



CTT – Correios de Portugal, S.A.

Public Company

Avenida D. João II, 13

1999-001 LISBON

Lisbon commercial registry and

fiscal no. 500 077 568

Share Capital EUR 75,000,000.00

Announcement – Lisbon, 7 February 2022

Material information

CTT – Correios de Portugal, S.A. (“CTT” or “Company”) hereby informs that the Official Gazette has published today the decree amending the Postal Law that lays down the legal framework applicable to the provision of postal services in the national territory, as well as international services with origin or destination in the national territory, as announced to the market by CTT on 3 November and 23 December 2021.

This decree amends the legal framework of the Universal Postal Service obligations (“USO”). The scope of the USO is maintained and amendments are made to the decision-making process relative to the pricing criteria as well as to the decision-making process and guidelines of the definition of quality of service indicators considering the evolution of the universal postal service.

Thus, with regard to the pricing criteria:

- These will be defined by agreement between CTT, ANACOM and the Consumer Directorate-General for periods of three years; if no agreement is reached, the Government will set out the criteria; and
- The pricing shall take into consideration the sustainability and the economic and financial viability of the USO provision, and shall also consider the variation in volumes, the change in relevant costs, the quality of the service provided and the incentive to an efficient provision of the universal service.

In terms of quality of service indicators:

- Quality criteria shall be approved by the Government upon ANACOM’s proposal, also for three-year periods, and they shall follow a set of clear guidelines: ensure high levels of quality of service in line with current best practices in the European Union and the relative importance of the postal services covered by the universal service;
- The current indicators shall be maintained until the definition of new indicators and respective performance targets;
- In the event of non-compliance with the new quality indicators, the penalty to be applied by the Government will translate into investment obligations or price revisions, in accordance with the principles of proportionality, adequacy, non-discrimination and transparency.

Additionally, CTT informs that it signed the new concession agreement for the provision of the universal postal service, which will come into effect upon its approval by the Court of Auditors or upon a declaration by this institution that it waives said approval. Until such date, CTT remains as the provider



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of the USO under the current terms. The new concession agreement will have a seven-year term – until 31 December 2028, including an initial transition period – occurring in 2022 – followed by two three-year periods. This agreement reflects the changes to the processes and criteria regarding pricing, quality indicators and postal density described below:

- Pricing criteria:
 - For the year 2022, which will be the transition period, the prices to be implemented by CTT shall respect a maximum annual average variation of 6.80%, which considers the decline in volumes observed in the first nine months of 2021 and the variation of the Consumer Price Index for the Transport expense category, as communicated by the National Statistics Institute for the month of October 2021; and
 - For the remaining duration of the agreement, the pricing will be defined in accordance with the principles laid down in the Postal Law, as mentioned above.
- Quality of service indicators:
 - These will be defined in accordance with the law, as mentioned above, ensuring high levels of quality of service aligned with the best practices in force in the European Union, taking into account the average standards of the European Union countries, applicable for each indicator; and
 - For as long as the current indicators remain in force, namely in 2022, should there be any penalties, these will be translated into investment obligations that result in improvements for the benefit of the service provision and end users.
- Density of the postal network:
 - The procedure to define the objectives of the postal network density and minimum service offers is maintained, which foresees a decision by ANACOM upon CTT's proposal;
 - The current criteria for the definition of objectives remain in force, with the additional obligation of ensuring the existence of a post office in each municipality. This situation already occurs, following the reopening of post offices in municipality seats voluntarily concluded by the Company.

CTT is confident that the present framework will allow, once the new agreement is in force, to guarantee the provision of the USO under sustainable economic conditions, promoting a better balance between the continuity of the postal service provision and the reinforcement of the Company's capacity to face the challenges of digital transition, pursuing the consistent implementation of its transformation process.

This information to the market and the general public is made under the terms and for the purposes of article 248-A of the Portuguese Securities Code and other legislation in force in Portugal. It is also available on CTT website at:

https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1.



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