is in a controlling relationship, as well as indication of internal procedures for approval of hiring such services and indication of the reasons for their hiring**

During 2013, PricewaterhouseCoopers & Associates, Statutory Auditors, Ltd. was hired to independently check the information in the Sustainability Report, as well as the systems and processes that were used to support it.

These services were hired through direct awarding after consulting the Supervisory Board, based on

the in-depth knowledge that this entity has of CTT, due to the exercise of its duties as Statutory Auditors.

PwC also rendered fiscal consultancy services concerning transfer pricing.

#### 47. Annual remuneration paid by the company and/or by legal entities in a controlling or group relationship, to the auditor and other natural or legal persons

During 2013 and 2012, the remuneration received by CTT's External Auditors, PricewaterhouseCoopers & Associates, Statutory Auditors, Ltd., was approximately 510 thousand euros, where this amount was allocated to the following services:

	2013		2012	
	Amount	%	Amount	%
<b>CTT</b>	<b>508.410</b>	<b>100%</b>	<b>97.584</b>	<b>100%</b>
Legal review of accounts	79.525	16%	81.320	83%
Reliability assurance services (1)	382.560	75%	0	0%
Tax advisory services	24.209	5%	16.263	17%
Other services	22.117	4%	0	0%
<b>All other CTT Group companies</b>	<b>1.510</b>	<b>100%</b>	<b>21.055</b>	<b>100%</b>
Legal review of accounts	1.510	100%	21.055	100%
<b>TOTAL</b>	<b>509.920</b>		<b>118.639</b>	

(1) Relative to the CTT privatisation process

During the financial years of 2013 and 2012, the remuneration received by CTT's current independent auditor, KPMG & Associados. SROC, S.A., stood at 266.857 euros, as detailed below:

	2013		2012	
	Amount	%	Amount	%
<b>CTT</b>	<b>254,671</b>	<b>100%</b>	<b>30,118</b>	<b>100%</b>
Independent audit services	182,344	72%	30,118	100%
Reliability assurance services	0	0%	0	0%
Tax advisory services	54,395	21%	0	0%
Other services	17,933	7%	0	0%
<b>All other CTT Group companies</b>	<b>0</b>	<b>100%</b>	<b>0</b>	<b>100%</b>
Independent audit services	0	100%	0	100%
<b>TOTAL</b>	<b>254,671</b>		<b>30,118</b>	



## **C. INTERNAL ORGANISATION**

### **I. ARTICLES OF ASSOCIATION**

#### **48. Rules applicable to the alteration of the company's articles of association**

The General Meeting shall decide upon any amendments to the Company's Articles of Association.

CTT's Articles of Association do not provide for any specific rules applicable to their alteration and, for this reason, the general rule established in number 3 of article 386 of the Companies Code shall apply, that is, the decision to amend the Articles of Association shall be approved in the General Meeting by two thirds of the votes cast.

### **II. COMMUNICATION OF IRREGULARITIES**

#### **49. Means and policy of communication of irregularities occurred in the company**

Aimed at strengthening Corporate Governance practices and in strict correlation with the Standards of Conduct stipulated in the Code of Ethics, CTT has a mechanism for reporting irregularities, whose use presumes the appropriate understanding of its purpose and procedures, as well as the inherent rights and duties.

The Ethics Committee shall monitor and supervise the above referred mechanism and the Auditing and Quality Department shall be responsible for the technical assistance to the Ethics Committee in the implementation of the abovementioned system for reporting irregularities and shall assure its regular operation, namely in:

- a) Processing reports, ensuring that they are recorded and that a preliminary analysis is carried out, selecting only those related to the strict subject of the Code of Ethics;
- b) Identifying and acting on important reports;
- c) Proposing to the Ethics Committee whether the reports analyzed should be filed or corrective measures adopted.

Considering the nature of the mechanism and according to the terms of the procedures in force, confidential treatment of reports received is guaranteed and the principle of prohibition of retaliation by the CTT against people reporting the irregularities is preserved.

### **III. INTERNAL CONTROL AND RISK MANAGEMENT**

#### **50. Internal control system – persons/bodies responsible for the internal audit.**

The Internal Audit function is ensured by the Auditing and Quality Department, which systematically assess the suitability and effectiveness of the internal control systems of CTT and its subsidiaries, through an approach according to the risk level associated to the processes, systems and business units, namely how the identified risks are being managed.

On its side, the Board of Directors has established a policy of rigor, transparency and accountability which fosters a culture of control, and there are also internal mechanisms of information and communication, enabling the follow-up and monitoring of performance at all levels of the organisation.

#### **51. Hierarchical/functional relationship in relation to other bodies of the company.**

The Audit and Quality is a Department, which reports directly to the Chairman of the Board of Directors, acting transversally within CTT and its subsidiaries. Moreover, it also directly sends to the Audit Board all the audit reports it prepares and it meets with them whenever the Fiscal Audit deems it suitable.

In addition to the analysis of the quality, integrity and effectiveness of the internal control system associated to materially relevant operations and proceedings, the Auditing and Quality Department also performs Compliance and Inspection duties.

#### **52. Other functional areas competent in risk control.**

In CTT, risk management and control are assumed throughout the organizational structure, first by the management and through mutual cooperation, by the employees in general.

The Finance and Risk Management Department is responsible for the centralized coordination of CTT, helping to create a risk-awareness culture and managing the planning and implementation of action programmes/projects against identified risks.

With a view of reinforcing the involvement and commitment to risk, the Risk Management Committee, as channel to aggregate the different visions and approaches of the departments involved, has to revitalize the function of the Risk management, acting as a tool to leverage the operation process of the Risk Management System in CTT.

### 53. Main risk factors (economic, financial and legal) inherent to the activity of the company.

Among the most significant risks, which might affect CTT, eventually to the detriment of the strategic and sustainable growth, the following risks must be stressed:

**Markets and competition:** The alteration of communication habits has caused a contraction of postal traffic. Together with this, the new legal and regulatory environment, which has totally opened the market, with the consequent increase of competition in certain business or product sectors, represents an enormous challenge to CTT. The management of this risk is entrusted to the business sectors and to the Regulation and Competition department, which are responsible for proactively monitoring the evolution of the regulatory standards issued by national and international bodies and for continuous and dynamic management of risk, including different initiatives towards its mitigation.

**Innovation and development:** The lack of leadership in innovation, which results in the timely introduction of new products, may signify a loss of market share to the competition. The management of this risk is the responsibility of the Strategy and Development department, which continuously monitors the diversity of trends and initiatives in different geographical areas, with a view to identifying solutions which could be applied by CTT.

**The Portuguese State as Stakeholder:** The Portuguese State still holds a stake of 31.5% in the Company, which does not confer it a controlling position, but allows an important participation in the decision-making process in what concerns all matters to be voted by the shareholders. In its position as a customer, the Portuguese State represents a percentage of approximately 15% of the operating income of CTT. A decrease in the traffic of the mail sent, either as a consequence of governmental initiatives related to cost limitation measures, or due to any other reasons, may enhance the decrease of the postal traffic level.

**Obligation to provide Universal Coverage:** The obligation of CTT as provider of an Universal Coverage Service in Portugal imply significant costs, which may not be sufficiently reduced or compensated, in order to cover the decrease in the operational income arising from increased competition. In the case of noncompliance by CTT with its obligations under the terms of the universal postal service concession contract, the Portuguese State may seize the concession and CTT shall bear any costs arising from the services maintenance and any other required extraordinary expenses, in order to resume normal operation. This risk management is the responsibility of the Regulation and Competition department and of the Strategy and Development department, and their mission, among others, is to determine the net cost of the Universal Postal Service and the effective mechanisms to pay for it.

**Customer focus and loyalty:** The alterations in the consumers' preferences or the lack of supply of quality services and products may adversely affect CTT. Furthermore, an important percentage of the operating income arises from a relatively concentrated customer base. Consequently, CTT's growth and sustainability depend heavily on the provision of a service focused on customer satisfaction and it is, therefore, fundamental to anticipate, assess, respond and monitor customer needs, offering appropriate products and services, at competitive prices and with increasing quality levels. This management of this risk is the concern of the business areas and of the Retail Network and Large Customers channels.

**Human Resources Management:** The ability to recruit and retain qualified workers and experienced managers is essential for the success of CTT. Even though some measures have been taken to mitigate this risk, namely through talent management and career progress programmes, there is no guarantee that CTT will succeed in the retaining of such executive officers, especially because the competition is increasing with regard to the contracting of professionals with these characteristics. The management of this risk is the responsibility of the Human Resources and Organization Department.

**Partnerships:** CTT's activity depends on partnerships and other similar agreements, either at the level of the mail business segment, financial services or corporate solutions, or at the level of the key service providers and suppliers in some of the operating areas. The non-fulfilment of the commitments referred to above, the termination of agreements or any other interruption of services provided may significantly disturb CTT's operations and adversely affect its business. The management of this risk is the responsibility of the business areas and internal support structures.

**Information management:** Analysis and decision-making on the basis of well-selected, relevant, reliable, consistent and confidential information are crucial for the efficient definition, implementation and management of the group's business strategy. The management of this risk is the responsibility of the Information Technology department and Planning and Management Control department.

**Information Technologies (IT):** Day-to-day management of IT operations depends heavily on CTT IT structure and communication systems. Operational breakdowns may compromise the ability to offer products and services, resulting in decreased operating income and with consequences for its reputation and image among the consumers. The management of this risk is entrusted to the Information Technologies department.

**Culture of profitability analysis:** CTT is subject to several financial risks, including credit risks, market risks, interest and exchange rate risks and liquidity risks. The existence of a culture of analysis and maximisation of profitability is crucial for the sustained growth of CTT. A regular and systematic assessment of the cost/benefit ratio in terms of products and services, customers and investment projects, is a critical success factor. The management of this risk is the responsibility of the Accounting and Treasury and the Finance and Risk Management departments.

#### **54. Identification, assessment, monitoring, control and management of risks.**

The mechanisms for risks assessment and management that may affect operations, fulfilment of the plan and compliance with the defined strategic objectives, are based on an integrated and transversal risk management model, which is intended to implement corporate governance good practices and transparency in market relations.

Consequently, risk management is integrated with the strategic planning and operating management of CTT and its subsidiaries, and the adoption of risk management as an integral part of their duties depends on the commitment of all employees, namely in recognizing, reporting and implementing actions to mitigate risks.

Risk management is promoted by the Board of Directors in cooperation with the managers responsible for the organizational units, in order to identify, appraise and manage the uncertainties and threats, which may affect pursuit of the plan and compliance with the strategic objectives.

The Audit and Quality and Risk Management department assist the Board of Directors in the implementation of the Risk Management System and in the continuous assessment of the established procedures, in order to ensure that the following objectives are achieved:

- Development of a risk management model, aligned with the strategic objectives of CTT.
- Identification and assessment of the risk events to which CTT are subject within its business, in the light of the impact and probability of occurrence of the events in question.
- Permanent monitoring of the main identified risks, in order to verify any possible alterations in their respective risk level, which may imply the need to modify the internal control system.

In addition to the identification of the risk factor of business activities and allocation of specific responsibilities, formal and informal channels of information and communication have been established to enable business activity to be monitored at all levels.

The assessment of the efficiency and effectiveness of the internal control systems of the organisational units of CTT is ensured by the Auditing and Quality department, through an approach based on risk.

The aim of the internal control system in force at CTT is to ensure, to a reasonable degree of certainty, that the following objectives are achieved:

- efficient, effective operations;
- efficient and effective operations, as well as the economic use of resources;
- reliable and complete financial information;
- compliance with the applicable policies, plans, procedures, laws, standards and regulations;
- safeguarding of assets;
- detection and reporting of serious risks to the group's activity, as well as risks of corruption and associated offences;
- active concern with sustainability, and social and environmental responsibility.

As a management instrument, the internal control system is founded on the following five components:

**Controlled environment** – this is functional basis of the organization, influencing the performance of its employees, establishing the benchmarks for the other components of the internal control system, in particular:

- CTT's organizational structure, defining the reporting lines, mission and duties of the different organic units;
- the documents containing the delegation of competencies, which define the limits and acts delegated to different management levels, under the approved plans and budgets;

- the Regulation of the Board of Directors and the activity of the Company Secretary, entrusted with the duties established in article 446-B of the Companies Code and whose term of office coincides with that of the Board of Directors.
- the Code of Ethics (distributed to all employees) embodying CTT's values and standards of conduct, which must be observed by all Directors and employees, and the Ethics Committee, which is responsible for the implementation, monitoring, interpretation and clarification of doubts or cases not addressed in the Code of Ethics;
- the Discipline Manual, which serves as a support for manager training and is available for consultation to employees;
- the Compliance Manual, designed to mitigate risks arising from the use of the CTT's financial system for money laundry and financing terrorism;
- training as a decisive strategic vector for improving employee performance;
- the Guiding Principles of the Information of Security Policy and its classification, with a definition of guidelines for the secure treatment of information;
- issue and dissemination of a vast body of standards and procedures, which regulate the activity of CTT Group companies, in all the different areas of action.

***Risk assessment, management and control*** – this consists of the identification and assessment of relevant risks and implementation of mitigation measures, assumed by the entire organisational structure, first by the management and, through mutual cooperation, by the employees in general.

The Finance and Risk Management department is responsible for the centralized coordination of the entire CTT risk management process, helping to create a risk-aware culture and managing the planning and implementation of action programmes/projects against identified risks.

With a view to reinforcing the involvement and commitment to risk, the Risk Management Committee, as an aggregating channel of the different visions and sensitivity of the departments involved, is entrusted with revitalizing the Risk management function, acting as an instrument to leverage the entire operationalization process of the Risk Management System at CTT.

The Auditing and Quality department also considers the known or potential risks, in order to define the annual internal audit plan, through which it analyses the quality and effectiveness of the internal control system associated with materially important operations and processes, identifying improvements and good practices to be implemented by the audited departments, with a view to mitigating risks and/or potentially damaging events leading to operational inefficiencies and losses.

The Auditing and Quality Department is also responsible for:

- *Compliance* – identification and monitoring of the risks inherent to the financial activities carried out by CTT, aimed at ensuring compliance with ethical standards and respect for the applicable legal and regulatory provisions, as well as the recommendations and guidelines issued by the competent regulatory/Supervisory bodies;

- *Inspection* – assessment of internal procedures and practices, which allow or might lead to irregular and corrupt behaviour, namely embezzlement, fraud and bribery, in order to act and develop processes to recover values where the company might have incurred losses and/or to adopt preventive measures against occurrences of the same nature.

**Control activities**, based on defined policies and procedures, with a view to ensuring both compliance with instructions issued by superiors, or supervision of risks related to the pursuit of business objectives.

Also noteworthy, is the role played by the Investor Relations department, which is responsible, namely, for timely compliance with CTT's duties under the legal and regulatory terms, as a company issuing shares listed for trading on a regulated market.

In addition to the control activities carried out by the different units of the organization, the following should be noted:

- by the Board of Directors, in monitoring and managing the economic, environmental and social performance through the following instruments: CTT strategic plan, annual plan and budget, monthly control indicators, control meeting for the planning and publication of quarterly, half-yearly and annual reports;
- by the Investment Committee, responsible for assessing and issuing opinions on investment projects for amounts above 50,000 euros;
- by the Credit Committee responsible for customer credit management policy, for the assessment of risk levels and credit ceilings, as well as decisions on concession/review/credit suspension and payment agreements with customers;
- by the Property Management Committee, responsible for the strategic planning and management of property, for scheduling investments and promoting the optimal use and profitability of real property assets;
- by the Treasury Committee, under the assessment and analysis of CTT's fund management procedure, with a view to continuous improvement and permanent adjustment to needs ;
- by the external audit service (KPMG).

**Information and communications**, provide support to the internal control system, where formal and informal information and communication channels have been established, which allow the Group's activities to be monitored, namely the internal and external communication of the activities and results achieved in all actions in the socio-economic and environmental areas.

**Supervision** – CTT business activities are supervised by the Supervisory Board and by a Statutory Auditor, in accordance with the terms of the applicable legal provisions and Articles of Association. The Supervisory Board is particularly responsible for the supervision of the independence and activity of the Statutory Auditor, as well the internal control systems, the internal and risk management audit implemented at CTT.

The accounts of the Company are audited by an external Statutory Auditor (PwC) and by an independent Auditor (KPMG).



The mission of the Ombudsman is the defense and promotion of customer rights and guarantees, as well as contributing to increase trust in relations between CTT and its customers. It carries out investigations and formulates recommendations to the Board of Directors, with a view to correcting any discriminatory practices which might occur, proposing measures to improve the efficiency of the services provided.

Under current legal requirements, ICP – ANACOM (National Communications Authority) monitors CTT on a regular basis, for compliance with its Universal Postal Service concession contract.

Particular note should also be made of the activities of the regulatory entities under the provision of financial services to the public, especially the Supervisory role played by the Bank of Portugal concerning the use of the financial system in money laundry and the financing of terrorism.

**55. Main elements of the internal control systems and risk management implemented in the Company for the disclosure of financial information (article 245-A, number 1, subparagraph m).**

The procedure for disclosing financial information is monitored both by the Board of Directors and Supervisory Board and by the business units and corporate departments. The documents presenting the financial information to the capital market are prepared by the Planning and Control department, based on the information provided by the business units and by the Accounting and Treasury department.

Before their disclosure, the documents are sent to the Board of Directors and Supervisory Board. Consequently, these documents are approved by the two Boards, prior to disclosure. The press releases with the financial information previously sent to the Supervisory Board only require approval by the Board of Directors.

The Supervisory Board is responsible for the supervision of the effectiveness of the risk management system, internal control and audit, as well as for the annual assessment of system operation and respective internal procedures, in order to strengthen the internal control environment. The recommendations of the Supervisory Board on this matter are sent to the Board of Directors.

The Supervisory Board is also responsible for the supervision of the Company's adoption the principles and policies ruling the identification and management of the main financial and operational risks associated with CTT's business, as well as overseeing the measures to monitor, control and disclose risks. With a view to issuing the legal certification of accounts and the audit report concerning the individual and consolidated financial statements of CTT, the Statutory Auditor and external auditors assess the internal control mechanism of the main operational cycles of the Group's companies of impact in the financial report.



#### **IV. INVESTOR SUPPORT**

##### **56. Department responsible for investor support, composition, duties, information provided by these departments and contact entities**

CTT aims to provide information to shareholders, investors, and capital markets regulatory entities on a regular basis, in a timely, clear and transparent manner. To support this, in November 2013, CTT created a department to assist investors, shareholders and the capital markets regulatory entities.

This Department should regularly prepare press releases, statements and presentations, and hold meetings, conference-calls and road shows, in cooperation with other internal CTT structures, so as to ensure permanent contact with the capital markets, respecting the principle of the equality of shareholders.

The contacts of CTT's Department of Investor Relations are as follows:

Peter Iordanov Tsvetkov

Address: Avenida D. João II, Lote 01.12.03, 12<sup>o</sup> andar, 1999-001 Lisboa-Portugal

Email: [investors@ctt.pt](mailto:investors@ctt.pt)

Fax: +351 210 471 996

Telephone: +351 210 471 867

Website: [www.ctt.pt](http://www.ctt.pt)

The Department of Investor Relations is responsible for acting as the CTT liaison agent with its shareholders, investors, financial analysts, rating agencies, the capital market and financial community in general, being responsible for the provision of information to enable a clear understanding of the evolution and economic, financial and governance situation of CTT.

In performing its duties, this department is creating and will maintain a flow of communication with the financial community in general, providing all the necessary information, in accordance with the legal and regulatory principles, in order to answer all queries received.

##### **57. Representative for market relations**

The CTT representative for Market Relations is the Board of Directors member André Manuel Pereira Gorjão de Andrade Costa.

##### **58. Information on the proportion and deadline to answer requests for information received during the year or pending from previous years**

Since CTT has only recently become a Company issuing shares listed for trading on a regulated market, it does not yet have relevant information on response times to the requests submitted by the financial community in general – shareholders, investors and analysts.

## **V. INTERNET SITE**

### **59. Address**

The address of the CTT website is as follows:

<http://www.ctt.pt>

### **60. Site presenting information on the firm, its capacity as a publicly-traded company, head office and other elements**

This information may be consulted on the CTT website, via the link:

<http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/empresa/idsociedade.html>

### **61. Site presenting the articles of association and operating regulations of the governing bodies and/or committees**

This information is available on the CTT website, via the link:

[http://www.ctt.pt/fectt/export/download/investidores/By-laws/By-laws\\_CTT\\_PT.pdf](http://www.ctt.pt/fectt/export/download/investidores/By-laws/By-laws_CTT_PT.pdf);

[http://www.ctt.pt/fectt/wcmservlet/ctt/institucional/grupoctt/quemsomos/governo\\_sociedade/regulamentosinternos/regulamentos\\_internos.html](http://www.ctt.pt/fectt/wcmservlet/ctt/institucional/grupoctt/quemsomos/governo_sociedade/regulamentosinternos/regulamentos_internos.html).

### **62. Site providing information on the identity of the members of the governing bodies, representative for market relations, Investor Support Office, their respective duties and means of access**

This information is available on the CTT website, via the link:

[http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/governo\\_da\\_sociedade/conselho\\_administracao/conselho\\_administracao.html](http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/governo_da_sociedade/conselho_administracao/conselho_administracao.html);

[http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/relacoes\\_investidores/representante\\_mercado.html](http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/relacoes_investidores/representante_mercado.html);

[http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/relacoes\\_investidores/apoio\\_investidor.html](http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/relacoes_investidores/apoio_investidor.html).

### **63. Site providing the documents presenting the accounts, which must be available for at least five years, as well as the half-yearly calendar of corporate events, which is disclosed at the beginning of each semester, including, among others, the general meetings**

This information is available on the CTT website, via the link:

[http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/informacao\\_financeira/contas\\_consolidadas.html](http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/informacao_financeira/contas_consolidadas.html);

[http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/informacao\\_financeira/indicadores\\_chave.html](http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/informacao_financeira/indicadores_chave.html);

**64. Site disclosing the call notice of the general meeting and all its related preparatory and subsequent information**

This information is available on the CTT website, via the link:

[http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/relacoes\\_investidores/assembleias\\_gerais.html](http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/relacoes_investidores/assembleias_gerais.html)

**65. Site providing the historical records with the decisions taken in the general meetings of the company, the represented share capital and voting results**

This information is available on the CTT website, via the link:

[http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/relacoes\\_investidores/assembleias\\_gerais.html](http://www.ctt.pt/fectt/wcmservlet/ctt/investidores/info/relacoes_investidores/assembleias_gerais.html)

## **D. REMUNERATION**

### **I. COMPETENCE FOR DETERMINATION**

**66. Indication as to competence for determination of the remuneration of the governing bodies, members of the executive committee and Directors of the company**

Pursuant to article 28 of the Public Manager's Statute in force, the remuneration of the governing bodies during 2013 is determined by the sole shareholder (the State) by unanimous resolution in writing of 24 August 2012, which appointed the members of the governing bodies for the exercise of their duties, under the rules applicable to State-held companies.

The remuneration of all the other Directors/managers was defined by the Board of Directors, also in accordance with the rules applicable to State-held companies.

After 5 December 2013, as a result of the company's privatisation, the reductions in remuneration applicable to State-held companies are no longer applicable.

Pursuant to subparagraph d) of paragraph 2 of article 9 of the Articles of Association approved on 30 October 2013, the General Meeting of Shareholders is responsible for deciding on the remunerations of the members of the governing bodies, which may appoint a Remuneration Committee for this

purpose.

The proposed election of the members of the governing bodies, to be deliberated at the General Meeting of 24 March 2014, includes the constitution of a Remuneration Committee composed of 3 independent members for the term of office of 2014-2016.

## **II. REMUNERATION COMMITTEE**

### **67. Composition of the remuneration committee, including identification of natural or legal persons contracted to provide support to said committee and statement on the independence of each member and advisors**

The Remuneration Committee did not exist during 2013 and has not yet been constituted at CTT.

The members listed below are proposed to form the Remuneration Committee following the General Meeting of 24 March 2014:

João Luís Ramalho de Carvalho Talone	Chairman
José Gonçalo Ferreira Maury	Member
Rui Manuel Meireles dos Anjos Alpalhão	Member

None of the proposed members of the Remuneration Committee is part of any governing body within the Company, or holds or operates on behalf and account of holders of qualifying stakes in the Company's share capital or has any family relationship to any member of the Board of Directors.

### **68. Knowledge and experience of the members of the Remuneration Committee on remuneration policy**

Not applicable as at 31 December 2013.

All the members proposed to form the Remuneration Committee have experience and knowledge on this matter.

## **III. REMUNERATION STRUCTURE**

### **69. Description of the remuneration policy of the Board of Directors and Supervisory Board referred to in article 2 of Law 28/2009, of 19 June**

The remuneration policy of the members of the Board of Directors and Supervisory Board in force during the financial year of 2013 complied with the Public Manager's Statute, as established by Decree-Law 71/2007 of 27 March, amended by the Decree-Law 8/2012 of 18 January, Council of

Ministers Resolution 16/2012 of 9 February and Council of Ministers Resolution 36/2012 of 26 March.

The remuneration policy of the State sector managers takes into account specific distinction criteria for its determination, especially by distinguishing between companies which are, or are not, subject to a regime of free market competition, since its main purposes is the production of commercial goods and services, including financial services, and the other companies beyond this sphere.

Furthermore, the diploma referred to above also establishes a special regime for determining the remuneration of managers of the State sector when the company is under a process of privatisation, extinction or liquidation, which was the case of CTT.

The remuneration established for the members of the Board of Directors in office was identical to their predecessors.

**70. Information on how remuneration should be structured in order to enable the alignment of the interests of members of the Board of Directors with the company's long term interests, as well as on how performance assessment should be based and discourage excessive risk-taking.**

As noted in the paragraph above, the value of the fixed remuneration established for the members of the Board of Directors, through shareholder deliberation, corresponded to the value paid to their predecessors.

The remuneration of the members of the Board of Directors consists of a fixed remuneration paid 14 times per year, an annual variable remuneration based on the achievement of the defined annual goals, and a multi-annual variable remuneration based on the achievement of the defined multi-annual goals.

The management contracts concluded under the terms of article 18 of the State Manager Status established the formula to calculate the annual and multi-annual variable remunerations, in observance of the limit set out during the deliberation appointing the members of the governing bodies and establishing their remunerations.

**71. Indication, if applicable, to the existence of a variable component of the remuneration and information on any potential impact of the performance assessment on this component**

As mentioned in paragraph 70, the variable component of the remuneration is indexed to the performance assessment which is based on the achievement of strategic and annual goals as established in the management contract, in addition to the assessment performance relative to the strategic guidelines for the State Corporate Sector, measured in accordance with the best practices of Portuguese companies.

**72. Deferral of payment of the variable component of the remuneration, with reference to the deferral period**

Within this context, and in view of the nature of CTT, until 5 December 2013, the rules arising from the Public Manager's Statute, RCM 36/2012 of 26 March and State Budget were applied.

**73. Criteria underlying the allocation of variable remuneration in shares, as well as on the maintenance of these shares by the executive Directors; any conclusion of agreements regarding these shares, especially hedging or risk transfer agreements, their limit and proportionate value in terms of total annual remuneration.**

Not applicable.

**74. Criteria underlying the allocation of variable remuneration in options and reference to the deferral period and exercise price.**

Not applicable.

**75. Main parameters and grounds of any annual system of bonuses and any other non-cash benefits.**

The main parameters of both the variable remuneration and the term of office bonus systems were based on the strategic and annual goals set out in the management agreement as well as on the strategic guidelines for the State Corporate Sector.

The main strategic goals are based on four components:

- Preparation of the company for its privatisation
- Maximization of the company's value
- Reorganization and organizational development of the company in order to face the challenges of the future.
- Ensuring the service obligations arising from the universal postal service concession.

The annual goals are based on profitability and growth along with efficiency and on the strategic guidelines for the State Corporate Sector referred to in the annex to RCM 70/2008 of 22 April, subparagraphs d), f), g) and h) respectively.

**76. Main characteristics of supplementary systems of pensions or early retirement for Directors and date on which they were individually approved at the general meeting.**

The remuneration policy of the company does not include the attribution of pension supplements or any compensation in the case of the early retirement of its Directors.

#### IV. DISCLOSURE OF REMUNERATIONS

##### 77. Indication of the annual remuneration earned, as a total and individually, by the members of the Board of Directors of the company.

The gross remunerations paid, individually, to the members of the Board of Directors during the financial year of 2013 by the Company are broken down as follows:

##### Costs related to the Board of Directors in 2013

Unit: €	Chairman	Vice-Chairman	Member	Member	Member
	Francisco de Lacerda	Manuel Castelo-Branco	André Gorjão Costa	Dionizia Ferreira	Ana Jordão
Term of office ( <i>BoD current – 24/08/2012 to 31/12/2012</i> )	2012-2014	2012-2014	2012-2014	2012-2014	2012-2014
Adapted to EGP (Yes/No)	Yes	Yes	Yes	Yes	Yes
<b>1.Total Remuneration (1+2+3+4)</b>	<b>171,600.00</b>	<b>154,440.00</b>	<b>145,860.00</b>	<b>145,860.00</b>	<b>145,860.00</b>
OPRLO (Yes/No)	No	No	No	No	No
Original Entity (Identify)	-	-	-	-	-
Paying Entity (Source/Destination)	CTT	CTT	CTT	CTT	CTT
<b>1.1. Annual remuneration (1+1.6)</b>	<b>200,200.00</b>	<b>180,180.00</b>	<b>170,170.00</b>	<b>170,170.00</b>	<b>170,170.00</b>
1.2 Representation costs (annual)	-	-	-	-	-
1.3 Attendance fee	-	-	-	-	-
<b>1.4. Reduction arising from Law 12-A/2010</b>	<b>8,675.33</b>	<b>7,807.80</b>	<b>7,374.03</b>	<b>7,374.03</b>	<b>7,374.03</b>
<b>1.5. Reduction arising from Law 64-B/2011</b>	<b>16,483.4</b>	<b>14,834.82</b>	<b>14,010.72</b>	<b>14,010.72</b>	<b>14,010.72</b>
<b>1.6. Suspension of payment of Christmas bonuses – PAID in twelfths</b>	<b>14,300.00</b>	<b>12,870.00</b>	<b>12,155.00</b>	<b>12,155.00</b>	<b>12,155.00</b>
<b>1.6. Suspension of payment of holiday – PAID in Nov/2013</b>	<b>14,300.00</b>	<b>12,870.00</b>	<b>12,155.00</b>	<b>12,155.00</b>	<b>12,155.00</b>
1.7. Reductions from previous years	-	-	-	-	-
<b>1. Effective net annual remuneration (1.1+1.2+ 1.3+1.6- 1.4-1.5-1.7)</b>	<b>175,041.53</b>	<b>157,537.38</b>	<b>148,785.25</b>	<b>148,785.25</b>	<b>148,785.25</b>
2. Variable remuneration	-	-	-	-	-
3. IHT (Exempt from working hours)	-	-	-	-	-
4. Other (identify)	-	-	-	-	-
Travel allowance	-	-	-	-	-
<b>Meals allowance</b>	<b>1,166.57</b>	<b>1,166.57</b>	<b>1,166.57</b>	<b>1,166.57</b>	<b>1,153.76</b>
Cost of social benefits	-	-	-	-	-
<b>Social security</b>	<b>16,726.88</b>	<b>16,726.88</b>	<b>16,726.88</b>	<b>16,726.88</b>	<b>16,726.88</b>

Unit: €	Chairman	Vice-Chairman	Member	Member	Member
	Francisco de Lacerda	Manuel Castelo-Branco	André Gorjão Costa	Dionísia Ferreira	Ana Jordão
Health insurance	-	-	-	-	-
Life insurance	-	-	6,147.05	9,959.09	7,426.71
Travel person accident insurance	278.00	365.78	245.81	57.02	-
Other insurance – (civil liability)	665.40	665.40	665.40	665.40	665.40
Accumulation of management positions (Yes/No)	No	No	No	No	No
Vehicle fleet	13-IZ-97	50-HG-44	50-HG-45	59-HJ-12	50-HG-38
Method of use	Renting	Renting	Renting	Renting	Renting
Reference value of new vehicle	75,700.24	51,200.01	51,200.01	59,446.8	47,499.99
Start year	2010	2009	2009	2009	2009
End year	2014	2014	2014	2014	2014
Nr. of instalments (if applicable)	48	60	60	60	60
Residual value	-	-	-	-	-
Value of rent/annual instalment of service vehicle [with no insurance]	15,522.35	11,179.38	11,316.06	11,625.59	10,331.13
Fuel spent on the vehicle	4,073.89	3,704.77	2,946.86	5,811.84	1,821.93
Annual ceiling for attributed fuel (litres)	4 200	4 200	4 200	4 200	4 200
Other:					
Tolls	495.05	680.95	687.10	1,614.15	49.05
Repairs	954.26	619.37	472.00	516.55	112.00
Insurance	745.80	587.82	587.82	663.50	562.35
Defined limit according to article 33 of EGP (Yes/No)	Yes	Yes	Yes	Yes	Yes
Other benefits and compensation	-	-	-	-	-
<i>Monthly ceiling in mobile communications</i>					
i. Mobiles	150.00	150.00	150.00	150.00	150.00
ii. Broadband	38.33	38.33	38.33	38.33	38.33
Annual costs with mobile communications					
i. Mobiles	2,267.49	4,676.35	2,538.15	3,128.40	883.17
ii. Broadband	244.75	248.57	1,101.77	3,496.56	351.41
Other (specify)	-	-	-	-	-
Defined limit according to article 32 of EGP (Yes/No)	Yes	Yes	Yes	Yes	Yes
Costs with travel (total)	19,746.79	19,840.90	10,238.56	803.03	-
Annual total cost with travel	14,018.30	13,624.79	7,026.32	721.41	-
Annual total costs with accommodation	5,487.06	5,613.85	3,034.16	81.62	-
Daily allowance	-	-	-	-	-
Other (specify)	(visas) 241.43	(visas) 602.26	(taxis) 178.08	-	-

Key: EGP – Articles of Association of the Public Manager; OPRLO – Option for Remuneration of Original Post.



**78. Amounts paid, for any reason whatsoever, by other companies in a controlling or group relationship or that are subject to joint control**

During the financial year of 2013, the companies with which the Company has controlling or group relations did not pay any remunerations or services to the members of the Board of Directors.

**79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonuses and/or profit sharing were granted**

During the financial year of 2013, members of the Board of Directors were not allocated any remuneration in the form of profit sharing or bonuses.

**80. Compensations paid or owed to former executive Directors related to termination of their duties during the financial year**

During the financial year of 2013, no compensation was paid or became due to former executive Directors in relation to the termination of their duties during the financial year.

**81. Annual remuneration earned, together and individually, by the members of the Supervisory Board of the company, for the purposes of Law 28/2009, of 19 June**

The gross remunerations paid individually to the members of the Supervisory Board during the financial year of 2013 by the Company are broken down as follows:

SUPERVISORY BOARD 2013 - Summary							
	Chairman	Member	Member	Chairman	Member	Member	
	ELSA SANTOS	FERNANDA MARTINS	LURDES CASTRO	ANTÓNIO MOTA	ELSA SANTOS	DIOGO CAMPOS	TOTAL
	Until 12 Nov. 2013				After 12 Nov. 2012		
Annual fixed remuneration (€)	29,669.87	22,343.75	22,343.75	4,671.33	3,625.30	1,859.00	84,513.00
Reduction arising from Law 12-A/2010 (€)	462.37	346.78	257.40		0.00		1,066.55
Reduction arising from Law 55-A (€)	-471.69	-604.05	105.13		0.00		-970.61
Reduction from Law 66-B (€)	-3,073.55	-2,208.30	-2,383.64	-219.26	-344.63		-8,229.38
Effective annual remuneration (€)	26,587.00	19,878.18	20,322.64	4,452.07	3,280.67	1,859.00	76,379.56

**82. Remuneration of the Chairman of the Board of the General Meeting during the reference year.**

During the financial year of 2013 the remuneration of the Chairman of the Board of the General Meeting amounted to 580 euros (excluding VAT).

## **V. AGREEMENTS WITH REMUNERATION IMPLICATIONS**

### **83. Contractual limits established for compensation payable for unfair dismissal of a Director and their connection with the variable component of the remuneration.**

During the financial year of 2013, there were no contractually established limits for compensations payable in the case of unfair dismissal of any member of the Board of Directors, beyond that provided for in the Law.

### **84. Agreements between the company and members of the Board of Directors and other Senior Managers, pursuant to number 3 of article 248-B of the Securities Code, providing for compensation in the case of resignation, unfair dismissal or termination of employment following a change in the control of the company (article 245-A, number 1, subparagraph I).**

During the financial year of 2013 there were no agreements between the Company and the members of the Board of Directors or the Senior Management which provided for compensation in the case of resignation, unfair dismissal or termination of employment following a change in the control of the company.

## **VI. PLANS FOR SHARE ASSIGNMENT OR SHARE OPTIONS (STOCK OPTIONS)**

### **85. Identification of the plan and its recipients**

The Company does not have in force any plan for share assignment or share options.

### **86. Characterization of the plan (terms of attribution, provisions of inalienability of shares, criteria on the share price and exercise price of options, period during which options may be exercised; characteristics of shares or options to be attributed, existence of incentives for the acquisition of shares and/or exercise of options)**

Not applicable, see paragraph 85.

### **87. Option rights granted for the acquisition of shares ('stock options') where company workers and employees are the beneficiaries**

Not applicable, see paragraph 85.

- 88. Control mechanisms stipulated in any system of employee participation in equity to the extent that the voting rights are not exercised directly by them (article 245-A, number 1, subparagraph e)**

Not applicable, see paragraph 85.

## **E. TRANSACTIONS WITH RELATED PARTIES**

### **I. CONTROL MECHANISMS AND PROCEDURES**

- 89. Mechanisms implemented by the company for the purpose of monitoring transactions with related parties.**

According to CTT's internal rules on financial reporting, the related parties are its shareholders, other shareholders of companies in which the CTT Group has a participation, the associate companies or joint ventures, and the members of the Board of Directors, the General Meeting and the Audit Committee/Supervisory Board.

The terms or conditions applied to transactions with related parties are identical to those which are contracted with independent entities in comparable operations.

These transactions are recorded in accordance with the accounting policies adopted by the Company in preparing its financial statements.

A regulation for verification and control of transactions with related parties is under preparation.

- 90. Transactions subject to control in the reference year**

See the answer given in the previous paragraph.

- 91. Intervention of the Supervisory Board for the purposes of pre-assessment of business to be conducted between the company and holders of qualifying stakes**

See the answer given in paragraph 89 above.

### **II. ELEMENTS RELATED TO BUSINESS**

- 92. Location providing the documents presenting the accounts which include information on the transactions with related parties, pursuant to IAS 24.**

The relevant business between related parties and CTT are set out in Note 42- Related Parties of the Notes to the consolidated financial statements of 2013.

## SECTION II- CORPORATE GOVERNANCE ASSESSMENT

### 1. Identification of the adopted Corporate Governance Code

Under the terms of CMVM Regulation 4/2013, CTT adopts the Corporate Governance Code as approved by the CMVM in July of 2013, available for consultation at [www.cmvm.pt](http://www.cmvm.pt).

### 2. Analysis of compliance with the adopted Corporate Governance Code

CORPORATE GOVERNANCE CODE OF CMVM		ADOPTION	CHAPTER
<b>I. VOTING AND CONTROL OF THE COMPANY</b>			
I.1.	Companies should encourage their shareholders to take part and vote in general meetings, especially by not establishing an excessively high number of shares required to be entitled to one vote and implementing the necessary means to the exercise of the voting right by mail and electronic means.	Adopted	I-B-I-12
I.2.	Companies should not adopt mechanisms that hinder the process of arriving at decisions from their shareholders, in particular by establishing a deliberative quorum higher than that provided for in the Law.	Adopted	I-B-I-13 I-B-I-14
I.3.	Companies should not establish mechanisms that have the effect of causing a gap between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share, unless they are duly justified by reference to the long-term interests of shareholders.	Adopted	I-A-I-5 I-B-I-12 I-B-I-12 I-B-I-14
I.4.	Company articles of association providing for the limitation of the number of votes that may be held or exercised by a sole shareholder, individually or jointly with other shareholders, shall also provide that, at least every five years, the changing or maintenance of that statutory provision will be subject to deliberation by the General Meeting – with no quorum requirements in relation to the law – and that, on such deliberation, any votes cast are counted with no restriction.	n.a.	–
I.5.	Measures that have the effect of requiring payments or assuming charges by the company in case of control transfer or change in the composition of the management body and which appear likely to prejudice the free transfer of shares and the free assessment of the performance of the members of the management body by the shareholders shall not be adopted.	Adopted	I-A-I-4

## II. MONITORING, MANAGEMENT AND SUPERVISION

### II.1. MONITORING AND MANAGEMENT

II.1.1.	Within the limits established by law, and unless as a result of the small size of the company, the Board of Directors must delegate the daily management of the company, with the delegated competences being identified in the Annual Corporate Governance Report.	n.a.	—
II.1.2.	The Board of Directors must ensure that the company operates in line with their objectives, and shall not delegate their duties, in particular with regard to: i) defining the strategy and the company's general policies; ii) defining the corporate structure of the group; iii) decision that should be considered as strategically due to its amount, risk or particular characteristics.	Adopted	I-B-II-15 I-B-II-21
II.1.3.	The General and Supervisory Board, in addition to the exercise of the supervisory duties for which it is responsible, shall assume full responsibilities for the company's governance, so that, by the statutory provision or through equivalent means, the requirement by this Board of deciding on the strategy and the main company's political policies, the definition of the group's corporate structure and the decisions that shall be considered as strategically regarding their amount and risk shall be included. This entity shall also assess the compliance with the strategic plan and the execution of the main policies of the company.	n.a.	—
II.1.4.	Unless as a result of the small size of the company, the Board of Directors must create the committees required to:  a) Ensure a competent and independent performance assessment of the executive Directors and their overall performance, as well as the various existing committees b) Reflect on the system, structure and the practices of the governance adopted, verify its effectiveness and propose to the competent authorities the measures to be executed, with a view to their improvement.	n.a.	—
II.1.5.	The Board of Directors shall establish the objectives on risk-taking and create systems to control them, with a view to ensure that the risks actually incurred are consistent with these objectives.	Adopted	I-C-III-49 I-C-III-50 I-C-III-51
II.1.6.	The Board of Directors shall include a number of non-executive members who shall ensure effective skills of monitoring, supervision and assessment of the activity of the other members of the management Board.	n.a.	—

II.1.7.	<p>A suitable proportion of independent members among the non-executive Directors shall be considered, by taking into account the governance model adopted, the size of the company, its shareholder's structure and its free float.</p> <p>Among the members of the Board of Directors a person who is not associated with any group with specific interests in the company, nor is likely to affect their impartiality or decision making is considered as an independent member, in particular in relation to:</p> <ul style="list-style-type: none"> <li>a. Having been employee of the company or a company which has a control or group relationship with it over the last three years;</li> <li>b. Having, over the last three years, provided services or established a relevant commercial relationship with the company or a company which has a control or group relationship with it, either directly or as a partner, administrator, Director, manager of a legal person;</li> <li>c. Being a recipient of remuneration paid by the company or company which has a control or group relationship with it in addition to the remuneration arising from the exercise of the duties of the Director;</li> <li>d. Living as an unmarried couple or being spouse, relative or similar in the straight line and up to the 3rd degree, inclusively, in the collateral line, of Directors or natural persons entitled, directly or indirectly, to qualifying holding;</li> <li>e. Being a holder of a qualifying holding or representative of a shareholder of qualifying holdings.</li> </ul>	n.a	—
II.1.8.	When requested by other members of the governing bodies, the Directors performing executive duties should provide, in due time and in a form appropriate to the request, any information required by them.	Adopted	I-B-III-38
II.1.9.	The chairman of the executive committee should send to the Chairman of the Board of Directors and the Chairman of the Supervisory Board the call notices and the minutes of their meetings.	Adopted	*
II.1.10.	If the chairman of the management Board performs executive duties, he/she shall appoint an independent Director, among its members, capable of ensuring the coordination of the work of other non-executive members and the terms so that they can decide on an independent and informed manner or find an equivalent mechanism to ensure such coordination.	n.a	—
<b>II.2. SUPERVISORY BOARD</b>			
II.2.1.	The Chairman of the Supervisory Board shall be independent, according to the legal applicable standard, and have the necessary skills to carry out their duties.	Adopted	I-B-III-32
II.2.2.	The Supervisory Board should be the main interlocutor of the external auditor and the first recipient of his/her reports, and it is responsible, inter alia, for proposing their remuneration and ensuring, within the company, that the appropriate conditions for the service contract are provided.	Adopted	I-B-III-38 I-B-V-45

II.2.3.	The Supervisory Board shall assess on an annual basis the external auditor and suggest to the competent body his/her dismissal or termination of the service contract whenever just cause for such exists.	Adopted	I-B-V-45
II.2.4.	The Supervisory Board shall assess the functioning of the internal control and risk management systems and suggest the adjustments as may be necessary.	Adopted	I-B-III-38
II.2.5.	The Supervisory Board shall decide on the working plan and resources allocated to the services of internal auditing and services that ensure the compliance of the rules applicable to the company (compliance services), and it shall receive the reports executed by these services at least when matters related to the accountability, the identification or the resolution of conflicts of interests and the detection of potential illegalities are concerned.	Adopted	I-B-III-38
<b>II.3. ESTABLISHMENT OF REMUNERATIONS</b>			
II.3.1.	Any member of the Remuneration Committee or equivalent should be independent from the executive members of the management Board and include at least one member with knowledge and experience on matters of remuneration policy.	n.a	—
II.3.2.	No natural or legal person who provides or has provided, over the last three years, services to any structure dependent on the Board of Directors to the actual Board of Directors of the company or who has a current relationship with the company or a consultant of the company should be contracted to support the remuneration committee in the performance of their duties. This recommendation is equally applicable to any natural or legal person related to the above through work or service contract.	n.a.	—
II.3.3.	<p>The statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in article 2 of Law 28/2009, of 19 June, shall additionally include:</p> <ul style="list-style-type: none"> <li>a) Identification and explanation on the criteria for determining the remuneration to be attributed to the members of the governing bodies;</li> <li>b) Information on the maximum potential amount, individually, and the maximum potential amount, jointly, payable to the members of the governing bodies, and identification of the circumstances under which these maximum amounts are due;</li> <li>c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of duties of Directors.</li> </ul>	Adopted	I-D-III-69 I-D-III-70
II.3.4.	A proposal regarding the approval of plans to allocate shares and/or stock options or based on the variations in the prices of shares to members of the governing bodies must be submitted to the General Meeting.	n.a	—
II.3.5.	The proposal regarding the approval of any retirement benefits system established on behalf of the members of the governing bodies must be submitted to the General Meeting. This proposal shall contain all the elements required for a correct assessment of the system.	n.a	—

### III. REMUNERATIONS

III.1.	The remuneration of the executive members of the management Board shall be based on the effective performance and discourage excessive risk-taking.	Adopted	I-D-III-71
III. 2.	The remuneration of non-executive members of the management Board and the remuneration of the members of the Supervisory Board shall not contain any component whose value depends on the performance of the company or its value.	Adopted	I-D-III-69 I-D-III-70
III.3.	The variable component of the remuneration should be reasonable, as a whole, in relation to the fixed component of the remuneration and maximum limits should be established for all components.	Adopted	I-D-III-70
III.4.	A significant portion of the variable remuneration should be deferred for a period of not less than three years, and its payment should be dependent on the continuation of the positive performance of the company over this period.	n.a	—
III.5.	The members of the management Board should not sign contracts, either with the company or with third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company.	n.a	—
III.6.	Until the end of their term of office, executive Directors must keep any company shares they had access to by virtue of variable remuneration plans, up to the limit of twice the value of the total annual remuneration, except for those that must be sold with a view to the payment of taxes arising from the benefit of the same shares.	n.a	—
III.7.	When the variable remuneration includes the attribution of options, the beginning of the exercise period shall be deferred for a period of not less than three years.	n.a.	—
III.8.	If the dismissal of a Director does not result from a serious fault of his/her duties nor his/her inability to regularly exercise his/her duties, but is, nonetheless, due to inadequate performance, the company shall be provided with the suitable and required legal instruments so as to ensure that any compensation, in addition to that legally due, is not paid.	Adopted	I-D-III-70

### IV. AUDIT

IV.1.	The external auditor shall, under its competences, verify the application of policies and remuneration systems of the governing bodies, the effectiveness and operation of the internal control mechanisms and report any failings to the Supervisory Board of the company.	Adopted	I-C-III-53
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IV.2.	The company should not contract from the external auditor, or from any entities which are in a holding relationship with it or are part of the same network, services other than audit services. Where there are motives for the contracting of such services – which should be approved by the Supervisory Board and explained in its annual Corporate Governance Report – they cannot represent a figure above 30% of the total value of the services provided to the company.	Adopted	I-B-V-46 I-B-V-47
IV.3.	Companies should promote the rotation of the auditor at the end of two or three terms of office, according to whether they are of four or three years. The auditor's maintenance beyond this period should be based on the grounds produced in a specific opinion issued by the Supervisory Board which explicitly weighs up the conditions of independence of the auditor and the advantages and the costs of this auditor's replacement.	Adopted	I-B-V-44

#### V. INTEREST CONFLICTS AND TRANSACTIONS WITH RELATED PARTIES

V.1.	The company's business activities with shareholders with a qualifying stake or with entities which are in any relationship with them, under the terms of article 20 of the Securities Code, shall be performed under regular market conditions.	Adopted	I-A-II-10
V.2.	The Supervisory body should establish the procedures and criteria required for the definition of the relevant level of significance of business with shareholders of qualifying stakes – or with entities which are in any of the relationships mentioned in number 1 of article 20 of the Securities Code - with the execution of business of significant relevance being dependent on the prior opinion of this body.	n.a.	—

#### VI. INFORMATION

VI.1.	Companies shall provide, through their website, access to information, in Portuguese and English, enabling knowledge about its progress and its current situation in economic, financial and governance terms.	Adopted	I-C-V-63
VI.2.	Companies should ensure the existence of an investor support office and permanent contact with the market, which responds in due time to requests from investors, keeping a record of the submitted requests and their subsequent follow-on.	Adopted	I-C-V-62

\* All the Board of Directors meetings call notices, agendas and minutes are sent to the Chairman of the Supervisory Board of the company.

It should be noted that a large number of recommendations of the CMVM Corporate Governance Code described in the table above are not applicable to the Company, in particular Recommendations II.1.1, II.1.4, II.1.6, II.1.10, II.3.1, II.3.2, III.3., III.4 and V.2. These shall be implemented as soon as the Anglo-Saxon governance model is confirmed and the members of the respective governing bodies are elected, as it is expected to occur at the General Meeting of 24 March 2014.

### 3. Other information

## ANNEX I – CURRICULA OF THE MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

### BOARD OF DIRECTORS

#### *CURRICULA*

## Chairman & CEO



<b>Francisco de Lacerda</b>	53 years
<b>Born</b>	24/09/1960, Portugal
<b>Appointed to the Board</b>	24/08/2012
<b>Term of office</b>	2012/2014

### Education

**1982:** Degree in Business Administration, Universidade Católica Portuguesa

### Internal appointments

Chairman & CEO of CTT - Correios de Portugal, S.A.  
 Chairman of CTT Expresso - Serviços Postais e Logística, S.A.  
 Chairman of Tourline Express Mensajería, S.L.U.

### Skills & Experience

Until 2008, Francisco had a 25 years career in retail, commercial & investment banking, during which he was CEO of Banco Mello and Member of the Executive Board of Directors of Millennium BCP, a large listed Portuguese bank with relevant operations in Central & Eastern Europe, for which he was responsible. He then held various positions with large Portuguese listed entities, including CEO of CIMPOR - Cimentos de Portugal, an international cement group operating in 12 countries and one of the 5 leading companies in market cap at NYSE Euronext Lisbon, and Non-Executive Director and Member of the Audit Committee of EDP Renováveis, the world's #2 renewable energy company.

### External Board of Directors or Audit Board appointments (last 5 years)

**2010-2012:** CEO of Cimpor - Cimentos de Portugal, SGPS S.A.  
**2010-2012:** Chairman of Cimpor Inversiones, S.A.  
**2010-2012:** Chairman of Investment Company Cimpor Macau, S.A.  
**2008-2012:** Non-Executive Director of EDP Renováveis, S.A., Member of the Audit Committee in 2008-2011  
**2008-2012:** Managing Partner of Deal Winds - Sociedade Unipessoal Lda  
**2008-2010:** Member of the Board of Mague - SGPS, S.A.

### Other External Appointments

**2011-...:** Member of the Advisory Board of Nova School of Business and Economics  
**2006-...:** Member of the Advisory Board of the Master in Finance, Católica Lisbon School of Business and Economics  
**2006-...:** Member of the Supervisory Board of Cascais Yacht Club

## Vice-Chairman; Executive Director



<b>Manuel Castelo-Branco</b>	45 years
<b>Born</b>	14/09/1968, Portugal
<b>Appointed to the Board</b>	24/08/2012
<b>Term of office</b>	2012/2014

### Education

**1992:** Degree in Business Administration, Universidade Católica Portuguesa

### Internal appointments

Vice-Chairman of CTT - Correios de Portugal, S.A.  
 Member of the Board of CTT Expresso - Serviços Postais e Logística, S.A.  
 Member of the Board of Tourline Express Mensajería, S.L.U.  
 Member of the Board of Correio Expresso de Moçambique, S.A.

### Skills & Experience

Manuel is the Board member in charge of the Express & Parcels Business Unit at CTT, and also for Key Accounts/Clients and IT. He has held commercial and marketing positions in consumer goods companies, including Unilever, Sara Lee and Reckitt Benckiser, and later Sonae as business unit Head of Sales for retail brands such as Worten and Continente. As Managing Director of Media Capital he was responsible for launching what became the #3 Internet provider in Portugal. Later he was Board Member at Reditus, a listed IT company, being part of the senior management team after the merger with Tecnidata. He was also strategic advisor of Saudi Oger - Saudi Lebanese Holding - for their telecom business in Portugal.

### External Board of Directors or Audit Board appointments (last 5 years)

**2010-2012:** Member of the Board of Reditus BS Products, S.A.  
**2009-2012:** Member of the Board of Strong, S.A.  
**2009-2011:** Member of the Board of Reditus Gestão, S.A.  
**2008-2012:** Member of the Board of Partblack, S.A.  
**2008-2012:** Member of the Board of ALL2it Infocomunicações, S.A.  
**2008-2011:** Member of the Board of TD IF, S.A.  
**2008-2011:** Member of the Board of Tecnisuporte, S.A.  
**2007-2012:** Member of the Board of Tecnidata, S.A.  
**2007-2012:** Member of the Board of Reditus, SGPS, S.A.  
**2007-2009:** Member of the Board of Tecnidata, SGPS, S.A.

### Other External Appointments

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## CFO; Executive Director



<b>André Gorjão Costa</b>	40 years
<b>Born</b>	01/06/1973, Portugal
<b>Appointed to the Board</b>	24/08/2012
<b>Term of office</b>	2012/2014

### Education

**1996:** Degree in Economics, Nova School of Business and Economics

### Internal appointments

Member of the Board and Chief Financial Officer of CTT - Correios de Portugal, S.A.  
 Member of the Board of CTT Expresso - Serviços Postais e Logística, S.A.  
 Member of the Board of Tourline Express Mensajería, S.L.U.  
 Chairman of Payshop (Portugal), S.A.

### Skills & Experience

André is the Chief Financial Officer and the Board member in charge of the Financial Services Business Unit and of Regulation and Competition at CTT. He has developed his professional career in investment and commercial banking for 16 years at Santander Group, holding several positions in Portugal and abroad. He joined the Corporate Finance team of the bank in 1996 and later led their cross-border M&A team, being responsible for several acquisitions in LatAm. In 2000, was appointed Head of the Corporate Banking department, responsible for creating the Global Clients Department of Santander and for managing the relationships with major Portuguese corporate clients. He advised the acquisitions of Modelo Continente by Sonae from Carrefour and of 33.34% of Galp Energia by Americo Amorim Group, amongst many other relevant transactions in Portugal, Spain and Brazil. In 2007, he was appointed Managing Director of Credit Markets in Portugal. During this time, Santander acted as Bookrunner in many Eurobond issues and as Mandated Lead Arranger in some of the most relevant project and acquisition financings in Portugal in the renewable and infrastructure sectors.

### External Board of Directors or Audit Board appointments (last 5 years)

**2012-2014:** Member of the Board of Eurogiro

### Other External Appointments

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## Executive Director



<b>Dionízia Ferreira</b>	48 years
<b>Born</b>	03/01/1966, Portugal
<b>Appointed to the Board</b>	24/08/2012
<b>Term of office</b>	2012/2014

### Education

**1988:** Degree in Business Management, Instituto Superior de Economia e Gestão

### Internal appointments

Member of the Board of CTT - Correios de Portugal, S.A.  
 Member of the Board of CTT Expresso - Serviços Postais e Logística, S.A.  
 Member of the Board of Tourline Express Mensajería, S.L.U.  
 Chairwoman of Mailtec - Holding, SGPS, S.A.  
 Chairwoman of Mailtec Comunicação, S.A.  
 Chairwoman of Mailtec Consultoria, S.A.  
 Chairwoman of EAD - Empresa de Arquivo de Documentação, S.A.  
 Chairwoman of CTT Gest - Gestão de Serviços e Equipamentos Postais, S.A.  
 Chairwoman of the Management Board of PostContacto - Correio Publicitário, Lda  
 Manager of Mailtec Processos, Lda

### Skills & Experience

Dionízia is the Board member in charge of Mail & Business Solutions Business Unit at CTT. Until 2003, Dionízia had a 14 years career in retail & commercial banking in Barclays Bank, Banco Mello and Millennium BCP. From 2003 to 2007 she was Commercial and Marketing Director at CTT, where she was responsible for the operational and strategic marketing of the retail network, the design and launch of Correio Verde, the optimization of the products and services portfolio and also for preparing the launch of Banco Postal. For five years until 2012, she worked as Chief Executive Officer of Payup, Coordinating Director of Barclays Bank PLC New Branches (Permanent Representation) and as Head of Divestment of Banco Popular Portugal.

### External Board of Directors or Audit Board appointments (last 5 years)

**2008-2009:** Chief Executive Officer of Payup - Desenvolvimento de Negócios, S.A.

### Other External Appointments

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## Executive Director



<b>Ana Maria Jordão</b>	58 years
<b>Born</b>	14/12/1955, Portugal
<b>Appointed to the Board</b>	24/08/2012
<b>Term of office</b>	2012/2014

### Education

**1977:** Degree in Law, Universidade Clássica de Lisboa

### Internal appointments

Member of the Board of CTT - Correios de Portugal, S.A.

### Skills & Experience

Ana is the Board member in charge of Legal, HR Administration, Physical Assets and Procurement. Her background is in public administration, where, from 1978, she held positions with increasing responsibility, such as Deputy to the Secretary of State for National Defence, Deputy to the Secretary of State for the Budget, Assistant General Secretary of the Ministry of Planning and Territorial Administration, Chief of Staff of the Secretary of State for Fiscal Affairs, Member of the Supervisory Commission of the Securities Market (CMVM) and Director-General of Customs and Consumption Taxes. In the past five years, she held positions as Director of Administrative and Financial Services (from 2006 to 2011) and Deputy General Secretary of the Parliament (2012).

### External Board of Directors or Audit Board appointments (last 5 years)

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### Other External Appointments

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## **AUDIT BOARD**

### ***CURRICULA***



## Chairman



<b>António Gomes Mota</b>	55 years
<b>Born</b>	10/06/1958, Portugal
<b>Appointed to the Board</b>	12/11/2013
<b>Term of office</b>	Completion of the term 2012/2014

### Education

**1981:** Degree in Business Management, ISCTE - Instituto Universitário de Lisboa

**1984:** MBA, Nova School of Business and Economics

**2000:** PhD in Business Administration, ISCTE

### Internal appointments

Chairman of the Audit Board of CTT - Correios de Portugal, S.A. (since 12 November 2013)

### Skills & Experience

António has more than 20 years of business experience in senior positions in the banking, consulting and financial services industries. He was the Dean of ISCTE Business School (from 2003 to 2012) and Chairman at INDEG/ISCTE (from 2005 to 2012). He is a full professor at ISCTE Business School and in 2013 he also became a professor at the Lisbon MBA program at Nova/Católica. He has an extensive experience as a consultant in the areas of strategy, business appraisal and risk management for large Portuguese and international companies. He is author of several leading books in the area of finance. António has held various memberships and leadership positions in Boards and Oversight Committees at large Portuguese listed entities.

### External Board of Directors or Audit Board appointments (last 5 years)

**2014-...:** Vice-Chairman of Soares da Costa Construção, SGPS, S.A.

**2013-...:** Chairman of Grupo Soares da Costa, SGPS, S.A.

**2009-...:** Member of the Supervisory Board, of the Audit, and (since 2012) of the Performance and Competitiveness Committees of EDP - Energias de Portugal, S.A.

**2009-2012:** Member of the Board of Directors and Chairman of the Nomination and Evaluation Committee of Cimpor - Cimentos de Portugal, SGPS, S.A.

### Other External Appointments

**2013-...:** Member of the Remuneration Committee of Portugal Telecom, SGPS, S.A.

**2010-...:** Vice-Chairman of the Portuguese Institute of Corporate Governance

## Member



<b>Elsa Maria Roncon Santos</b>	63 years
<b>Born</b>	10/03/1951, Goa
<b>1<sup>st</sup> appointed on</b>	24/08/2012
<b>2<sup>nd</sup> appointment on</b>	12/11/2013
<b>Term of office</b>	2012/2014 2 <sup>nd</sup> appointment to complete the term of office 2012/2014

### Education

**1975:** Degree in Economics, Universidade Técnica de Lisboa

**1976:** Post-graduation at Instituto Gulbenkian de Ciência

### Internal appointments

Member of the Audit Board of CTT - Correios de Portugal, S.A. (since 12 November 2013)

### Skills & Experience

With a long professional career in the public business sector, she currently holds the office of Director General of the Treasury and Finance and inherently the duties of Chairperson of the Board of Fundo de Apoio ao Sistema de Pagamentos do Serviço Nacional de Saúde (Support Fund of the National Health Service Payment System) and Chairperson of the Board of Fundo de Reabilitação e Conservação Patrimonial (Fund for Asset Rehabilitation and Conservation). In addition, she is Chairperson of the Joint Committee of the Portuguese Fund for Investment Support in Mozambique; Representative of the Portuguese State in the Permanent Monitoring Committee of the Framework Agreement regarding the Reprivatisation of Banco Português de Negócios, S.A. entered into between the Portuguese Government and the Portuguese Bank BIC; Chairperson of the Board of the General Meeting of Shareholders of Parpublica – Participações Públicas (SGPS) S.A.; Member of the Board of the Termination Fund appointed by the Minister of State and Finance; and the Economic and Social Committee appointed by Resolution no. 2 /2012.

### External Board of Directors or Audit Board appointments (last 5 years)

**2011-...:** Director General of the Treasury and Finance

**2010-2011:** Chairperson of the Audit Board of EMEF - Empresa de Manutenção de Equipamento Ferroviário, S.A.

**2010-2011:** Chairperson of the Audit Board of CP Carga – Logística e Transportes Ferroviários de Mercadorias, S.A.

### Other External Appointments

**2009-2011:** Chairperson of the Ethics Board of CP – Comboios de Portugal, EPE

**2005-2008:** Chairperson of the Board of Fernave – Formação Técnica, Psicologia Aplicada e Consultoria em Transportes e Portos, SA

**2005-2008:** Chairperson of the Board of Directors of Ecosaúde, SA

**2005-2008:** Chairperson of the Management Board of Pactogest, Lda

## Member



<b>Diogo Leite Campos</b>	69 years
<b>Born</b>	04/12/1944, Portugal
<b>Appointed to the Board</b>	12/11/2013
<b>Term of office</b>	Completion of the term 2012/2014

### Education

**1967:** Degree in Law, Universidade de Coimbra  
**1978:** Doctorate in Law, Universidade de Coimbra  
**1979:** Docteur d'État en Droit, Université de Paris II  
**1979:** PhD in Economics, Université de Paris IX

### Internal appointments

Member of the Audit Board of CTT - Correios de Portugal S.A. (since 12 November 2013)

### Skills & Experience

Diogo is a professor at the Faculty of Law of Coimbra and Universidade Autónoma de Lisboa. He was Member of the Board of Directors of the Bank of Portugal from 1994 to 2000 and Chairman of the Advisory Board of the CMVM between 1994 and 2000. He is a lawyer (partner) at Leite de Campos, Soutelinho & Associados - Sociedade de Advogados, RL. (Lisboa) and Rolim, Viotti e Leite de Campos (Brazil).

### External Board of Directors or Audit Board appointments (last 5 years)

**2009-....:** Chairman of the Audit Committee of Banco Santander Consumer Portugal, S.A.  
**2008-....:** Non-Executive Director of RES SGPS, S.A.  
**2008-2011:** Chairman of the Audit Board of Hagen Engenharia, S.A.

### Other External Appointments

**2013-2014:** Member of the Monitoring Committee for the privatisation of the insurance business of Caixa Geral de Depósitos, S.A.

## Alternate Member



<b>Sara Alexandra Ambrósio</b>	42 years
<b>Born</b>	13/07/1971, Portugal
<b>1<sup>st</sup> appointed on</b>	24/08/2012
<b>2<sup>nd</sup> appointment on</b>	12/11/2013
<b>Term of office</b>	2012/2014 2 <sup>nd</sup> appointment to complete the term of office 2012/2014

### Education

**1994:** Degree in Law, Universidade Autónoma de Lisboa

**1996:** Post-graduation in European Studies, Instituto Superior de Economia e Gestão, Lisboa

**2011:** Post-graduation in Administrative Litigation, Institute of Legal Political Science of the Faculty of Law, Universidade de Lisboa

### Internal appointments

Alternate Member of the Audit Board of CTT - Correios de Portugal, S.A. (since 12 November 2013)

### Skills & Experience

Sara is a Legal Expert at the Directorate General of the Treasury and Finance since 1997 where she issues legal advice, analyses and drafts legislative Projects, monitors administrative and legal lawsuits within the scope of that Directorate General. She has been appointed for different posts within audit boards or other similar bodies of several companies of the public business sector, such as member of the Board of the General Meeting of Shareholders and member of the Remuneration Committee. In addition, she has represented the State in various Shareholder General Meetings and working groups of similar companies.

### External Board of Directors or Audit Board appointments (last 5 years)

**2010-...:** Member of the Audit Board of APSS – Administração dos Portos de Setúbal e Sesimbra, SA (Administration of the Ports of Setubal and Sesimbra)

**2008-2010:** Member of the Audit Board of APSS – Administração dos Portos de Setúbal e Sesimbra, SA (Administration of the Ports of Setubal and Sesimbra)

### Other External Appointments

**2013-...:** Secretary of the Board of the General Meeting of APS – Administração do Porto de Sines, SA

**2009-2011:** Chairperson of the Board of the General Meeting of SIEV – Sistema de Identificação Eletrónica de Veículos, SA

**2009-2011:** Chairperson of the Remuneration Committee of CARRIS – Companhia Carris de Ferro de Lisboa, SA

**2009-2011:** Chairperson of the Remuneration Committee of STCP – Sociedade de Transportes Coletivos do Porto, SA

**2009-2011:** Member of the Remuneration Committee of LUSA – Agência de Notícias de Portugal, SA

**2008-2010:** Secretary of the Board of the General Meeting of APS – Administração do Porto de Sines, SA

**2008-2010:** Chairperson of the Remuneration Committee of Parque Expo 98, SA