

05

Corporate Governance



A future in service efficiency

5. CORPORATE GOVERNANCE⁸⁵

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Part I – Information on shareholder structure, organization and corporate governance

5.1 SHAREHOLDER STRUCTURE

5.1.1 Capital Structure

1. **Capital Structure (share capital, number of shares, distribution of capital among shareholders, etc.), including an indication of shares not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (Art. 245-A(1)(a))**

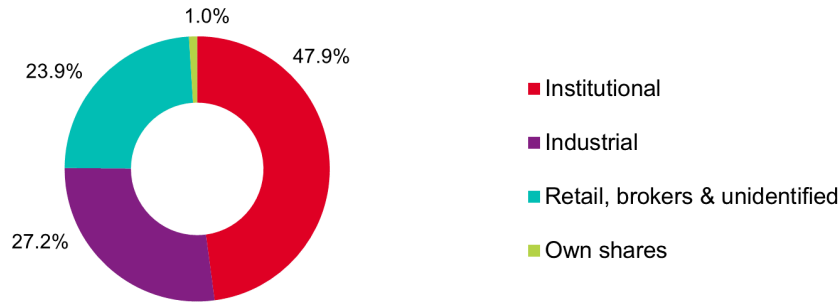
CTT's share capital is €75,000,000.00, fully paid-up and underwritten, being represented by 150,000,000 ordinary (there are no different categories), registered, book-entry shares with nominal value of €0.50 each, listed for trading on the regulated market managed by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. ("Euronext Lisbon").

Characterization of the capital structure

At the end of 2021, a study was conducted aimed at characterizing CTT's capital structure. This study identified 151 institutional shareholders holding circa 48% of the Company's capital and two industrial shareholders holding approximately 27%, while retail and other investors held 24% of the share capital.

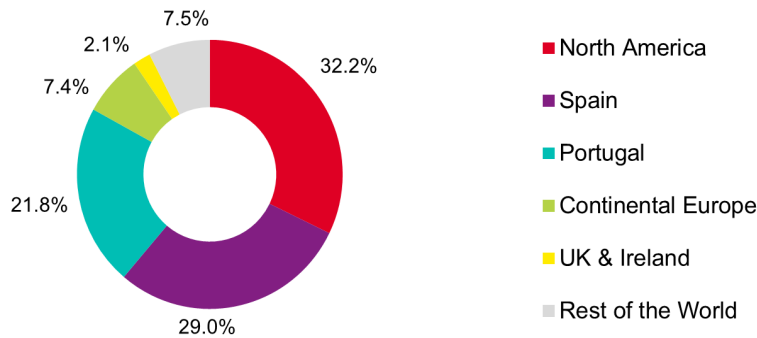
According to this survey, CTT shareholder composition in terms of investor profile was as follows:

CAPITAL STRUCTURE BY INVESTOR PROFILE



With regard to **geographical breakdown**, according to the same survey, CTT's **institutional and industrial shareholders** were mainly based in the **United States of America** (over 32%), followed by **Spain** with 29%, **Portugal** with around 22% and **Continental Europe** (including France and Germany) with more than 7%. In the **United Kingdom and Ireland** there could be found 2.1% of the institutional and industrial shareholder base of CTT and 7.5% of the capital were dispersed among institutional shareholders from other countries of the rest of the world. This geographical breakdown is illustrated in the following graph:

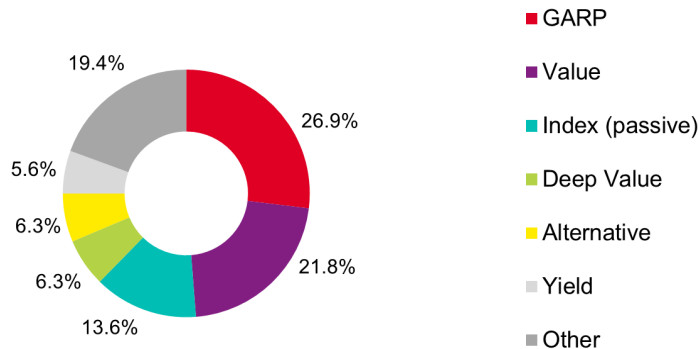
GEOGRAPHICAL BREAKDOWN



The study also included an analysis of CTT's shareholder composition by **investment strategy**. According to this analysis, at the end of 2021, institutional investors with a **GARP** (Growth at A Reasonable Price) investment strategy represented approximately 27% of the Company's institutional investment, while those with a **Value** type of investment strategy represented almost 22%, followed by **Index** (passive) investors which represented circa 14%. Investors with a **Deep Value** strategy were a little over 6%, the same percentage as institutional investors with an **Alternative** investment strategy.

Yield investment strategy represented 6% of institutional investment in CTT while over 19% was held by institutional investors with other types on investment strategies, as illustrated graphically below:

INSTITUTIONAL SHARES BY INVESTMENT STRATEGY



Finally, the study demonstrated that, at the end of 2021, the 10 largest shareholders of CTT (including institutional and industrial) held circa 56% of the Company's capital (compared to 51% at the end of 2020), while the 25 largest held a total of more than 67.5% (at the end of 2020, this percentage was 63%).

2. Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Art. 245-A(1)(b))

CTT shares are **not subject to any limitations** (whether statutory or legal) regarding their transfer or ownership, in compliance with Recommendation II.2 of the IPCG Governance Code ("IPCG Code").

Although CTT's shares are freely transferable, their acquisition implies, as of the commercial registration date of Banco CTT (a credit institution fully owned by CTT), **compliance with the legal requirements on direct or indirect qualified shareholdings** established in the Legal Framework of Credit Institutions and Financial Companies laid down in Decree-Law No. 298/92, of 31 December, in its current version.

In particular, and pursuant to article 102 of this Legal Framework, anyone intending to hold a qualified holding in CTT and indirectly in Banco CTT (i.e. direct or indirect holding equal to or higher than 10% of the share capital or voting rights or that, for any reason, enables exerting significant influence on the management) should previously inform Bank of Portugal ("BoP") on their project for the purpose of its non-opposition thereto. In turn, acts or facts that give rise to the acquisition of a shareholding of at least 5% of the capital or voting rights of CTT and indirectly in Banco CTT, should be communicated to BoP, within 15 days as of its occurrence, pursuant to article 104 of said Legal Framework.

3. Number of own shares, the percentage of share capital that it represents and corresponding percentage of voting rights that corresponded to own shares (Art. 245-A(1)(a))

On 20 May 2021, CTT started trading in the context of the share buy-back programme of the Company ("Buy-back Program") pursuant to the terms and limitations set forth in (i) the resolution adopted under item 5 of the Agenda of the General Shareholders' Meeting of CTT held on 21 April 2021 granting authorization for the acquisition and transfer of own shares by the Company and its subsidiaries, as set forth in such shareholders' resolution and subject to a decision of the Company's Board of Directors, and (ii) the resolution of the Board of Directors of CTT, of 17 May 2021, under which a share buy-back

program was approved, the main terms and conditions of which may be found in the announcement regarding the start of trading within the Buy-back Program disclosed to the market on 17 May 2021.

In the context of said Buy-back Program, and as the financial intermediary in charge of the execution of said program, JB Capital Markets, S.V., S.A.U. acquired 1,500,000 shares representing CTT's share capital, in Euronext Lisbon regulated market, in the period from 20 May to 22 June 2021 (inclusive), as detailed in the table below (aggregated information - for further details, see Annex II of this Report).

Date of the transaction	Aggregated Volume (shares)	Weighted Average Price (€)	% Session's Total Volume	% Share Capital
20.05.2021	42,641	4.0070	11.28 %	0.03 %
21.05.2021	109,161	4.0277	26.14 %	0.07 %
24.05.2021	75,404	4.0093	18.88 %	0.05 %
25.05.2021	85,000	4.0191	29.06 %	0.06 %
26.05.2021	90,093	4.1853	9.48 %	0.06 %
27.05.2021	50,000	4.1660	7.19 %	0.03 %
28.05.2021	70,000	4.2129	14.57 %	0.05 %
31.05.2021	123,072	4.2698	29.43 %	0.08 %
01.06.2021	105,000	4.3138	13.68 %	0.07 %
02.06.2021	40,000	4.2913	12.02 %	0.03 %
03.06.2021	40,000	4.2438	12.77 %	0.03 %
04.06.2021	50,401	4.2730	12.80 %	0.03 %
07.06.2021	25,000	4.2900	16.57 %	0.02 %
08.06.2021	46,074	4.2639	17.34 %	0.03 %
09.06.2021	32,915	4.2807	9.09 %	0.02 %
10.06.2021	67,956	4.3811	12.44 %	0.05 %
11.06.2021	30,704	4.3338	11.70 %	0.02 %
14.06.2021	78,000	4.4160	12.20 %	0.05 %
15.06.2021	72,875	4.4499	11.80 %	0.05 %
16.06.2021	25,000	4.4080	7.98 %	0.02 %
17.06.2021	40,000	4.4150	13.92 %	0.03 %
18.06.2021	45,000	4.3611	8.51 %	0.03 %
21.06.2021	73,157	4.5391	8.11 %	0.05 %
22.06.2021	82,547	4.5521	11.37 %	0.06 %

Hence, as at 31 December 2021, and on the present date, **CTT held, and holds, 1,500,001 own shares, with the nominal value of €0.50 each, corresponding to 1.000% of its share capital**, with all the inherent rights being suspended by force of the provisions of article 324(1)(a) of the Portuguese Companies Code ("PCC"), with the exception of the right to receive new shares in the event of a capital increase by incorporation of reserves. Further detailed information on said transactions may be found in Annex II of this Report.

- 4. Important agreements to which the company is a party and that come into effect, are amended or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects, except where due to their nature, the disclosure thereof would be seriously detrimental to the company; this exception does not apply where the company is specifically required to disclose said**

information pursuant to other legal requirements (Art. 245-A(1)(j))

As at 31 December 2021, and on the present date, the following contracts of strategic relevance to CTT were and are in force, with clauses related to change of control:

- The **tripartite contract concluded between CTT, Banco CTT and BNP Paribas Personal Finance, S.A.** on 23 June 2021 for selling **Cetelem credit products** at CTT Retail Network and website, provides for the possibility of unilateral termination by any of the parties, under certain circumstances, in the event of a change of shareholder control;
- The **two tripartite contracts between CTT, Banco CTT and Fidelidade – Companhia de Seguros, S.A.** for the brokerage of this entity's Life and Non-life insurance (the scope of which was extended to Banco CTT on 22 July 2016) **concluded** on 16 July 2013 and 2 September 2020, respectively, sets forth the possibility of termination by any of the parties in the event of change of the counterpart's shareholder structure, as well as the possibility of unilateral termination by Fidelidade if CTT should lose control of Banco CTT;
- The contract concluded on 20 September 2018 with **Western Union Payment Services Network EU/EEA Limited (“Western Union”)** and **Western Union Payment Services Ireland Limited (“WUPSIL”)** for the provision of fund transfer services, which establishes the possibility of unilateral termination of the contract by Western Union in the event of a change of CTT's shareholder control.
- The three **contracts concluded on 18 November 2015 between CTT and Banco CTT** (institution entirely held by CTT and which exercises its activity through personal attendance predominantly in CTT's Retail Network), which regulate the **provision of means inherent to the Retail Network and CTT/Banco CTT partnership relative to the CTT Channel, the employer plurality regime adopted in the context of employment contracts with employees of the Retail Network and the provision of services between the parties**, establishing the possibility, by initiative of any of the parties, of a renegotiation of the respective bargaining/financial balance, in good faith and based on normal market conditions, in case of the end of the controlling or group relationship or an event leading to CTT being controlled by a competitor of Banco CTT.

The aforesaid clauses constitute **normal market conditions in this type of contract for selling/delivering financial products and partnerships** (especially for protection of the parties in the case of acquisition of control of the counterpart by competitors) **and neither seek nor are able to hamper the free transferability of CTT shares.**

On the other hand, the Company is not a party of any other significant agreements which enter into force, are amended or cease (nor the respective effects) in the event of CTT's change of control following a takeover bid.

No measures have been adopted, nor is CTT a party in any significant agreements that determine the requirement of payments or the undertaking of costs by the Company in the case of transition of control or change of composition of the governing body and which appear capable of hindering the free transferability of CTT shares and the free appraisal by the shareholders of the performance of the members of the management body of CTT.

5. A system that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders

The Articles of Association set no limits to the number of votes that may be held or exercised by a single Shareholder, individually or jointly with other Shareholders.

6. Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights (Art. 245-A(1)(g))

The Company is **not aware of any shareholder agreements** regarding CTT, namely on matters of transfer of securities or voting rights.

5.1.2 Shareholdings and bonds held

7. Details of the natural or legal persons who, directly or indirectly, are holders of qualifying holdings (Art. 245-A(1)(c) & (d) and Art. 16), with details of the percentage of capital and votes attributed and the source and causes of the attribution

As at 31 December 2021, **based on the communications to the Company** made up to this date, the structure of the qualified holdings in CTT, calculated under the terms of article 20 of the Portuguese Securities Code in force in 2021, was as follows (notwithstanding changes disclosed to the market up to the date hereof and also identified in the table below):

Shareholders		Number of Shares	% Share Capital	% Voting Rights
Manuel Champalimaud SGPS, S.A. ⁽¹⁾		19,330,084	12.887%	12.887%
Manuel Carlos de Melo Champalimaud		353,185	0.235%	0.235%
Manuel Carlos de Melo Champalimaud ⁽¹⁾	Total	19,683,269	13.122%	13.122%
Global Portfolio Investments, S.L. ⁽²⁾		15,057,937	10.039%	10.039%
Indumenta Pueri, S.L. ⁽²⁾	Total	15,057,937	10.039%	10.039%
GreenWood Builders Fund I, LP ⁽³⁾		10,025,000	6.683%	6.683%
GreenWood Investors LLC ⁽³⁾	Total	10,025,000	6.683%	6.683%
Green Frog Investments Inc	Total	7,730,000	5.153%	5.153%
Norges Bank	Total	3,105,287	2.070%	2.070%
Bestinver Gestión S.A. SGIIC ⁽⁴⁾	Total	3,024,366	2.016%	2.016%
CTT, S.A. (own shares) ⁽⁵⁾	Total	1,500,001	1.000%	1.000%
Remaining shareholders	Total	89,874,140	59.916%	59.916%
TOTAL		150,000,000	100.000%	100.000%

⁽¹⁾ Includes 19,246,815 shares held by Manuel Champalimaud SGPS, S.A. and 83,269 shares held by the members of its Board of Directors of which Duarte Palma Leal Champalimaud, Non-Executive Director of CTT, is Vice-Chairman. Qualified shareholding directly and indirectly attributable to Manuel Carlos de Melo Champalimaud.

⁽²⁾ Global Portfolio Investments, S.L. is controlled by Indumenta Pueri, S.L.

⁽³⁾ GreenWood Investors, LLC, of which Steven Duncan Wood, Non-Executive Director of CTT, is Managing Member, exercises the voting rights not in its own name but on behalf of GreenWood Builders Fund I, LP as its management company. The full chain of controlled undertakings through which the voting rights are held includes GreenWood Investors, LLC and GreenWood Performance Investors, LLC.

⁽⁴⁾ Bestinver Gestión S.A. SGIIC is a Spanish fund management company. As such, it exercises the voting rights attached to the shares property of the investment institutions it manages and represents. Additionally, Bestinver Gestión, S.A. SGIIC has been granted a power of attorney to exercise the voting rights attached to the shares under the property of the pension funds managed by Bestinver Pensiones EGFP, S.A..

⁽⁵⁾ Shares held by CTT following the conclusion, as at 22 June 2021, of the trading in the context of the share Buy-back Program, the main terms and conditions of which may be found in the announcement regarding the start of trading within the Buy-back Program disclosed to the market on 17 May 2021, (see press releases available on CTT website, at <https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?topic=informacao&year=2021&search=>).

8. A list of the number of shares and bonds held by members of the management and supervisory boards. [NOTE: the information should be provided so that art. 447(5) of the PCC is complied with]

The tables below show the number of shares held by the members of the managing and supervisory bodies who exercised functions in 2021, and still do as at the present date, and who are persons discharging managerial responsibilities according to Regulation (EU) No 596/2014, of 16 April ("Regulation EU"), as per communications made to the Company in 2021, as well as their closely related parties, including all their acquisitions, encumbrances or transfers of ownership, as follows:

Board of Directors ^(a)	Number of shares as at 31.12.2020	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as at 31.12.2021
Raul Catarino Galamba de Oliveira	20,000 ^(b)	11.05.2021	5,000	—	—	4.0850	30,000
		12.05.2021	5,000			3.9750	
João Afonso Ramalho Sopas Pereira Bento	31,500	---	—	—	—	—	31,500
António Pedro Ferreira Vaz da Silva	7,000	---	—	—	—	—	7,000
Guy Patrick Guimarães de Goyri Pacheco	8,000	---	—	—	—	—	8,000
João Carlos Ventura Sousa	2,851	---	—	—	—	—	2,851
João Miguel Gaspar da Silva	11,435	---	—	—	—	—	11,435
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	0	---	—	—	—	—	0
Steven Duncan Wood	0	---	—	—	—	—	0
Duarte Palma Leal Champalimaud	15,000	---	—	—	—	—	15,000
Isabel Maria Pereira Aníbal Vaz	0	---	—	—	—	—	0
Jürgen Schröder	0	---	—	—	—	—	0
Margarida Maria Correia de Barros Couto	0	---	—	—	—	—	0
María del Carmen Gil Marín	0	---	—	—	—	—	0
Susanne Ruoff	0 ^(c)	06.09.2021	1,200	—	—	4.655	1,200

^(a) Composition of the Board of Directors as at 31.12.2021. Includes the members of the Executive Committee and the Audit Committee. The Director João Eduardo Moura da Silva Freixa, elected as a Non-Executive Director of CTT at the Annual General Meeting held on 29.04.2020, submitted his resignation to the above-mentioned position on 10.12.2020, as communicated to the market on that day, which took effect in legal terms on 31.01.2021.

^(b) Acquisitions disclosed to the market in management transactions press releases of 13.05.2021 and 14.05.2021 available on CTT website, at <https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?topic=transacao&year=2021&search=>.

^(c) Acquisition disclosed to the market in a management transactions press release of 07.09.2021 available on CTT website, at <https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?topic=transacao&year=2021&search=>.

Closely Related Parties	Number of shares as at 31.12.2020	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as at 31.12.2021
Manuel Champalimaud SGPS, S.A. ^(a)	19,246,815	—	—	—	—	—	19,246,815
GreenWood Builders Fund I, LP ^(b)	10,025,000	—	—	—	—	—	10,025,000

^(a) Entity closely related to Duarte Palma Leal Champalimaud, in which the Non-Executive Director of CTT is Vice-Chairman of the Board of Directors (see note (1) of the table in point 7. above for detail on the number of shares held).

^(b) Entity closely related to Steven Duncan Wood, Non-Executive Director and Member of the Audit Committee of CTT and Managing Member of GreenWood Investors, LLC, management company of the GreenWood Builders Fund I, LP.

Statutory Auditor	Number of shares as at 31.12.2020	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as at 31.12.2021
Ernst & Young Audit & Associados – SROC, S.A.	0	—	—	—	—	—	0
Luís Pedro Magalhães Varela Mendes	0	—	—	—	—	—	0
Rui Abel Serra Martins	0	—	—	—	—	—	0
João Carlos Miguel Alves ^(a)	0	—	—	—	—	—	0

^(a) Alternate Statutory Auditor

9. Special powers of the Board of Directors, especially as regards resolutions on the capital increase (Art. 245-A(1)(i)) with an indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned

The powers attributed to the Board of Directors of CTT are described in point 21 of Part I below. Statutorily, **there are no provisions attributing special powers to the Board of Directors regarding capital increases**, since this is a matter of the exclusive competence of the General Meeting.

10. Information on any significant business relationships between the holders of qualifying holdings and the company

The significant commercial relations maintained between the Company and its holders of qualifying holdings during the 2021 financial year correspond to **transactions with related parties** identified in point 92 of Part I below.

5.2 CORPORATE BODIES AND COMMITTEES

GRI 405-1

5.2.1 General Meeting

a) Composition of the Presiding Board of the General Meeting

11. Details and position of the members of the Presiding Board of the General Meeting and respective term of office (beginning and end)

Under the terms of article 10 of the Articles of Association of CTT, the Board of the General Meeting is composed of **a Chairman and a Vice-Chairman**, elected every 3 years at the General Meeting.

As at 31 December 2021 and currently, the composition of the Board of the General Meeting was, and is, as follows:

Members ⁽¹⁾	Position	Term of office
Pedro Miguel Duarte Rebelo de Sousa	Chairman	2020/2022
Teresa Sapiro Anselmo Vaz Ferreira Soares	Vice-Chairwoman	2020/2022

⁽¹⁾ Elected at the Annual General Meeting held on 29 April 2020.

Pursuant to that same statutory provision, the members of the Board of the General Meeting are assisted by the Secretary of the Company, duties performed in 2021 and currently by Maria da Graça Farinha de Carvalho.

b) Exercise of voting rights

12. Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number of percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (article 245-A(1)(f))

CTT's Articles of Association **do not provide for any limitations in terms of voting rights** or any systems detaching voting rights from ownership rights, so CTT considers, under **Recommendation II.1.** of the IPCG Code, the **sub-recommendation II.1.(1)** as complied with and **sub-recommendation II.1.(2)** as not applicable.

Pursuant to articles 7 and 8 of the Articles of Association, the right to vote at the General Meeting is given to shareholders who, on the **record date**, corresponding to 0 hours (GMT) of the 5th trading day prior to the General Meeting, hold at least **1 share**. Under these same provisions, the right to vote can be exercised by representation, correspondence or electronic means and can cover all the matters presented in the call notice. The exercise of the right to vote by any of these methods should be carried out under the terms and within the stipulated periods and through the mechanisms established in detail in the call notice in order to encourage shareholder participation.

In 2021, as in 2020, and considering on the one hand the **"Recommendations within the scope of General Meetings"** published on the website of the Portuguese Securities Market Commission ("CMVM") at www.cmvm.pt and on the other hand the recommendations, in the same sense, published by the Portuguese Institute of Corporate Governance ("IPCG"), under which it was recommended that alternative ways of holding General Meetings should be preferred due to the COVID-19 pandemic situation that caused an international public health emergency, the participation in CTT's General Meeting was exclusively carried out by electronic means, whereby Shareholders wishing to participate and vote at the General Meeting should qualify for such purpose under the terms described in the call notice and exercise the right to vote by electronic correspondence or electronic means.

13. Maximum percentage of voting rights that may be exercised by a single Shareholder or by Shareholders related to the former in any of the ways set out in article 20(1) of the Portuguese Securities Code

CTT's Articles of Association **do not contain any limitation on percentage of voting rights** that may be exercised by a single shareholder or by shareholders related to the former in any of the ways set out in article 20(1) of the Portuguese Securities Code ("CVM") as amended and in force as at 31 December 2021 and on this date.

14. Shareholder resolutions for which the Articles of Association require a qualified majority, in addition to those stipulated by law

CTT's Articles of Association **do not provide for qualified majorities** in order to pass resolutions beyond those prescribed by law.

5.2.2 Management and Supervision

a) **Composition**

15. Details of corporate governance model adopted

GRI 102-5, 102-22, 102-24

The Company has endorsed an **Anglo-Saxon type of governance model** since 2014.

The corporate bodies include the General Meeting, the Board of Directors, which is responsible for the Company's management, the Audit Committee and the Statutory Auditor, the last two being responsible for its supervision.

System of Checks and Balances

- In this regard, the **General Meeting** has powers to: (i) elect the members of the governing bodies (including the members of the Board of the General Meeting, the Board of Directors and the Audit Committee as well as the Statutory Auditor, this last body upon proposal of the Audit Committee), (ii) assess the annual report of the Board of Directors and the opinion of the Audit Committee, (iii) determine the allocation of profits and (iv) pass resolutions amending the Articles of Association.
- Under its management duties, the **Board of Directors** has delegated day-to-day management powers to the Executive Committee (see description in point 21 of Part I below), whose action is supervised by the non-executive Directors, namely by the Corporate Governance, Evaluation and Nominating Committee which is composed of three non-executive Directors who are in the majority independent (in performing the duties referred to in the same point).
- The **Audit Committee** (composed of non-executive directors who are in the majority independent), together with the **Statutory Auditor**, perform the duties of supervision that arise from the applicable legal and regulatory provisions, and is responsible namely for supervising the preparation and disclosure of financial information, promoting and monitoring the independence of the Statutory Auditor and the Company's internal audit, and for supervising the efficacy of the internal control systems, including risk management, compliance and internal audit (see description in point 38 of Part I below).
- Furthermore, the **Remuneration Committee** (composed of members who are in the majority independent in relation to the management and elected by the General Meeting) is responsible for establishing the remunerations of the corporate bodies (see description in point 66 of Part I below).

This governance model has enabled the consolidation of CTT's governance structure and practices, in line with the best national and international practices, promoting the effective performance of duties and coordination of the corporate bodies, the proper operation of a system of checks and balances and the accountability of its management to its shareholders and other stakeholders.

16. Articles of association rules on the procedural requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable. (Article 245-A(1)(h))

Pursuant to articles 9 and 12 of the Articles of Association, the election of the Board of Directors is entrusted to the General Meeting, including its Chairman and Vice-Chairman, by a majority of the votes cast by the shareholders present or represented (or by the most voted proposal in the event of several proposals), and one of the members of the Board of Directors can be elected from among persons proposed in lists submitted by groups of shareholders, provided that none of these groups holds shares representing more than 20% and less than 10% of the share capital.

PCC provisions regarding the replacement of members of the Board of Directors are applicable in the absence of such provisions in the Articles of Association. Under the terms of article 16 of the Articles of Association, it is provided for that the absence of a Director at more than 2 meetings of this body, whether consecutive or interspersed, without a reason accepted by the Board of Directors, shall be deemed definitively absent and shall be replaced pursuant to the PCC.

No other procedural and substantive requirements are defined in the Company's Articles of Association for the purpose of appointment or replacement of members of the Board of Directors.

The criteria and requirements regarding the profile of new members of the corporate bodies are described in point 19 of Part I below.

17. Composition of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable, with articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member

GRI 102-18, GRI 405-1

Pursuant to article 12 of the Articles of Association, the Board of Directors is composed of 5 to 15 members, for a 3-year renewable term of office under the applicable law.

As at 31 December 2021 and currently, the Board of Directors was, and is, composed of the following 14 Directors:

Members	Board of Directors	Executive Committee	Audit Committee	Independence ⁽¹⁾	Date of 1 st Appointment ⁽²⁾
Raul Catarino Galamba de Oliveira	Chairman			Yes	29/04/2020
João Afonso Ramalho Sopas Pereira Bento	Member	Chairman			20/04/2017
António Pedro Ferreira Vaz da Silva	Member	Member			20/04/2017
Guy Patrick Guimarães de Goyri Pacheco	Member	Member			19/12/2017
João Carlos Ventura Sousa	Member	Member			18/09/2019
João Miguel Gaspar da Silva	Member	Member			06/01/2020
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Member		Chairman	Yes	20/04/2017
Steven Duncan Wood	Member		Member		23/04/2019
Duarte Palma Leal Champalimaud	Member				19/06/2019
Isabel Maria Pereira Aníbal Vaz	Member			Yes	29/04/2020
Jürgen Schröder	Member			Yes	29/04/2020
Margarida Maria Correia de Barros Couto	Member				29/04/2020
María del Carmen Gil Marín	Member		Member	Yes	29/04/2020
Susanne Ruoff	Member			Yes	29/04/2020

⁽¹⁾ The assessment of independence was conducted in accordance with the criteria defined in point 18.1 of Annex I of CMVM Regulation No. 4/2013, and the provisions of Recommendation III.4. of the IPCG Code and in Article 414(5) of the PCC for Non-Executive Directors who are members of the Audit Committee.

⁽²⁾ The date of the first appointment to a management body at CTT is presented here.

18. Distinction to be drawn between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent, or, where applicable, details of independent members of the General and Supervisory Board

GRI 102-23

As at **31 December 2021**, the Board of Directors was composed of **5 executive members and 9 non-executive members, including 6 independent members, among whom the Chairman of the Board of Directors**, indicated in the table of point 17 of Part I above.

Forty-three percent of the total number of members of the Board of Directors and 67% of its non-executive members, in office as at 31 December 2021, are deemed independent, pursuant to the criteria defined in point 18.1 of Annex I of CMVM Regulation No. 4/2013, and with respect to the members of the Audit Committee, pursuant to article 414(5) of the PCC (and pursuant to international criteria and practices).

In order to assess the independence of the members of the Board of Directors and of its non-executive members, the criteria referred to in **Recommendations III.4 and III.5 of the IPCG Code** were also considered.

The Company believes that it has a sufficient number of non-executive and independent members to efficiently perform the functions entrusted to them, appropriate to its size and the complexity of the risks inherent to its activity, taking into account, namely, the diversity of academic skills, career and professional experience of each of those members, thus enabling the Board of Directors to carry out its duties efficiently and safeguarding the interests of all stakeholders in their different aspects. Furthermore, the number of executive and non-executive members and, among these, the number of independent members, as identified in the table in point 17 of Part I above, also allows for an effective supervision and evaluation of the executive performance, which the Company considers to be suited and balanced to its interests, and therefore it is considered that **Recommendations III.2, III.3 and III.4 of the IPCG Code** are broadly complied with.

With a view to ensuring coordination and effectiveness in the performance of duties by the Non-Executive Directors, the Company has adopted, in addition to the mechanisms aimed at making the Executive Committee's supervision effective (see point 21.2 of Part I below), the following procedures:

The Non-Executive Directors (including the members of the Audit Committee) may request:

- a. From the Chairman of the Board of Directors or from the Chairman of the Executive Committee the provision of the necessary or convenient information to carry out their tasks, competences and duties, in particular, information relative to the competences delegated to the Executive Committee and its performance, the implementation of the budget, annual and multi-annual plans and the state of the management. This information should be provided in an appropriate and timely manner;
- b. The presence at meetings of said bodies/committees of members of the corporate bodies, senior staff or other employees of the CTT Group, in articulation with the Executive Committee.

19. Professional qualifications and other relevant curricular information of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable

GRI 102-24, GRI 405-1

Under its Diversity and Inclusion Policy, available for consultation at “Group CTT”, “Sustainability”, “Strategy and Principles”, “Policies and other regulations”, “Principles, policies and other regulations”, on the CTT website (www.ctt.pt), CTT has defined the general principles by which its action should be guided on issues related to diversity and inclusion of its human resources, including with respect to the composition of its corporate bodies.

CTT also has internal policies of diversity and selection, aimed at ensuring the implementation of transparent selection processes of the Company’s Directors, based on which the following are established:

- Guidelines on the quantitative and qualitative composition of the Board of Directors and a Matrix of Skills; and
- Recommendations concerning the election of the members of the corporate bodies, which are based on the knowledge, experience, dedication, requirements on independence and incompatibilities, and merit of the candidates recommended for election or re-election.

As demonstrated in the Corporate Governance, Evaluation and Nominating Committee recommendations and Terms of Reference disclosed to the shareholders in March 2020 and available for consultation at “Group CTT”, “Investors”, “General Meetings” on the CTT website (www.ctt.pt), for the electoral processes of the members of the corporate bodies for the 2020/2022 term of office, CTT’s Diversity Policy seeks to foster an appropriate gender and age diversity, as well as complementary academic and professional skills and experience within its management and supervisory bodies. Particular reference is made to the following aspects taken into account in the selection processes:

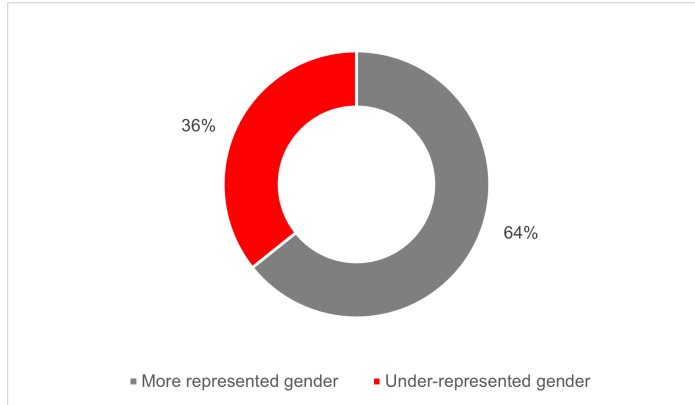
- Diversity of skills, knowledge, experience and gender as a crucial factor for the successful performance of these duties;
- A suitable balance of ages and cultural background (arising, for example, from nationality and role in civil society, etc.);
- Representation in these bodies of a diverse range of knowledge and academic experience considering the strategic challenges facing CTT, namely in the following areas of knowledge and professional experience: Leadership, Strategy and Management; Finance and Risk; Accounting and Audit; Sector/Industry (mail, express & parcels, financial services, banking); Legal and Regulations; Human Resources; Marketing/ Commercial and Communication; Information and Technology Systems; Corporate Governance, Social Responsibility and Ethics.

The proposal of a group of shareholders for the election of members of the management and supervisory bodies for the term of office 2020/2022 was supported by the opinion of the Corporate Governance, Evaluation and Nominating Committee on the individual attributes (independence and conditions for the exercise of functions in the interest of the Company and in accordance with standards of loyalty, integrity and availability, incompatibilities, skills, experience and knowledge) and diversity requirements (number of executive, non-executive and independent members, legal requirements on gender diversity, balance of skills, experience and knowledge), which may contribute to the effective performance of these corporate bodies.

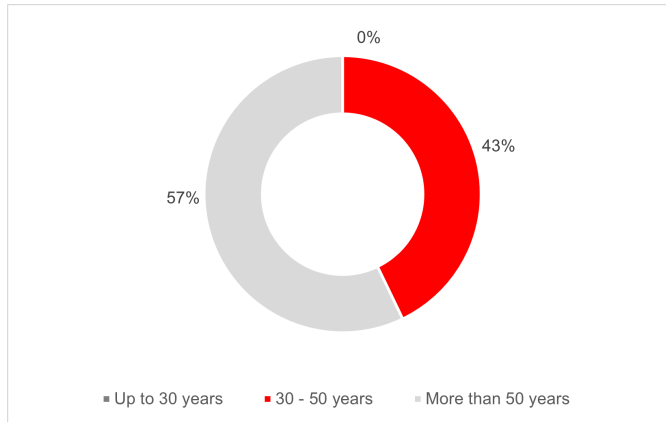
The graphs below reflect the result of the above mentioned actions, as per Annex I of this Report which presents the *curricula* of the members of the Board of Directors of CTT, highlighting the following level

of diversity of this body in terms of gender, age, independence and professional background as at 31 December 2021:

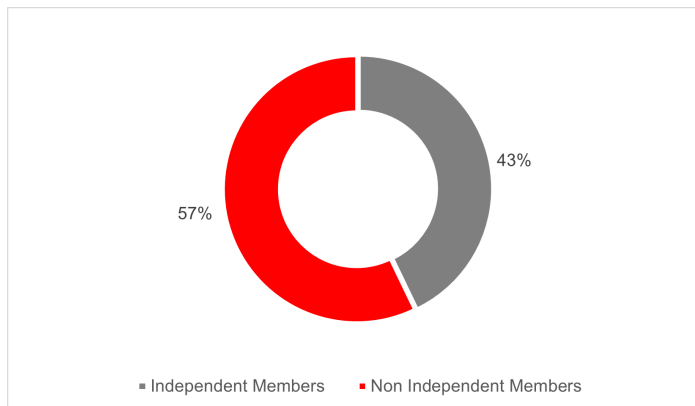
Gender:
36% of Directors of the under-represented gender



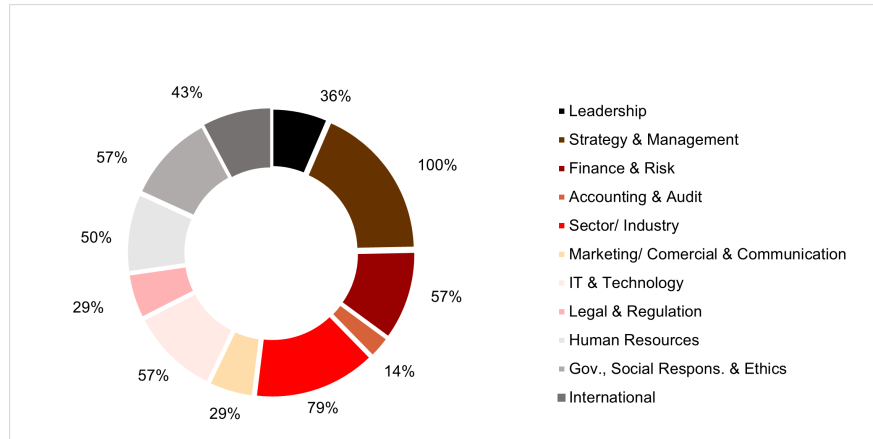
Age:
Average age of 52 years



Independence:
43% of independent Directors,
corresponding to 67% of the Non-Executive Directors



**Professional background:
Balance of skills and relevant experience**



20. Customary and meaningful family, professional or business relationships of members of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights

The **Non-Executive Director** Duarte Palma Leal Champalimaud is the son of Manuel Carlos de Melo Champalimaud, to whom the qualified shareholding held in CTT by the company Manuel Champalimaud SGPS, S.A. is attributable. Additionally, he performs the duties of Vice-Chairman of the Board of Directors and Chairman of the Strategy and Investment Committee of the Manuel Champalimaud Group.

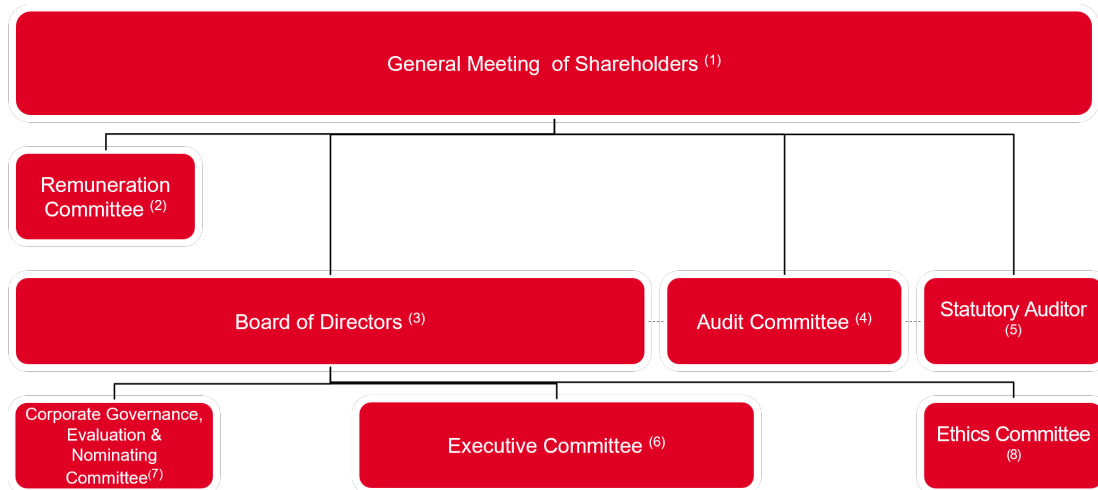
The **Non-Executive Director** Steven Duncan Wood is the founder and Managing Member of Greenwood Investors LLC, the management company of Greenwood Builders Fund I, LP, qualified shareholder of CTT.

The shareholder structure may be consulted at “Group CTT”, “Investors”, “Shareholder Structure” on the CTT website (www.ctt.pt).

Save as stated in the previous paragraphs, CTT received no notice of any other regular significant family, professional or commercial relationships between Board members and Shareholders with more than 2% of voting rights in CTT, either as at 31 December 2021 or the present date.

21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management

As at 31 December 2021 and the present date, the powers of CTT's corporate bodies and committees were and are divided as follows, as further detailed in the points of Part I indicated below:



(1) See in particular the powers of the General Meeting described in point 15 above.

(2) See in particular the powers of the Remuneration Committee and its articulation with the Corporate Governance, Evaluation and Nominating Committee described in points 15, 21.4 and 66 of this chapter.

(3) See in particular the powers of the Board of Directors described in point 21.1 of this chapter.

(4) See in particular the powers of the Audit Committee described in points 15, 37 and 38 of this chapter.

(5) See in particular the powers of the Statutory Auditor described in points 15 and 38 of this chapter.

(6) See in particular the powers delegated by the Board of Directors to the Executive Committee, as well as the committees supporting the Executive Committee, under the terms described in points 15, 21.2 and 21.3 of this chapter.

(7) See in particular the powers of the Corporate Governance, Evaluation and Nominating Committee and its articulation with the Remuneration Committee described in points 15, 21.4 and 66 of this chapter.

(8) See in particular the duties of the Ethics Committee, described in point 21.5 of this chapter, as a committee supporting the Audit Committee and the Board of Directors.

The composition of the corporate bodies and internal committees may be consulted in "Group CTT", "About Us", "Corporate Governance", "Corporate Bodies", on CTT's website (www.ctt.pt).

21.1 Board of Directors

GRI 102-18

The Board of Directors is the corporate body responsible for the Company's management and representation, under the legal and statutory terms, being entrusted to practice all acts and operations relative to the corporate object that are outside the competence attributed to other bodies of the Company, under the terms defined in article 13 of the Articles of Association and in article 5 of its Regulations.

Main powers of the Board of Directors GRI 102-26, 102-32

- Stipulate the strategic guidelines and risk profile of the CTT Group;

- Approve the objectives and main management and risk policies and the general aspects of the business structure of the CTT Group;
- Ensure the effectiveness of the internal control, risk management and internal audit systems of the CTT Group, annually assessing their compliance and approving the necessary adjustments;
- Approve the annual and multi-annual activity, strategic, investment and/or financial plans and the annual budgets of the CTT Group, as well as any amendments that prove necessary;
- Pass resolutions on relocations of registered offices and share capital increases or reductions, mergers, demergers and transformations and amendments to the Articles of Association to be submitted to the Company's General Meeting;
- Approve the annual, half-yearly and quarterly reports and accounts;
- Pass resolutions on the provision of bonds and personal or asset guarantees, as provided by law;
- Define, with the prior binding opinion of the Audit Committee, the procedure for approval, disclosure and verification of transactions with related parties and the conflicts of interest policy of the CTT Group;
- Establish the policies on selection and diversity and the standards of conduct enforced in the CTT Group;
- Present notices to convene the General Meetings of the Company;
- Co-opt Directors of the Company;
- Appoint the Company Secretary and his/her alternate;
- Annually assess the overall performance of the Board of Directors, its internal committees and members;
- Prepare the annual report on remuneration of the members of the management and supervisory bodies, or chapter in the annual report on corporate governance that replaces it, to be submitted annually for consideration by the General Meeting and to be disclosed on the Company's website.

Role of the Independent Chairman of the Board of Directors GRI 102-23

- Represent the Board of Directors in and out of court;
- Coordinate the activity of this body, allocating matters to Directors, when advisable for management purposes, and calling and chairing the respective meetings;
- Exercise the casting vote in the context of the Board of Directors' resolutions;
- Oversee the correct implementation of the Board of Directors' resolutions;
- Promote communication between the Company and all its stakeholders;
- Follow-up and consult the Executive Committee on the performance of the competences delegated thereto;
- Contribute to the effective performance of duties and powers by non-executive Directors and the internal committees of the Board of Directors, ensuring that their work is coordinated and that the necessary mechanisms are in place for them to receive, in a timely fashion, the appropriate information for them to make independent and informed decisions;
- Coordinate the assessment of the Board of Directors' performance with respect to compliance with the strategic guidelines and risk profile, the plans, budgets and internal control, risk management and internal audit systems of the CTT Group, and the overall performance of the Board of Directors, its internal committees and members.

21.2 Executive Committee

GRI 102-23, 102-45

The Executive Committee discharges the powers delegated to it by the Board of Directors, as set out under article 13 of the Articles of Association and article 6 of the Regulations of the Board of Directors.

Matters of relevance for the strategic lines, general policies and structure of the CTT Group, as well as those that should be considered strategic due to their amount, risk or special characteristics, are excluded from the aforesaid delegation of competences.

Matters reserved to the Board of Directors, excluded from the current management delegated to the Executive Committee

- Acquisitions of shareholdings (i) in countries where the Group is not present, (ii) in new business units for the Group, or (iii) of value per operation greater than €20m;
- Investments by the Group not included in the annual budget whose value per operation exceeds €10m and divestments by the Group of value per operation greater than €10m;
- Disposals or encumbrances of shares (i) that result in the Group's exiting a certain country or area of business , or (ii) whose value per operation is greater than €20m;
- Taking on debt, in the form of financing or the issue of securities, in a value per operation greater than €150m or whose maturity exceeds 5 years;
- Any other business or operation that entails liabilities or obligations greater than €50m, per transaction or act, for the Group;
- The matters indicated as main powers in point 21.1 above, except for powers related to the provision of bonds and personal or asset-backed guarantees under the legal terms.

Role of the Chairman of the Executive Committee

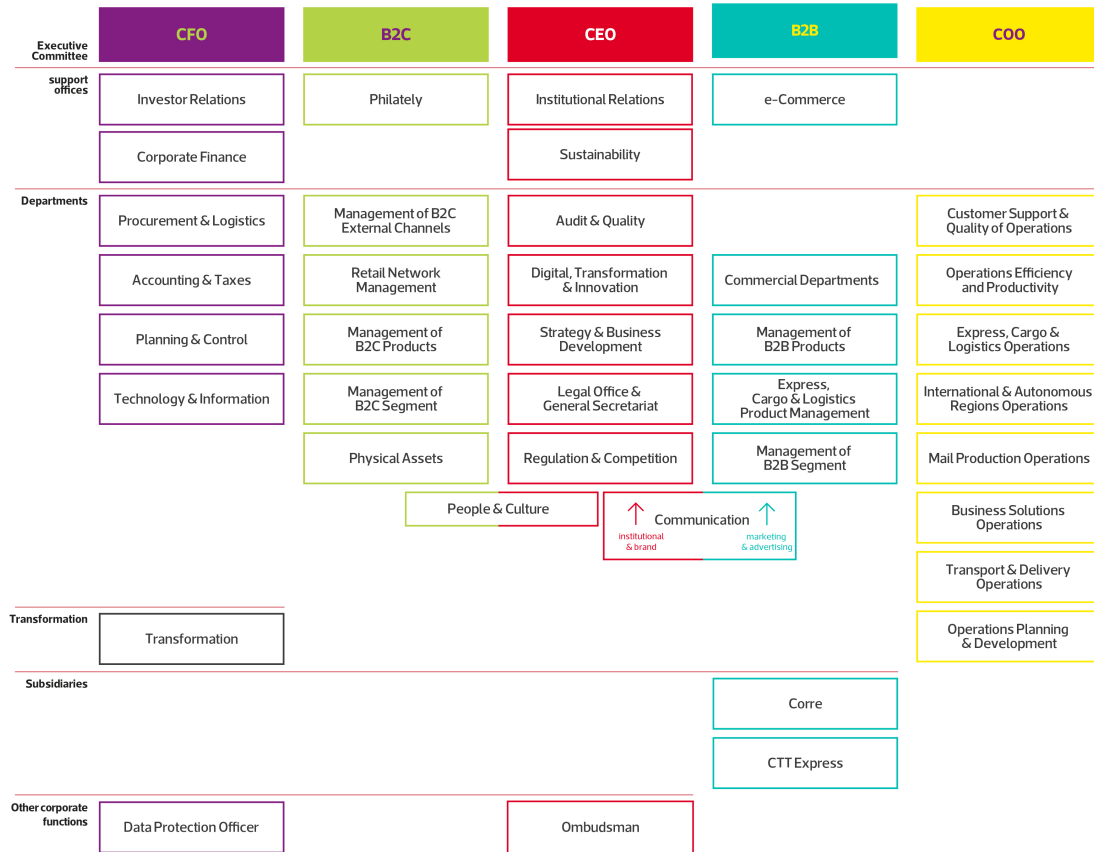
- Ensure that all information on the Executive Committee's activity and resolutions is provided to the other members of the Board;
- Ensure compliance with the limits to the delegation of power and the Company's strategy and proposing to the Board of Directors a list of the management issues that should be specifically entrusted to each Executive Committee's member;
- Coordinate the Executive Committee's activities, chairing its meetings, overseeing execution of resolutions and distributing among its members the preparation or monitoring of the issues to be analysed or decided by the Executive Committee;
- Exercise the casting vote in the context of the Executive Committee's resolutions.

Under the Board of Directors and Executive Committee Regulations, the Company adopts the following mechanisms to better oversee the Executive Committee:

- In order to ensure that all members of the Board of Directors and other corporate bodies and committees are up to date on the status of the Company's management, the Executive Committee's agendas and meeting minutes are sent to Non-Executive Directors;
- At the Board of Directors' meetings, the Executive Committee presents the summarized information deemed relevant on the activities carried out since the last meeting;
- The Executive Committee is also obliged to provide the members of the Board of Directors and all other members of the corporate bodies and committees with any additional or supplementary clarifications and information that are requested on the performance of their attributions, duties and competences, in due time and appropriately;
- Non-executive members of the Board of Directors shall actively take part in the decisions deemed strategic for the Company due to their amount or risk, as well as in the definition of the main management and risk policies, and in the general aspects of the Group CTT business structure by means of regular Board of Directors' meetings, and shall request the members of the Executive Committee to provide them with clarifications and hold specific meetings, including with the heads of the business units involved.

Under its delegated competences, the Executive Committee can entrust one or more of its members to deal with certain matters and sub-delegate to one or more of its members the exercise of some of its delegated powers.

On the present date, the powers of the Executive Committee are allocated to its members as follows:



21.3 Executive Committee support Committees

GRI 102-18, 102-19, 102-20, 102-45

The Executive Committee’s support Committees as at 31 December 2021, and on the present date, were, and are, as follows:

MANAGEMENT SUPPORT COMMITTEES AND THEIR GOALS

Risk Management Committee

Composed of the members of the Executive Committee and of Head of Audit & Quality, who is responsible for the risk management area. The Committee is chaired by the Director in charge of Audit & Quality, which integrates risk management, and is coordinated by the Head of Audit & Quality. Other Heads of Department may participate whenever invited.

Strengthen organizational engagement around the topic of risk, aggregating the different visions and sensitivities of the areas involved and promoting the integration of risk management in business processes, described in further detail in subchapter 2.7.1. Description of the risk management process, chapter 2.7. Risk Management, of this Report, as referred to in paragraph 52 of Part I below.

MANAGEMENT SUPPORT COMMITTEES AND THEIR GOALS

Credit Committee

Composed of the Heads of Accounting and Taxes, Finance, Audit & Quality, Commercial Departments (Small Enterprises, Large Enterprises South, Large Enterprises North, Medium-sized Enterprises, Public Administration), Management of the Retail Network, Management of B2B Segment and Management of B2C Segment. The Committee is chaired by the Head of Accounting and Taxes, except when the Director in charge of the Financial area is present, in which case he/she takes the chair. The members of the Executive Committee and other Heads of Department participate whenever invited.

Define and submit to the Executive Committee the Customer credit policies. Appraise and review the risk levels and credit limits. Decide on granting/reviewing/suspending credit prior to the formalization of the respective contracts. Assess proposals to conclude payment agreements, when the amounts in question are relevant. Monitor and evaluate the results of the implementation of customer credit policy and identification of measures to achieve the defined goals.

Investment Committee

Composed of the executive Director in charge of the Financial area, the Directors proposing eligible projects and the heads of the Planning & Control and Audit & Quality departments. The Committee is chaired by the Director in charge of the Financial area and coordinated by the Head of Planning & Control. The members of the Executive Committee and other Heads of Department participate whenever invited.

Carry out the analysis of investments whenever requested by the Executive Committee, in order to ensure stronger efficiency of the action of the Executive Committee or Board of Directors in important projects.

Sustainability Committee GRI 102-32

Composed of the executive Directors and the Heads of the Communication, Investor Relations and Sustainability departments. The Committee is chaired by the Chairman of the Executive Committee and coordinated by the Head of Sustainability. Other Heads of Department may participate when invited by any of the Directors.

Strengthen the CTT organization's engagement in the diverse aspects of sustainability, as a pillar of economic, social and environmental development.

Human Resources Committee

Composed of the executive Directors and the Head of People & Culture. The Committee is chaired by the Chairman of the Executive Committee and coordinated by the Head of People & Culture. Other Heads of Department may participate when invited by any of the Directors.

Support the Board of Directors and the Executive Committee in the definition of human resources policies, namely concerning recruitment, selection and hiring, the performance assessment system, vocational training, careers and remunerations.

Innovation Committee

Composed of the executive Directors, the heads of Digital, Transformation & Innovation, Management of B2C Products, Management of B2C Segment, Management of Express, Cargo & Logistics Products, Management of B2B Products, and Operations Planning & Development. The Committee is chaired by the Chairman of the Executive Committee and coordinated by the Head of Digital, Transformation & Innovation. Other Heads of Department may participate when invited by any of the Directors.

Support the definitions of the main lines of CTT's innovation strategy and ensure CTT's continued involvement in the overall progression of the components of the program named +INOVAÇÃO by CTT and the main trends of innovation in its various dimensions (technological, economic, cultural, social, organizational, etc.).

In addition to the above-mentioned Committees supporting the Executive Committee, as at 31 December 2021, and on the present date, there were, and are, the following Committees:

Business Units Executive Committees and their goals

Mail Executive Committee

Composed of the Executive Director responsible for B2C, who performs the duties of Committee Chairman, the Director responsible for Operations (COO) and the Heads of Management of B2C Product, Management of B2B Segment, Transport & Delivery Operations, Planning & Control and Mail Production Operations. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) participate whenever they wish or are invited by the Chairman of the Committee.

Ensure a single vision of Mail P&L. Manage the current business activity, supervising the activity's development projects and monitoring quality of service. Discuss and align key points for decision-making by the Executive Committee and Board of Directors. Prepare the monthly reviews for discussion by the Executive Committee.

Express Executive Committee

Composed of the Executive Director responsible for B2B, who chairs the Committee, the Director responsible for Operations (COO), the representative and the Heads of Finance and Operations of the CTT Espresso Branch in Spain, and by the CTT Heads of Management Express, Cargo & Logistics Product and Planning & Control. The members of the Executive Committee participate whenever they wish or are invited by the Chairman of the Committee.

Ensure a single vision of the Iberian express business. Manage current business activity, supervising the activity's development projects and monitoring quality of service. Discuss and align key points for decision-making by the Board of Directors of CTT Espresso. Prepare the monthly reviews for discussion by the Board of Directors of CTT Espresso.

Retail & Postal Financial Services Executive Committee

Composed of the Executive Director responsible for B2C, who chairs the Committee, as well as the Heads of Management of the Retail Network, Management of B2C Segment, Management of B2C Products and Management of B2B Products. The CEO and the CFO participate whenever they wish or are invited by the Chairman of the Committee.

Ensure a single vision of retail and financial services P&L which are specific to CTT as a postal operator. Manage the current business activity, supervising the activity's development projects and monitoring quality of service. Discuss and align key points for decision-making by the Executive Committee and Board of Directors. Prepare the monthly reviews for discussion by the Executive Committee.

Business Solutions and Advertising Executive Committee

Composed of the Executive Director responsible for B2B, who chairs the Committee, the Heads of Management of B2B Products, Business Solutions Operations, Management of B2B Segment and the Head of the Management Reporting & Analytics area. The CEO and the CFO participate whenever they wish or are invited by the Chairman of the Committee.

Ensure a single vision of the P&L of the business solutions and advertising business unit. Manage the current business activity, supervising the activity's development projects and monitoring quality of service. Discuss and align key points for decision-making by the Executive Committee and Board of Directors. Prepare monthly reviews for discussion by the Executive Committee.

21.4 Corporate Governance, Evaluation and Nominating Committee

The Corporate Governance, Evaluation and Nominating Committee is responsible for the following main competences established in the Regulations of the Board of Directors and in its Internal Regulations:

Corporate governance structure and practices, and ethics

- Assist the Board of Directors in the definition and assessment of CTT's governance model, principles and practices;
- Collaborate in preparing the annual corporate governance report of the Company;
- Oversee the definition and monitoring of the ethics and conduct standards within the Group;

- Draft recommendations to the Board of Directors concerning corporate governance requirements and good practices, conflicts of interest, incompatibilities, independence and specialization;
- Prepare a report on the operation and effectiveness of the governance model, principles and practices of the Company, as well as on the Company's level of compliance with the applicable requirements;
- Assess the corporate image of CTT among the shareholders, investors, financial analysts, the market in general and supervisory authorities, monitor the activity of the Company's competent services;
- Support and monitor the Board's definition of the Company's social responsibility and sustainability policies and strategies.

Performance assessment and remunerations GRI 102-35, 102-36

- Propose or issue an annual opinion to the Remuneration Committee on the remuneration policy and remuneration principles for members of the management and supervisory bodies, to be submitted by the Remuneration Committee to the General Meeting, at least every four years and whenever a material change occurs in the remuneration policy in force or when its proposal has not been approved by the General Meeting;
- Support the Board of Directors in preparing the report on remuneration of the members of the management and supervisory bodies;
- Monitor and support the annual assessment of the Board of Directors' overall performance, as well as of the Board's internal committees and of the Executive Committee's members, taking into account, in particular, compliance with the Company's strategic plan, the budget and risk management;
- Propose to the Remuneration Committee the result of the qualitative assessment of executive Directors' performance in the context of the overall assessment model for the purpose of stipulating the variable remuneration to be defined by that Committee;
- Propose or issue an opinion to the Board of Directors and the Remuneration Committee, as applicable, on share assignment plans, stock options, or stock options based on Company share price variations.

Nominations

- Draft and update recommendations ("Terms of reference") on qualifications, knowledge and experience (including proposals for a selection and diversity policy to be approved by the Board of Directors, considering both the individual profile and diversity requirements for each position, including gender) in carrying out corporate duties for selecting members for CTT's management and supervisory bodies, after hearing the Chairman and, in the case of executive Directors, the CEO;
- Monitor, support and make recommendations within the scope of the processes of selection and appointment of members of the management and supervisory bodies of CTT and its subsidiaries (including in situations of filling vacant positions), after hearing the Chairman and, in the case of executive members, the CEO (in particular to promote transparent selection processes that include effective mechanisms for identifying potential candidates, and that those with the greatest merit, best suited to the requirements of the position and that promote, within the organization, adequate diversity, including of gender, are chosen for proposal);
- Monitor the processes of selecting the group's top managers and corporate bodies' members of other companies that CTT is entitled to appoint;
- Monitor the drafting, together with the Executive Committee, of succession plans regarding the internal structures and bodies of the Company;
- Propose to the Board of Directors the termination of office of Executive Committee's members, following an assessment and consultation with the CEO;
- Issue opinions relative to the performance, by members of the Executive Committee, of executive duties in companies which are not part of the Group.

21.5 Ethics Committee

GRI 102-16, 102-17

The mission of the Ethics Committee is to monitor and supervise all the matters related to the application of the Code of Conduct of CTT and Subsidiaries and the Code of Good Conduct to Prevent and Fight Harassment at the Workplace, in the context of the Internal Regulation, as well as the legislative changes related to these matters and always in articulation with the corporate bodies, committees and structures of the Group.

This Committee is responsible for:

Group's Code of Conduct

- Promoting the disclosure, application and compliance with the Group's Code of Conduct, for this purpose defining plans and channels of communication for all hierarchical levels, as well as preventive training actions for their dissemination and compliance, supporting the Board of Directors, the Executive Committee and the Corporate Governance, Evaluation and Nominating Committee in performing their duties.

Code of Good Conduct to Prevent and Fight Harassment at the Workplace

- Promoting disclosure, implementation and compliance with the Code of Good Conduct to Prevent and Fight Harassment at the Workplace by all those who work in CTT Group, including the members of the corporate bodies, top and middle managers in their relationship with superiors, fellow workers and subordinates.

PREVENTION OF CONFLICTS OF INTEREST

Pursuant to the Regulations of the Board of Directors and corporate committees, as well as the Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflict of Interests, which can be consulted at "Group CTT", "About Us", "Corporate Governance", "Articles of Association & Regulations", on **CTT website** (www.ctt.pt), the Company adopts mechanisms to prevent the existence of conflicts of interest between the members and the Company, under the following terms:

Mechanisms to prevent the existence of conflicts of interest GRI 102-25

- Members of the management and supervisory bodies and of their corporate committees shall inform the corresponding body/committee (through the respective Chairman if the conflict does not concern said Chairman and through the Legal Office and General Secretariat) of any situations or facts that may constitute or generate a conflict of interest for the member in question (either directly or indirectly), promptly after becoming aware of the facts or situation in question.
- If any member of the corporate bodies or committees is prevented from passing a resolution on the matter under consideration at the meeting due to a potential conflict of interest, he/she must declare him/herself impeded from participating and abstain from participating and interfering in the respective discussion and voting, under the terms detailed in the respective internal regulations and without prejudice to the respective duties to provide information on the situations in question.
- The impediment must be recorded in the minutes of the meeting of the body or committee concerned.
- Within the scope of preventing situations of conflict of interest, the Audit Committee has, among others, the following duties: (i) submit recommendations to the Board of Directors regarding measures to prevent and identify conflicts of interest; and (ii) make reference in its annual activity report to the adequacy of the Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest to the purposes of prevention and resolution of conflicts of interest.
- To enable the prevention and detection of situations of conflict of interest, the managers and directors of CTT subsidiaries shall also inform the Legal Office and General Secretariat and the Audit Committee of: (i) the identification of their close relatives; (ii) the identification of the entities, regardless of whether their registered

office is in Portugal or abroad, controlled by them or by their close relatives; (iii) other persons or entities that may be considered as Interposed Persons under the terms and for the purposes of articles 397 and 423-H of the PCC; and (ii) the management and/or supervisory positions held in other entities, regardless of whether their registered office is in Portugal or abroad.

b) Functioning

22. Availability and place where rules on the functioning of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, may be viewed

The full text of the Board of Directors' and Executive Committee's internal Regulations are available at "Group CTT", "About Us", "Corporate Governance", "Articles of Association & Regulations", on **CTT website** (www.ctt.pt).

23. The number of meetings held and the attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable

The Board of Directors held **10 meetings in 2021** (see "Group CTT ", "About Us", "Corporate Governance", "Corporate Bodies", "Meetings" on **CTT website** (www.ctt.pt) with the following attendance by its members:

Members ⁽¹⁾	Percentage attendance ⁽²⁾	Attendance	Representation	Absences
Raul Catarino Galamba de Oliveira	100%	10	0	0
João Afonso Ramalho Sopas Pereira Bento	100%	10	0	0
António Pedro Ferreira Vaz da Silva	100%	10	0	0
Guy Patrick Guimarães de Goyri Pacheco	100%	10	0	0
João Carlos Ventura Sousa	100%	10	0	0
João Miguel Gaspar da Silva	100%	10	0	0
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	100%	10	0	0
Steven Duncan Wood	100%	10	0	0
Duarte Palma Leal Champalimaud	100%	10	0	0
Isabel Maria Pereira Aníbal Vaz	100%	10	0	0
Jürgen Schröder	100%	10	0	0
Margarida Maria Correia de Barros Couto	100%	10	0	0
María del Carmen Gil Marín	90%	9	0	1
Susanne Ruoff	100%	10	0	0

⁽¹⁾ Percentage in relation to attendance.

⁽²⁾ Elected members of the Board of Directors for the 2020/2022 term of office at the Annual General Meeting of 29.04.2020.

Minutes of the meetings of the Board of Directors are drawn up and signed by all members attending the meetings.

24. Indication of the governing bodies which are competent to carry out the assessment of the performance of the executive directors

GRI 102-28

Pursuant to article 9 of CTT's Articles of Association, the **Remuneration Committee** is responsible for stipulating remuneration of corporate body members and, consequently, defining the management body's remuneration policy and principles and the overall assessment model for the variable remuneration of the executive Directors, under the terms described in points 66 and following of Part I below.

In turn, pursuant to its Regulation, the **Corporate Governance, Evaluation and Nominating Committee** is responsible for supporting the Remuneration Committee and the Board of Directors in the annual assessment process of the overall performance of the management body and of its internal committees and their members (in the case of the members of the Executive Committee, after hearing its Chairman, as described in point 21 of Part I above and in points 70 and 71 of Part I below.

25. Predetermined criteria for assessing the performance of the executive Directors

For this issue points 66 and following of Part I below present details on the remuneration policy and principles for the management body, including a description of the criteria, objectives and limits of the variable remuneration of the executive Directors, with particular emphasis to **point 71 of Part I below which details the applicable performance evaluation criteria.**

26. The availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year

GRI 102-23

Offices held simultaneously in other companies, in and outside the Group, and other activities carried out by the Company's Directors are detailed in Annex I of this Report.

The performance of executive duties by the executive Directors in entities that were not part of the CTT Group is subject to the issue of an opinion by the Corporate Governance, Evaluation and Nominating Committee, pursuant to the Regulations of this Committee (see point 27 of Part I below).

As supplementary information, we highlight that:

- The full availability of the executive Directors in performing their duties in 2021, which can be confirmed by their 100% attendance of the 10 meetings of the Board of Directors and 99% attendance at the 56 meetings of the Executive Committee and by their performance of executive duties exclusively within the Group;
- The Non-Executive Directors also demonstrated a high degree of availability in 2021, as shown by their 99% average attendance of the 10 meetings of the Board of Directors, 14 meetings of the Audit Committee and 9 meetings of the Corporate Governance, Evaluation and Nominating Committee.

c) **Committees within the management or supervisory body and delegated directors**

27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and the place where the rules on the functioning thereof is available

See point 21 of Part I above on the committees created within the Board of Directors. Concerning the Audit Committee, please also see point 38 of Part I below. The aforesaid committees have adopted internal regulations whose full texts are available at “Group CTT”, “About Us”, “Corporate Governance”, “Articles of Association & Regulations”, on **CTT website** (www.ctt.pt).

28. Composition of the Executive Board and/or details of the Board Delegate/s, where applicable

As of 31 December 2021, and on today's date, the Executive Committee was, and is, composed of **5 members**, as follows:

Members	Position
João Afonso Ramalho Sopas Pereira Bento	Chairman
António Pedro Ferreira Vaz da Silva	Member
Guy Patrick Guimarães de Goyri Pacheco	Member
João Carlos Ventura Sousa	Member
João Miguel Gaspar da Silva	Member

29. Powers of each committee created and overview of the activities carried out in the exercise of those powers

See point 21 of Part I above on the powers of the committees created within the Board of Directors and of the Executive Committee.

29.1 Executive Committee

During 2021, the Executive Committee held **56 meetings** (see “Group CTT”, “About Us”, “Corporate Governance”, “Corporate Bodies”, “Meetings”, on **CTT's website** (www.ctt.pt)) having passed resolutions on various matters within its powers, namely the following:

- Permanent monitoring of the development of the negotiation process with the Government with a view to signing the concession agreement for the provision of universal postal service, having approved and submitted to the Board of Directors the final terms of said agreement.
- Filing of arbitration proceedings against the Portuguese Government, as grantor of the concession, for the purpose of claiming (a) compensation for the financial impact of the COVID-19 pandemic, which constitutes a situation of a change of circumstances of the concession agreement then in force and (b) a declaration of the invalidity of the unilateral extension of the concession agreement in 2021 under terms and conditions not accepted by CTT and the respective compensation.
- Approval of the Regulation of the Long-Term Incentive Programme - Options Plan aimed at the Company's most senior Officers, in general directly dependent on CTT's Executive Committee or on the Board of Directors of the subsidiary companies, as well as the Directors or Managers of CTT Expresso's branch (Spain), which aims to promote measures to strengthen the alignment of remuneration conditions of employees and members of corporate bodies, inspired in the Options Plan approved for the Executive

Directors, promoting the alignment of interests with the Company's performance and encouraging the pursuit of sustainable growth, following the approval of the Remuneration Policy of the Members of the Corporate Bodies of CTT for the 2020/2022 term of office at the Annual General Meeting held on 21 April 2021.

- Acquisition of HCCM Outsourcing Investment, S.A. and its subsidiary Newspring Services, S.A. by CTT Soluções Empresariais, S.A., as part of the strategy to consolidate the Business Solutions platform by strengthening the offer of Business Process Outsourcing (BPO) and Contact Center services as well as other business support services.
- Incorporation of the public limited company CTT IMO - Sociedade Imobiliária, S.A., geared towards the purchase, exchange, sale and rental of real estate, real estate promotion and management, as well as the administration of CTT's own real estate.
- Setting up of the joint venture Open Lockers, S.A., in partnership with YunExpress, the logistics business unit of the Chinese company Zongteng Group, with a view to developing a leading network of lockers to receive parcels in Portugal and Spain.
- Weekly monitoring of the quality of service levels of the Mail and Express business units.

Minutes of the meetings of the Executive Board are drawn up and signed by all members attending the meetings.

29.2 Corporate Governance, Evaluation and Nominating Committee

As of 31 December 2021 and on the present date, the Corporate Governance, Evaluation and Nomination Committee was, and is, composed of **3 Non-Executive Directors, most of whom are independent:**

Members	Position
Raul Catarino Galamba de Oliveira	Chairman
Duarte Palma Leal Champalimaud	Member
Isabel Maria Pereira Aníbal Vaz	Member

This Committee held **9 meetings** in **2021**, (see "Group CTT", "About Us", "Corporate Governance", "Corporate Bodies", "Meetings", **on CTT's website** (www.ctt.pt)), with the following attendance by its members:

Members ⁽¹⁾	Percentage attendance ⁽²⁾	Attendance	Representation	Absences
Raul Catarino Galamba de Oliveira(Chairman)	100%	9	0	0
Duarte Palma Leal Champalimaud	100%	9	0	0
Isabel Maria Pereira Aníbal Vaz	89%	8	1	0

⁽¹⁾ Took up office on 29.04.2020.

⁽²⁾ Percentage in relation to attendance.

During this year, the Committee carried out the following main activities:

- Review of the templates for evaluation of the Executive Committee and self-assessment of the Board of Directors and the Corporate Governance, Evaluation and Nominating Committee, and approval of the questionnaire templates to be used for that purpose;
- Monitoring and support in the processes of annual assessment of the overall performance of the Board of Directors, qualitative assessment of the members of the Executive Committee, and self-assessment of the Committee, with definition of non-financial and individual KPIs for the executive directors for the 2021 financial year to be proposed to the Remuneration Committee;
- Appraisal of the templates for assessment of independence and the absence of incompatibilities by the members of the CTT corporate bodies;

- Definition of the evaluation model for the exercise of activities by a director in another entity;
- Preparation of the annual Report on appraisal of the operation and efficacy of the Company's corporate governance model, principles and practices and the annual assessment of the overall performance of the Board of Directors;
- Appraisal of the Remuneration Committee's proposal relative to the Remuneration Policy of the corporate bodies submitted to the General Meeting of 21 April 2021 and monitoring of the preparation by the Remuneration Committee of the Remuneration Regulation of the members of the corporate bodies for the 2020/2022 term of office;
- Monitoring of the human resources management policies;
- Appraisal of the initiatives developed by CTT under its sustainability and social responsibility policies;
- Monitoring of CTT's corporate image in relation to the various stakeholders.

Minutes of the Corporate Governance, Evaluation and Nominating Committee meetings are drawn up and signed by all members attending the meetings.

29.3 Ethics Committee

As at 31 December 2021 and currently, the Ethics Committee was, and is, composed of the following **4 members**:

Members ⁽¹⁾	Position
Margarida Maria Correia de Barros Couto	Chair
Raul Catarino Galamba de Oliveira	Member
Marisa Luz Bento Garrido Marques Oliveira ⁽¹⁾	Member
Rui Pedro Dias Fonseca Silva ⁽²⁾	Member

⁽¹⁾ In the capacity of Head of People & Culture, formerly Human Resources.

⁽²⁾ He joined this Committee on 31.01.2021, as Head of Audit & Quality, replacing Julieta Aurora Barracho Gomes Jorge Cainço, who left office on that date.

During 2021, this Committee held **1 meeting** (see "Group CTT", "About Us", "Corporate Governance", "Corporate Bodies", "Meetings", on **CTT website** (www.ctt.pt)), which resulted in the amendment of the Ethics Committee Regulation that was in force and was subsequently submitted for approval by the Board of Directors. During 2021, the Ethics Committee monitored the issues related to the compliance with the Code of Conduct of CTT and Subsidiaries and the Code of Good Conduct to Prevent and Fight Harassment at the Workplace, having met informally with working groups in order to gather information related to ethical issues for the purposes of updating the aforementioned Codes. This update is underway.

Minutes of the meetings of the Ethics Committee are drawn up and signed by all members attending the meetings.

5.2.3 Oversight

a) Composition

30. Details of the Supervisory Body representing the model adopted

The supervision of the Company's activity is entrusted to the **Audit Committee and Statutory Auditor**. For further details on this topic, see point 15 of Part I above.

31. Composition of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Matters Committee, where applicable, with the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment and date of end of the term of office for each member and reference may be made to the section of the report where said information already appears pursuant to paragraph 17

Pursuant to article 19 of CTT's Articles of Association, the Audit Committee is composed of 3 Directors, one of whom is its Chairman. All are elected at the General Meeting (for a renewable term of office of 3 years), together with all the other directors, where the proposed lists for the composition of the Board of Directors should detail the members that are intended to be part of the Audit Committee and indicate its Chairman.

As at 31 December 2021 and on the present date, the Audit Committee was, and is, composed of the following **non-executive Directors, who meet the applicable requirements on incompatibilities, independence and expertise**, and possess the academic qualifications that are legally required and appropriate to the performance of their duties and with at least 1 of its members having knowledge of accounting, in compliance with article 423-B of the PCC, article 3 of Law no. 148/2015, of 9 September, currently in force, and article 19 of the Articles of Association:

Members	Position	Date of 1st appointment ⁽¹⁾	Independence ⁽²⁾
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Chair	20/04/2017	Yes
Steven Duncan Wood	Member	29/04/2020	No
María del Carmen Gil Marín	Member	29/04/2020	Yes

⁽¹⁾ The date of the first appointment to a supervisory body at CTT is presented here.

⁽²⁾ The assessment of independence was conducted in accordance with the provisions in 414(5) of the PCC.

Thus, the supervisory body of the Company has a number of non-executive and mostly independent members of the supervisory body that largely complies with sub-recommendation III.2.(2) of the IPCG Code, which is considered appropriate to its size and the complexity of the risks inherent to its activity, as well as sufficient to ensure the efficient performance of the duties entrusted to them, particularly in view of the profile of the members of said supervisory body, namely their seniority, academic skills and recognized professional experience as detailed in point 33 below.

32. Details of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, which are considered to be independent pursuant to Article 414(5) CSC and reference to the section of the report where said information already appears pursuant to paragraph 18

See point 31 of Part I above.

33. Professional qualifications of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and other important curricular information, and reference to the section of the report where said information already appears pursuant to paragraph 21

As noted in point 19 above of this chapter, CTT has an **internal diversity policy** approved by the Board of Directors, pursuant to which individual criteria and attributes are defined, namely competence, independence, integrity, availability and experience relative to the profile that the Board of Directors' members, including the Audit Committee members, should have and which, pursuant to the legal and regulatory terms, are mandatory requirements for the appropriate performance of these duties.

The table below presents a summary of the academic and professional qualifications and other curricular elements that were considered pertinent in the application of the individual criteria and attributes established in the Diversity Policy in relation to each one of CTT's Audit Committee members:

Members	Position	Academic Qualifications	Professional experience
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Chairwoman	1991: Degree in Management, Universidade Católica Portuguesa(UCP) 1999: Master in Economics, Universidade do Porto 2002: Statutory Auditor, Ordem dos Revisores Oficiais de Contas (OROC) 2009: PhD in Management, ISCTE-Instituto Universitário de Lisboa	She has over 25 years of academic experience, namely as a Professor of Accounting and Tax and Director of the Master's Degree course in Auditing and Taxation at Faculdade de Economia e Gestão of UCP, and Scientific Coordinator of the Católica Porto Business School of UCP. She also has over 10 years of experience of functions in supervisory bodies of large (listed and non-listed) companies in Portugal, where she performs specifically duties as Non-executive member of the Board of Directors and member of the Audit Committee of Impresa, SGPS, S.A., since 2008, Chairwoman of the Fiscal Board of Sogrape, SGPS, S.A. and Member of the Board of Directors of SFS – Gestão de Fundos, SGOIC, S.A. (formerly Sonaegest - Sociedade Gestora de Fundos de Investimento, S.A.) since 2016. From 2017 to 2021 she was Chairwoman of the Fiscal Board of Centro Hospitalar Universitário de S. João, EPE. In August 2021, she was elected as Non-Executive member of the Board of Directors and member of the Audit Committee of Banco Português de Fomento, S.A. As a Statutory Auditor, she was member of the Management Board of Ordem dos Revisores Oficiais de Contas (Statutory Auditors Bar (OROC)) - between 2012 and 2018 she was Chairwoman of the Fiscal Board of this Bar - and represented this entity at the General Council and the Executive Committee of Comissão de Normalização Contabilística (Commission of Accounting Standards). Since 2021 she has been an invited member of the Executive Committee at the Commission of Accounting Standards. Since 2011 she has been Tax Arbitrator at CAAD (Portuguese Administrative Arbitration Centre) and Member of the Scientific Council of Associação Fiscal Portuguesa.

Members	Position	Academic Qualifications	Professional experience
Steven Duncan Wood	Member	2005: BA in Economics, Political Economy and International Relations, Tulane University, USA	<p>He is a Chartered Financial Analyst, having started his professional career in the special situations team at Kellogg Capital Group. Later, he worked as an Investment Banking Analyst for RBC Capital Markets in the Syndicated and Leveraged Finance group, where he deepened his knowledge of special investment strategies (deep value investment). He also worked as Analyst at Carr Securities between 2009 and 2013. The experience acquired in these areas led him to create GreenWood Investors.</p> <p>Since 2016, he has served on the Investment Advisory Board of Cortland Associates, a St. Louis-based investment management firm, in the United States of America.</p> <p>In 2017, he founded Builders Institute, Inc. a non-profit educational organization dedicated to long-term value creation, transparent corporate strategies and conscious capitalist principles. He currently performs management duties at several GreenWood companies founded by him.</p>
María del Carmen Gil Marín	Member	<p>1996: Higher Degree in Electrotechnical Engineering, Universidad Pontificia Comillas (ICAI), Spain (National Award)</p> <p>1999: Academic cycle of the PhD in Environment and Alternative Energies, UNED, Spain</p> <p>1999: MBA Programme, INSEAD, France (Dean's List)</p> <p>2019: The Women's Leadership Forum, Harvard Business School, USA</p> <p>2019: Corporate Governance The Leadership of Boards, Nova School of Business & Economics Executive Education</p> <p>2019: Santander-UCLA W50, UCLA Anderson School of Management, USA</p> <p>2020: Cyber Security and Executive Strategy, Stanford University, USA</p> <p>2021: Enrolled in the International Directors Programme (IDP), INSEAD, France</p>	<p>She started her professional career in 1996 as a Consultant at The Boston Consulting Group, Madrid office, having participated in several strategic projects related to sectors such as electricity, telecommunications, oil & gas and retail. Between 1999 and 2000 she was Professor of Industrial Marketing for the Industrial Engineering and Management degree at Universidad Pontificia Comillas (ICAI) in Madrid, and in 1999 she was also an Associate at Lehman Brothers, an Investment Bank in London and New York, where she was involved in acquisitions and IPO operations in different economic sectors.</p> <p>She started in 2001 her professional career at Novabase Group where she currently performs duties as member of the Board of Directors of Novabase, SGPS, S.A. (she was executive member (COO, CIO and CISO) of the Board from 2018 to 2020), Chairwoman of the Board of Directors of Novabase Capital, Sociedade de Capital de Risco, S.A. (she was executive member of the Board from 2001 to 2021), and member of the Board of Directors of Celfocus - Soluções Informáticas para Telecomunicações, S.A..</p> <p>Since December 2021, she also carries out duties as independent non-executive member of the Board of Directors of Caixa Geral de Depósitos, S.A. and integrates the Audit Committee and the Nomination, Evaluation and Remuneration Committee of this company.</p>

Most of the members of the Audit Committee are independent, according to the annual statements submitted to CTT. On this issue, refer to point 31 of Part I above as well as Annex I of this Report (see pages 452 to 481) presenting the curricula of the members of the supervisory board of CTT with further details on the professional qualifications and other relevant curricular elements of each of these members.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, may be viewed, and reference to the section of the report where said information already appears pursuant to paragraph 24

The full text of the internal regulations of the Audit Committee can be consulted at “Group CTT”, “About Us”, “Corporate Governance”, “Articles of Association and Regulations”, on CTT website (www.ctt.pt).

35. The number of meetings held and the attendance report for each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and reference to the section of the report where said information already appears pursuant to paragraph 23

The Audit Committee held **14 meetings in 2021**, (see “Group CTT”, “About Us”, “Corporate Governance”, “Corporate Bodies”, “Meetings”, on **CTT website** (www.ctt.pt) with the following attendance by its members:

Members	Percentage attendance ⁽¹⁾	Attendance	Representation	Absences
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Chair) ⁽²⁾	100%	14	0	0
Steven Duncan Wood ⁽³⁾	100%	14	0	0
María del Carmen Gil Marín ⁽³⁾	100%	14	0	0

⁽¹⁾ Percentage in relation to attendance.

⁽²⁾ Elected to the position of Chairwoman of the Audit Committee, for the 2017/2019 term of office, at the General Meeting held on 20/04/2017, and re-elected to the same position, for the 2020/2022 term of office, at the General Meeting held on 29/04/2020.

⁽³⁾ Elected members of the Audit Committee for the 2020/2022 term of office at the Annual General Meeting held on 29/04/2020.

During 2021, the Audit Committee carried out the following main activities:

- Regular monitoring of the Company's activity in compliance with the law, the regulations and the articles of association, in particular through (i) the participation of its members in the meetings of the Board of Directors, (ii) meetings with members of the Executive Committee of CTT and of the Board of Directors of Banco CTT, as well as with various Heads of Department and the Statutory Auditors of both entities; and (iii) assessment of compliance with the requirements on incompatibilities, independence and skills of its members;
- Oversight of the quality and integrity of the financial information contained in CTT's accounts reporting documents, particularly through (i) the regular monitoring of the process of preparation and disclosure of the financial information; (ii) the analysis of the impact of the subsidiaries' accounts on CTT's accounts; (iii) the monitoring of the relevant financial and operational indicators; (iv) the review of the individual and consolidated quarterly and half-yearly financial statements of the financial year; and (v) the appraisal of the annual Integrated Report of CTT;
- Supervision of the internal control system, including internal audit, compliance and risk management of the activity, namely through: (i) follow-up of the work of the Audit & Quality Department related to internal audit and compliance issues; (ii) monitoring of the risk policy and governance model of CTT and Banco CTT, and analysis of the main risks and associated mitigation actions; (iii) appraisal of the quality of the internal control systems for the prevention and combat of money laundering and terrorist financing; (iv) appraisal of CTT's

strategic lines and associated risk factors; (v) appraisal of the Executive Committee's reports on transactions with related parties; and (vi) verification of any irregular situations communicated (whistleblowing).

- Supervision of the performance of duties by the Statutory Auditor, including in particular: (i) appraisal of the Statutory Audit Report relative to the previous financial year; (ii) appraisal of the limited review report regarding the interim consolidated financial statements and, in general, monitoring of preparatory work of the Statutory Audit Report of the current financial year; (iii) review and discussion with the Statutory Auditor on accounting policies, key audit matters and the results of the audit work and assessment of the overall internal control framework; (iv) appraisal of the Statutory Auditor's additional report; (v) prior approval of the hiring of non-audit services provided by the Statutory Auditor and appraisal of the reports of the Executive Committee on service awards to the Statutory Auditor and respective fees; (vi) annual assessment of the Statutory Auditor's performance, namely of its independence; and (vii) appraisal of the Statutory Auditor's transparency report.

Minutes of the meetings of the Audit Committee are drawn up and signed by all members attending the meetings.

36. The availability of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these bodies throughout the financial year, and reference to the section of the report where such information already appears pursuant to paragraph 26

Positions held simultaneously in other companies, within and outside the CTT Group, and other activities carried out by the Company's Audit Committee's members are detailed in the *curricula* provided for consultation in Annex I of this Report. (see pages 452 to 481). On this matter, also see points 26 and 33 of Part I above.

c) Powers and duties

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor

When engaging non-audit services, CTT, Banco CTT and 321 Crédito, as entities of public interest held entirely by CTT, observe the rules in the respective Regulations on the Provision of Services by the Statutory Auditor, according to which **CTT's Audit Committee, Banco CTT's Audit Committee and the Supervisory Board of 321 Crédito** are responsible for assessing the requests for engaging the Statutory Auditor for non-audit services by CTT, by its parent company or by the entities under its control (as applicable), with its engagement being subject to the **prior authorization** of these bodies, except for the services required by law from the Statutory Auditor of the Company.

The referenced oversight bodies take into account therein, mainly the following aspects:

- Whether the services are prohibited and whether the provision of the services will affect the Statutory Auditor's independence;
- Whether the engagement of this service from the Statutory Auditor does not exceed the maximum limits of fees legally applicable to non-audit services;
- The Statutory Auditor's experience and knowledge of the Company.

38. Other duties of the supervisory body and, where appropriate, the Financial Matters Committee

The **Audit Committee**, as a supervisory body, has the following main powers established by law, the Company's Articles of Association and its Regulations:

Oversight of financial information quality and integrity

- Assess whether the accounting policies and procedures and valuation criteria are consistent with generally accepted accounting principles and whether they are suitable to the correct presentation and valuation of the Company's assets, liabilities and results;
- Supervise compliance with and correct application of accounting principles and standards;
- Issue an opinion on the annual management report, including the non-financial statement, the accounts for the year and the proposals presented by the Company's management;
- Oversee the preparation and disclosure of financial information;
- Certify whether the Company's annual corporate governance report includes all the items referred to in article 245-A of the Portuguese Securities Code in force in 2021, currently article 29-H of said Code.

Supervision of the internal control system, including internal audit, compliance and risk management

- Supervise the effectiveness and adequacy of the internal audit and compliance systems, by annually assessing these systems and proposing, to the Executive Committee, measures aimed at improving their functioning as proven necessary;
- Annually assess the internal controls relative to (i) the process of preparation and disclosure of financial information, (ii) accounting and audit matters, and (iii) matters on prevention of money laundering and terrorist financing;
- Issue an opinion on the work plans and resources of the Company's Audit & Quality Department, including the Compliance services and assess their objectivity and independence;
- Receive reports from the Audit & Quality Department, including the compliance services, at least when matters related to financial reporting, the identification or resolution of conflicts of interest and the detection of possible irregularities are at stake;
- Monitor, in coordination with the Board of Directors and the Executive Committee, issues related to internal audit and appraise the reports of the Audit & Quality Department, including the Compliance services of the Company;
- Define and implement, together with the Board of Directors, and oversee the procedures for handling irregularities;
- Assess, in articulation with the Board of Directors and the Executive Committee, the risk policy and the strategic lines of the Company, (i) issuing an opinion on the work plan and resources allocated to the management and risk function and periodically monitoring its work, appraising the content of its reports and requesting from this function the information considered relevant, including with respect to risk management procedures related to financial reporting, the detection of irregularities and the resolution and identification of conflicts of interest; (ii) monitoring and issuing an opinion on the strategic lines and the profile and objectives/limits on matters of risk-taking, the measures of mitigation, the monitoring procedures and integrated risk assessment methodologies, prior to the final approval of this body; and (iii) promoting an annual assessment of the degree of compliance and performance of the risk management policy and system, and the creation of periodic controls to assess whether the risks effectively incurred by the Company are consistent with the risk profile and objectives/limits assumed on risk-taking matters;
- Issue a prior and binding opinion, directed at the Board of Directors, on the internal procedure on approval of significant transactions with related parties and the CTT Group policy on conflicts of interest ;
- Issue an opinion on transactions with members of the Board of Directors and transactions with related parties deemed significant (because they were not carried out within the scope of the current activity or under market

conditions or due to their amount), under the established legal and regulatory terms and the procedure referred to in the previous paragraph;

- Assess every six months all transactions with related parties not requiring its prior opinion and that are submitted to it for subsequent appraisal by the Executive Committee;
- Monitor and supervise the mechanisms implemented for purposes of approval, control and disclosure of transactions with related parties.

Oversight of the statutory auditor

- Select the Statutory Auditor, after appraisal of qualifications and independence for the performance of duties, and proposing to the General Meeting its nomination and issuing an opinion to the Executive Committee on the terms of the contract for provision of services in conformity with the terms detailed in the specific procedure that has been approved on the topic by the Audit Committee;
- Annually assess the work conducted by the Statutory Auditor and its adequacy to perform the duties, and proposing its dismissal to the General Meeting and termination of the contract for provision of services of the Statutory Auditor to the Board of Directors, when on the grounds of fair cause;
- Verify, monitor, oversee and assess the Statutory Auditor's independence as prescribed by law and assess the annual confirmation of its independence vis-à-vis the Company (including the Statutory Auditor's own independence and that of his/her partners and other senior officers/managers, as prescribed by law);
- Verify the adequacy of and give prior consent, in a substantiated manner, to the Statutory Auditor's providing non-audit services to CTT and to the entities under its direct or indirect control, as well as assess the Statutory Auditor's annual statement therein related, in conformity with the terms detailed in the specific procedure that has been approved on the topic by the Audit Committee;
- Discuss threats to its independence with the Statutory Auditor and the safeguards implemented to mitigate them;
- Propose the Statutory Auditor's remuneration to the competent bodies;
- Permanently monitor the activity and contractual ties with the Statutory Auditor, in particular as regards financial information and the effectiveness of internal control mechanisms, namely by (i) procuring the latter is endowed with the conditions necessary to carry out its activity, (ii) being the Statutory Auditor's main liaison within the Company, and (iii) receiving all its reports (never after any other body or committee), and being aware of the exchange of correspondence with the Statutory Auditor relative to the Company and the companies in controlling or group relations with the Company;
- Monitor and oversee the annual individual and consolidated statutory audit, namely its execution, and assess the content of the annual statutory audit reports and audit reports with the Statutory Auditor, namely as regards any possible reservations presented thereby, in order to make recommendations to the Board of Directors and Executive Committee;
- Assess the Statutory Auditor's additional report, which namely sets out the results/issues deemed fundamental to the statutory audit that has been carried out (including debating with the Statutory Auditor those fundamental results/issues);
- Include, in the Audit Committee's annual report on its activities, information about the results of the legal review of accounts and the way that it contributed to the integrity of the process of preparation and disclosure of financial information, as well as the role of the Audit Committee in the process;
- Monitor the situation of the work involved in the legal review of accounts least on a quarterly basis in order to supervise the integrity and quality of the quarterly and half-yearly financial information.

In turn, the **Statutory Auditor** is responsible for examining the Company's accounts, pursuant to the law and Regulations on the Provision of Services by the Statutory Auditor referred to above.

The official review of accounts and audit duties performed by the Statutory Auditor, which include, among others, the verification that the corporate bodies' remuneration policies and systems approved by the Remuneration Committee, as well as the verification of all the data required by law in the remuneration report are applied, the effectiveness and operation of internal control mechanisms and

reporting of any deficiencies to the Audit Committee of CTT, are conducted by the entity referred to in points 39 and following of Part I below.

5.2.4 Statutory auditor

39. Details of the statutory auditor and the partner that represents same

At the Annual General Meeting held on 29 April 2020, Ernst & Young Audit & Associados – SROC, S.A. (“EY”), (statutory audit firm registered with the Portuguese Institute of Chartered Accountants (“OROC”) under no. 178 and with the CMVM under no. 20161480), represented by Luís Pedro Magalhães Varela Mendes (statutory auditor registered with the OROC under no. 1841 and with the CMVM under no. 20170024) or by Rui Abel Serra Martins (statutory auditor registered with the OROC under no. 1119 and with the CMVM under no. 20160731) as effective statutory auditor and João Carlos Miguel Alves (statutory auditor registered with the OROC under no. 896 and with the CMVM under no. 20160515) as alternate statutory auditor, was elected as the Company’s Statutory Auditor for the 2021/2023 term of office.

Without prejudice to EY beginning its functions on 1 January 2021, KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. (“KPMG”), (statutory audit firm registered with the Portuguese Institute of Chartered Accountants (“OROC”) under no. 189 and with the CMVM under no. 20161489), represented by partner Paulo Alexandre Martins Quintas Paixão (statutory auditor registered with the OROC under no. 1427 and with the CMVM under no. 20161037), which carried out its duties as Statutory Auditor of the Company from 5 May 2014 to 31 December 2020, fully ensured compliance with its legal responsibilities relative to the 2020 financial year.

40. State the number of years that the statutory auditor consecutively carries out duties with the company and/or group

EY began its duties as statutory auditor for the 2021/2023 term of office for which it was elected on 29 April 2020.

41. Description of other services that the statutory auditor provides to the company

See points 46 and 47 below on the services rendered by the Statutory Auditor to the Company in 2021.

5.2.5 External Auditor

42. Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number at the CMVM

Since 1 January 2021, EY, **registered with the CMVM under no. 20161480** and represented by the partner Luís Pedro Magalhães Varela Mendes or by the partner Rui Abel Serra Martins, carries out the duties of CTT’s Auditor.

43. State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group

EY has been the Statutory Auditor since 1 January 2021, represented by Luís Pedro Magalhães Varela Mendes or Rui Abel Serra Martins.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties

The rotation policy and schedule of the Statutory Auditor at CTT are defined in the Regulation on the Provision of Services by the Statutory Auditor, which lays down the maximum and minimum time limits legally established for the performance of statutory audit duties by the Statutory Auditor and by the partner responsible for the guidance or direct execution of the statutory audit.

At CTT the selection of the Statutory Auditor complies with the applicable legal framework, which is set out in the Statutes of the Portuguese Institute of Statutory Auditors approved by Law 140/2015, of 7 September, and the Legal Framework of Audit Supervision approved by Law 148/2015, of 9 September, both as amended, and in article 16 of Regulation (EU) No 537/2014. It is preceded by the application of the criteria and of the entire selection process established in the Regulation on the Provision of Services by the Statutory Auditor, namely: (i) Experience of the Statutory Auditor/Statutory Audit firm and of the team assigned to the provision of the Audit Services, in particular given the size of the Company and the different business areas of the CTT Group; (ii) Quality and completeness of the proposal presented; (iii) Guarantees of good standing, independence and absence of conflict of interest; (iv) Capacity to execute the proposal presented; and (v) Commercial conditions.

Taking into account the aforementioned rotation policy and considering that KPMG, which performed functions as statutory auditor since 2014 and had performed functions as independent auditor in 2012 and 2013, would end its term of office in CTT in 2020, its appointment for the 2021/2023 term of office would lead to the maximum time limit being exceeded. Hence, to ensure (i) that the new Statutory Auditor fully complied with the legal requirements regarding independence, and (ii) a better transition in the performance of its duties, allowing for the new Statutory Auditor to start the statutory audit work of the 2021 financial year in a timely manner, the Audit Committee recommended and proposed the Annual General Meeting of CTT held on 29 April 2020 the appointment of EY as Statutory Auditor of the Company for the 2021/2023 term of office, taking effect on 1 January 2021.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out

See point 38 of Part I above on the **Audit Committee's** powers as regards the Statutory Auditor **annual assessment**. In exercising its powers, the Audit Committee verified the Statutory Auditor's independence and positively assessed its work during the 2021 financial year.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal

procedures for approving the recruitment of such services and a statement on the reasons for said recruitment

In 2021, EY carried out for CTT and the companies in a control relationship with CTT the following non-audit services (considering for this purpose the understanding expressed by CMVM on the “Frequently-asked questions about the entry into force of the new Statutes of the Portuguese Institute of Statutory Auditors and the Legal System on Audit Supervision (in force since 2015)”), hereinafter **“Non-Audit Services rendered in 2021”**:

- Limited review of the half-yearly interim financial statements of CTT and Banco CTT for the 6-month period ended 30 June 2021;
- Quality assurance services on the sustainability information of CTT;
- Services to assess the adequacy and the effectiveness of CTT, Banco CTT, 321 Crédito and Payshop’s internal control systems related to the prevention of money laundering and terrorist financing, in accordance with the provisions of Notice no. 2/2018 of Banco de Portugal;
- Services relative to the adequacy of the process regarding the impairment quantification of Banco CTT and 321 Crédito’s credit portfolio and reasonableness of the impairment pursuant to Instruction no. 5/2013 of Banco de Portugal; and
- Invoice verification service for payment to suppliers of Correio Expresso de Moçambique, S.A. (CORRE).

The **Regulations on the Provision of Services by the Statutory Auditor** includes procedures for the engagement of non-audit services by CTT or the entities under its control, subjecting them to the prior authorization of the CTT’s Audit Committee, the Audit Committee of Banco CTT and the Supervisory Board of 321 Crédito (as public interest entities wholly owned by CTT), except for those resulting from a legal obligation of the Company’s Statutory Auditor, as indicated in point 37 of Part I above.

Accordingly, the authorization for engaging EY for these non-audit services engaged was based in particular on the analysis and confirmation that the services in question are not included in the list of prohibited services and do not constitute a threat to the independence and objectivity of EY in the context of statutory auditing work, and do not generate any personal interest situation.

As seen from the analysis of the information in tables 2 and 3 of point 47 below, the Non-Audit Services Engaged in 2021, mostly for the period of the 2021/2023 term of office, represent 25.1% of the total amount of the services hired from the Statutory Auditor for the same period, and the Non-Audit Services not required by law (which include review of the financial statements with a limited level of quality assurance) engaged represent 16.6% of the Audit Services Engaged for the period of the 2021/2023 term of office.

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services (For the purposes of this information, the network concept results from the European Commission Recommendation No. C (2002) 1873 of 16 May)

The table below indicates the amounts corresponding to the fees of KPMG which performed the duties of CTT’s Statutory Auditor until 31 December 2020, without prejudice to having ensured the compliance

with its legal responsibilities for the financial year 2020 until the date of the Annual General Meeting, on 21 April 2021, and the entities of its network/group, relative to 2021:

Table 1:

	Engaged Services ¹		Accounted Services ²		Paid Services ¹	
	Amount (€)	%	Amount (€)	%	Amount (€)	%
By the Company	0	0.0%	0	0.0%	373,090	40.9%
Amount of Statutory Audit	0	0.0%	0	0.0%	336,190	36.9%
Amount of Quality Assurance Services	0	0.0%	0	0.0%	36,900	4.0%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	0	0.0%	0	0.0%	0	0.0%
Other Companies within CTT Group	0	0.0%	884	100.0%	539,180	59.1%
Amount of Statutory Audit	0	0.0%	884	100.0%	411,556	45.1%
Amount of Quality Assurance Services	0	0.0%	0	0.0%	127,625	14.0%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	0	0.0%	0	0.0%	0	0.0%
TOTAL	0	0.0%	884	100.0%	912,270	100.0%
Total Audit Services	0	0.0%	884	100.0%	747,745	82.0%
Total Non-Audit Services ³	0	0.0%	0	0.0%	164,525	18.0%
<i>Required by law or equivalent</i>	0	0.0%	0	0.0%	143,000	15.7%
<i>Not required by law or equivalent</i>	0	0.0%	0	0.0%	21,525	2.4%

¹ Multi-annual contracts including VAT at the applicable legal rate.

² Includes invoiced amounts and specialized amounts of the financial year.

³ See point 46 of this chapter above.

The table below indicates the amounts corresponding to the fees of EY and the entities of its network/group, relative to 2021:

Table 2:

	Engaged Services ¹		Accounted Services ²		Paid Services ¹	
	Amount (€)	%	Amount (€)	%	Amount (€)	%
By the Company	1,015,292	39.7%	321,305	36.6%	245,070	42.7%
Amount of Statutory Audit	616,476	24.1%	209,805	23.9%	68,111	11.9%
Amount of Quality Assurance Services	209,008	8.2%	71,099	8.1%	54,489	9.5%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	189,809	7.4%	40,401	4.6%	122,469	21.3%
Other Companies within CTT Group	1,544,450	60.3%	557,015	63.4%	329,191	57.3%
Amount of Statutory Audit	1,298,634	50.7%	448,086	51.0%	278,146	48.4%
Amount of Quality Assurance Services	172,139	6.7%	108,929	12.4%	51,045	8.9%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	73,677	2.9%	0	0.0%	0	0.0%
TOTAL	2,559,742	100.0%	878,320	100.0%	574,261	100.0%
Total Audit Services	1,915,110	74.8%	657,891	74.9%	346,257	60.3%
Total Non-Audit Services ³	644,632	25.2%	220,429	25.1%	228,003	39.7%
<i>Required by law or equivalent</i>	326,258	12.7%	161,380	18.4%	105,534	18.4%
<i>Not required by law or equivalent</i>	318,374	12.4%	59,049	6.7%	122,469	21.3%

¹ Multi-annual contracts including VAT at the applicable legal rate.

² Includes invoiced amounts and specialized amounts of the financial year.

³ See point 46 of this chapter above.

The table below indicates the amounts corresponding to the fees of KPMG and EY and the entities of their networks/groups, relative to 2021:

Table 3:

	Engaged Services ¹		Accounted Services ²		Paid Services ¹	
	Amount (€)	%	Amount (€)	%	Amount (€)	%
By the Company	1,015,292	39.7%	321,305	36.5%	618,159	41.6%
Amount of Statutory Audit	616,476	24.1%	209,805	23.9%	404,301	27.2%
Amount of Quality Assurance Services	209,008	8.2%	71,099	9.6%	91,389	6.1%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	189,809	7.4%	40,401	4.6%	122,469	8.2%
Other Companies within CTT Group	1,544,450	60.3%	557,898	63.5%	868,371	58.4%
Amount of Statutory Audit	1,298,634	50.7%	448,969	51.1%	689,702	46.4%
Amount of Quality Assurance Services	172,139	6.7%	108,929	12.4%	178,670	12.0%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	73,677	2.9%	0	0.0%	0	0.0%
TOTAL	2,559,742	100.0%	879,203	100.0%	1,486,531	100.0%
Total Audit Services	1,915,110	74.8%	658,774	74.9%	1,094,003	73.6%
Total Non-Audit Services ³	644,632	25.2%	220,429	25.1%	392,528	26.4%
<i>Required by law or equivalent</i>	326,258	12.7%	161,380	18.4%	248,534	16.7%
<i>Not required by law or equivalent</i>	318,374	12.4%	59,049	6.7%	143,994	9.7%

¹ Multi-annual contracts including VAT at the applicable legal rate.

² Includes invoiced amounts and specialized amounts of the financial year.

⁷¹³ See point 46 of this chapter above.

The tables above were prepared based on the classification arising from the CMVM's understanding as mentioned in point 46 of Part I above.

5.3 INTERNAL ORGANIZATION

5.3.1 Articles of Association

48. The rules governing amendment to the articles of association (Article 245-A(1)(h))

The General Meeting is responsible for passing resolutions on any amendment to the Articles of Association. CTT's Articles of Association do not contain special provisions for the amendment thereof. The general rules provided for in the PCC apply thereto, i.e. such resolution must be passed by a General Meeting:

- In which, on the first call, Shareholders holding shares corresponding to at least one third of the Company's share capital are present or represented; and
- By a two-thirds majority of votes cast, either on the first or second call, unless, on the second call, Shareholders holding shares corresponding to at least half of the Company's share capital are present or represented, in which case the resolution may be taken by simple majority of votes cast.

5.3.2 Reporting irregularities (whistleblowing)

49. Reporting means and policy on the reporting of irregularities in the company

Pursuant to the Regulation on the Whistleblowing System that sets out the internal procedures for the reception, retention and handling of irregularity communications, in line with best practices in this area, CTT's **Audit Committee** is responsible for receiving irregularity communications presented by the Company's Shareholders, employees and others, in order to ensure the necessary independence of these procedures.

RECEPTION	<ul style="list-style-type: none"> Irregularity communications must be addressed, in writing, to CTT's Audit Committee, through any of the following mechanisms and must include the information stated in the Regulation on the Whistleblowing System: Email: irregularidades@ctt.pt Address: Remessa Livre 8335, Loja de Cabo Ruivo, 1804-001 Lisbon Once an irregularity communication has been received and recorded, the Audit Committee carries out actions to verify the existence of sufficient grounds for an investigation.
INVESTIGATION	<ul style="list-style-type: none"> The investigation process is conducted by the Audit Committee, using the services of the Audit & Quality Department or other CTT employees or, if necessary, engaging external means (auditors or experts) to support the investigation. It is the Audit Committee that makes the final decision on whether the process is to be closed or other measures adopted, under the terms of the referenced Regulation on the Whistleblowing System.
DECISION	<ul style="list-style-type: none"> The Audit Committee's resolutions under these procedures are subject to the general safeguards regarding conflicts of interest set out in its Internal Regulation and which are relevant should a reported irregularity entail one of its members. According to this Regulation, members of this body cannot vote or participate in resolutions on matters in which they have a conflicting interest.

Within these procedures and as detailed in the referenced Regulation, the following **rights and safeguards** are granted to anyone presenting a complaint:

- Confidential handling of irregularity communications;
- Confidential, secure handling and safeguarding of the records and the information;
- Right to information, access and correction of personal data; and
- Prohibition on CTT from retaliating against any whistleblower under this mechanism.

During 2021, no occurrence of any irregularity was communicated to the Audit Committee.

5.3.3 Internal control and risk management

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems

GRI 102-27, 102-29, 102-31, 102-33

Aligned with the best practices, the Board of Directors is the corporate body responsible for establishing and maintaining an internal control system comprising strategies, policies, processes, systems and procedures, minimising the risks inherent in the Company's activity, fostering a control culture throughout the organisation, ensuring the efficient and sustainable conduct of business and operations,

protection of resources and assets, and compliance with applicable policies, plans, procedures and regulations, namely by:

- Processes for the monitoring and continuous improvement, based on the assessment and mitigation of critical risks, ensured by Internal Audit (Operational Risks) and Risk Management (Strategic Risks), in close coordination with the corporate and business units;
- Internal information and reporting mechanisms, allowing the organization's performance to be monitored, observed and improved at all levels;
- Processes for identifying and responding to risks in order to pursue the Company's strategic objectives, as defined by this body.

The Audit Committee, as CTT's supervisory body, is responsible for supervising the effectiveness of the risk management, internal audit and internal control systems, expressing its opinion on the work plans and resources allocated to the functions of risk management, compliance and internal audit, and receiving reports made by the respective departments, particularly when matters relating to the rendering of accounts are concerned.

CTT has an Audit & Quality Department, which reports hierarchically to the Executive Committee (through its Chairman) and functionally to the Audit Committee, aimed at promoting and carrying out actions for an appropriate risk management of the CTT Group through the performance of its work in several areas, namely those concerning auditing, compliance and risk management.

The internal audit function is ensured by the Audit division, and provides internal audit services within the CTT Group in order to guarantee the assessment of the internal control system, as well as compliance with legal obligations and/or those determined by supervisory entities or regulators, in observance of internationally recognised and accepted internal audit principles. The Audit department regularly informs and alerts the Audit Committee, through its reports and participation in meetings, about any relevant facts, identifying opportunities for improvement, promoting their implementation and ensuring the respective follow-up cycle.

The compliance function, performed by the Compliance division, ensures compliance with legal and regulatory obligations within the scope of the prevention of money laundering and terrorist financing with regard to financial operations.

The risk management function, carried out by the Risk Management division, ensures the execution, in a centralised and independent manner, of the risk management policies and system of the CTT Group, the planning and implementation of risk management programmes supported in the CTT Risk Management System Regulation.

51. Details, even including organizational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the company

The organisation and governance structure of internal control and risk management is based on the three lines of defence model, represented in the organisational chart on subchapter 2.7.1. Description of the risk management process of chapter 2.7. Risk Management..

52. Other functional areas responsible for risk control

See subchapter 2.7.1. Description of the risk management process of chapter 2.7. Risk Management.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity

See subchapter 2.7.2. Identification of risks (risk matrix) and CTT response of chapter 2.7 Risk Management.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

See subchapter 2.7.1. Description of the risk management process of chapter 2.7. Risk Management.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A(1)(m))

CTT prepares its financial statements in accordance with International Financial Reporting Standards - IAS/IFRS, as adopted by the European Union, having defined a set of policies and procedures, namely the consolidation of accounts, to support the application of those standards. The internal control environment on which is based the set of policies and procedures leading to the preparation of financial statements was established in order to ensure the reliability, accuracy, timeliness, consistency and integrity of the information disclosed. The process of preparing the information is based on execution and validation processes characteristic of an adequate control environment, with a view to ensuring that operations are carried out according to a predefined authorisation system based on the segregation of functions and sequential validation mechanisms.

The preparation of the financial statements is based on duly identified processes and procedures and rules leading to the consolidation of accounts contained in the Consolidation Manual and on the consistency of duly defined accounting policies. Consolidated income statements are prepared monthly, with a view to adequate management control.

The risks involving the preparation of financial reporting are thus mitigated through the segregation of responsibilities and the implementation of controls that involve, namely, limiting access to the systems.

In addition, the Company has implemented a computer platform to monitor the registration of inside information, including financial information and information on persons with access to such information - Insider Manager -, and a Code of Conduct for Senior Officers and Insiders, which establishes general rules on the treatment of inside information and transactions of shares, or other financial instruments related thereto, issued by CTT, carried out by persons discharging managing responsibilities and insiders, as well as the information duties incumbent upon the persons discharging managing responsibilities, thus responding to the requirements arising from the EU Regulation on this matter.

The documents that disclose financial information to the market are prepared by the **Investor Relations Department**, based on the financial statements and management information provided by the **Accounting & Taxes Department** and the **Planning & Control Department**.

The **Audit & Quality Department**, in its capacity as Internal Auditor, contributes to the reliability and efficiency of the process of preparation of financial information by identifying and testing the effectiveness of appropriate controls to the defined procedures.

The **Statutory Auditor**, within the scope of the review of the accounting system and internal control to an extent as deemed necessary to issue an opinion on the financial statements, makes recommendations which are analysed, discussed and implemented always with the aim of improving the process of preparation and disclosure of financial information.

The **Audit Committee** supervises the process of preparing and disclosing financial information. In this context, the Audit Committee holds meetings, at least quarterly, to monitor the process with the CFO of CTT and its subsidiaries, with the Statutory Auditor and with the heads of Accounting and Planning & Control, also meeting with the heads of other Departments whenever deemed necessary. The Audit Committee is the main recipient of the documents issued by the Statutory Auditor.

The financial information is disclosed to the market only after its approval by the Board of Directors.

I. INVESTOR SUPPORT

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details

See chapter 10. Investor Support.

57. Market Liaison Officer

See chapter 10. Investor Support.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years

See chapter 10. Investor Support.

5.3.4 Website

GRI 102-53

59. Address(es)

See chapter 11. Website.

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available

See chapter 11. Website.

61. Place where the articles of association and regulations on the functioning of the boards and/or committees are available

See chapter 11. Website.

62. Place where information is available on the names of the members of governing bodies, the market relations representative, the investor relations office or equivalent structure, their respective duties and contact details

See chapter 11. Website.

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements

See chapter 11. Website.

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

See chapter 11. Website.

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available

See chapter 11. Website.

5.4 REMUNERATION

GRI 102-35, 102-36

5.4.1 Power to establish

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company

Setting the remuneration of corporate bodies, members of the Executive Committee and Company senior officers - given that CTT's Board of Directors only qualifies as "officers of the Company", the members of CTT's management and supervisory bodies - is the responsibility of the **Remuneration Committee**, appointed for such purpose by the General Meeting pursuant to article 9 of the Articles of Association and in compliance with **Recommendation V.2.2. of the IPCG Code**.

According to article 26-B of the Portuguese Securities Code, as amended, the Remuneration Committee must submit a **remuneration policy proposal to the General Meeting for approval**, at least every four years and whenever a relevant change occurs in the remuneration policy in force.

As further detailed in point 21.4 above, the **Corporate Governance, Evaluation and Nominating Committee** has consultation powers on performance assessment and remuneration matters and supports the Remuneration Committee in stipulating remuneration.

The attribution of these advisory competences is in line with best practices (namely of the financial sector) in that the body which defines the remuneration should be supported by a committee within the Board of Directors, which contributes with its independence, knowledge and experience to the definition of a remuneration policy suited to the particularities of the sector and the Company, especially with detailed knowledge on its strategic and risk profile.

5.4.2 Remuneration Committee

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor

As at 31 December 2021 and currently, the composition of the Remuneration Committee was, and is, as follows:

Members	Position	Date of 1 st appointment ⁽¹⁾
Fernando Paulo de Abreu Neves de Almeida	Chairman	29/04/2020
Manuel Carlos de Melo Champalimaud	Member	28/04/2016
Christopher James Torino	Member	29/04/2020

⁽¹⁾ The date of the first appointment to a corporate body at CTT is presented here.

The Remuneration Committee is **composed of three members, elected at the Annual General Meeting of 29 April 2020, the majority of whom are independent members vis-à-vis the management of CTT** taking into account the independence criteria of (i) not being part of any corporate body of the Company nor of any company within a control or group relationship with CTT and /or (ii) not having any family relationship (i.e., through his spouse, relatives and/or kin in a direct line up to the third degree inclusive) with any Board member. Only the Member Manuel Champalimaud is not independent vis-à-vis CTT's management as he is a direct relative of the non-executive Director Duarte Champalimaud.

The presence on the Remuneration Committee of a non-independent Member does not determine the loss of independence of this Committee vis-à-vis CTT's management, which is why it is considered that **Recommendation V.2.1. of the IPCG Code** is complied with, and the following should be taken into account:

- The Committee is composed of a majority of independent members, including its Chairman;
- The reason for Manuel Champalimaud's non-independence vis-à-vis CTT's management is a family relationship with a director, in a universe of 14 directors, who does not perform executive functions;
- His presence represents, in fact, an added value given his vast experience in company management and knowledge of the sector and industry in which CTT operates, given his investment in CTT (Manuel Champalimaud SGPS, S.A. is the holder of the largest qualified shareholding in CTT, and the shareholding held by this company in CTT is indirectly attributable to Manuel Champalimaud).

As part of the Remuneration Committee's activity developed throughout the year 2021, and in order to provide information or clarifications to shareholders who so wished, the Chairman of the Remuneration Committee attended the Annual General Meeting held on 21 April 2021, and therefore **Recommendation V.2.4. of the IPCG Code** is deemed to have been complied with.

Also within the scope of its activity in 2021, CTT's Remuneration Committee did not need to hire specialised consultancy services in remuneration matters for the exercise of its functions and therefore, in this context, the Company considers that it has fully complied with **Recommendations V.2.5. and V.2.6. of the IPCG Code**.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee

The *curricula vitae* of the members of the Remuneration Committee elected on 29 April 2020 are presented in Annex I of the Report (see pages 452 to 481). As shown therein, all the members of this Committee have appropriate knowledge to analyse and decide on the matters within their power, in view of their training and extensive professional experience, namely via:

- Their experience in the areas of remuneration policy, performance evaluation systems and human resources, particularly in academic, human resources consultancy aspects and the performance of functions in remuneration committees (including in companies of considerable size and with shares listed on the stock exchange);
- Their performance of executive and non-executive administrative positions in various sectors, in Portugal and abroad, in companies of considerable size and with shares listed on the stock exchange, as well the holding of positions in the area of investments;
- Abilities and experience in general in areas of corporate governance, finance and risk.

5.4.3 Remuneration structure

GRI 102-35, 102-36

69. Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June

The remuneration policy applicable to the members of the management and supervisory bodies in the 2020/2022 term of office was approved by the Annual General Meeting held on 21 April 2021, based on the proposal of CTT's Remuneration Committee.

The Company's Remuneration Committee prepared the remuneration policy taking into account a set of objectives aligned with CTT's mission and values, maintaining the purpose of promoting the continued alignment with the Company's business objectives and strategy, as well as with the best market practices and thus contributing to the sustainability of CTT's results and the creation of value for its shareholders.

The work initiated by the Remuneration Committee in 2020 included an update of the benchmarking study of European companies' remuneration practices in the sector (i.e., Austrian Post, PostNL, bpost, Royal Mail, Deutsche Post and Kuehne+Nagel) and companies in the PSI-20 (i.e., Altri, Millennium BCP, Corticeira Amorim, EDP, EDP Renováveis, Galp, Jerónimo Martins, Mota-Engil, NOS, Novabase, Pharol, REN, Semapa, Sonae, Sonae Capital and The Navigator). This study was considered for the purposes of the proposal relative to the executive Directors remuneration policy.

The remuneration policy for the 2020/2022 term of office approved by the Annual General Meeting on 21 April 2021 also represents an evolution towards continuous alignment with the best governance practices, by considering the following aspects:

- The **economic and financial situation of the Company** and its structure and size;
- The promotion of the alignment of management interests with CTT's current strategic goals (through performance assessment criteria and financial and non-financial objectives) and with the pursuit of the Company's **long-term sustainability** and the sustainable development of its businesses (including in terms of environmental sustainability);
- Consideration by the management of the interests of the Company's various **stakeholders**, in particular the interests of employees (promoting measures towards a better balance of remuneration conditions for employees and members of the corporate bodies) and the interests of shareholders (contributing to the creation of value for shareholders); and

- The **efficient functioning and relations** of the various corporate bodies of CTT.

In view of the above, the remuneration of the **executive Directors** includes a **fixed component and a variable component, as explained below.**

The **fixed component** applied since April 2020 and included in the remuneration policy in force for the 2020/2022 term of office was defined taking into account, in particular, the following criteria:

- The sustainability of CTT's performance;
- The nature and complexity of the duties (which is why the remuneration of the CEO, CFO and other executive Directors is differentiated), with special emphasis on the skills required and the responsibilities inherent to these duties; and
- The conclusions of the benchmarking analysis carried out and the Company's recent remuneration practice, as well as the objective of greater balance in the remuneration conditions of employees and members of the corporate bodies, with a reduction of the annual base remuneration ("ABR") by 15% for the CEO and 10% for the other members of the Executive Committee, when compared to the policy approved by the Remuneration Committee then in office for the 2017/2019 term of office (this reduction is due to a partial waiver of fixed remuneration by the executive Directors since April 2020 and is included in the remuneration policy in force for the 2020/2022 term of office).

This component includes the annual base remuneration paid 14 times per year and the annual meals allowance (which can be reviewed annually by the Remuneration Committee), as well as the benefits detailed in points 75 and 76 below.

In turn, the **variable remuneration ("VR")** of the executive Directors is composed of:

- An **annual component (Annual Variable Remuneration or AVR)**, conditional on the predefined quantifiable financial and non-financial objectives being achieved in each annual evaluation period and paid in cash, according to the rules and subject to the conditions described in points 71 and 72 below, whose attribution, as regards 2021 and 2022, will take into account the remuneration policy approved by the Annual General Meeting of 21 April 2021 and, as regards 2020, will take into account the remuneration policy in force for the term of office ending in 2019 (as indicated in said remuneration policy); and
- A **long-term component (Long-Term Variable Remuneration or LTVR)**, through participation in a CTT share option plan, in accordance with the rules and subject to the conditions described in points 71, 72 and 74 below and contained in the remuneration policy.

In accordance with the remuneration policy in force for the term of office underway, the **non-executive Directors exclusively earn an annual fixed remuneration**, paid 14 times a year.

Since April 2020 and throughout 2021, there has been a 15% reduction of the ABR of the Chairman of the Board of Directors when compared to the remuneration policy in force for the 2020-2022 term of office, a reduction resulting from a partial waiver.

The amount of the executive Directors' fixed remuneration was defined cumulatively considering the following criteria: the recent remuneration practice of the Company; the level of commitment in terms of time and dedication (with a differentiated additional remuneration being attributed to the non-executive Directors who are members of committees); and the level of complexity and responsibility of each position determining a valuation of the performance of duties in the Audit Committee (in view of the duties of this supervisory body) and in the Corporate Governance, Evaluation and Nominating Committee and the positions of chairing committees and within the Board of Directors (in particular the role of Chairman described in 21.1 above, whether in the leadership of the Board or before the Company's stakeholders with a dispersed capital structure).

In this context, the remuneration policy for the term of office underway is based on the following pillars and principles in line with **best governance practices**:

Remuneration mix	<ul style="list-style-type: none"> • Exclusively fixed remuneration for non-executive Directors (including members of the Audit Committee); • Balance between ABR and VR for executive Directors; • Combination of VR, including both cash and stock options components, with physical (75%) and financial settlement (25%).
Performance measures	<ul style="list-style-type: none"> • Combination of financial and non-financial goals; • Performance measures that consider the Company's strategy and are oriented towards the pursuit of the Company's long-term sustainability and the sustainable development of its businesses, also considering the interests of employees and shareholders.
Alignment of interests	<ul style="list-style-type: none"> • Definition of a minimum performance level to achieve the VR; • Definition of the maximum performance level from which there is no additional payment of variable remuneration (cap of AVR and number of stock option attributed within the plan as LTVR);] • Deferral and withholding mechanisms of the VR; • Adjustment mechanisms to determine the reduction or reversal of the attribution and/or payment of variable remuneration (malus/claw-back provisions); • Absence of dilution effect since the LTVR is based on a stock option plan of CTT shares to be acquired based on an authorization to acquire and dispose of own shares (subject to shareholder approval); • Prohibition on the executive Directors entering into agreements or other instruments, either with the Company or with third parties that have the effect of mitigating the risk inherent to the variability of VR.
Transparency	<ul style="list-style-type: none"> • Remuneration Committee composed of three members, mostly independent in relation to CTT's management, assisted by specialized consultants and by a specialized internal Board of Directors' committee; • Alignment with the strategic goals of the Company; • Overall remuneration set by CTT's Remuneration Committee, in the event of the performance of duties in companies in a controlling or group relationship with CTT; • Presence of the Chairman or, in his absence, another member of the Remuneration Committee, at the Annual General Meeting and in any others, if the agenda includes an issue related to the remuneration of members of the Company's bodies and committees, or if this presence has been requested by the shareholders.

These principles and structural elements of the remuneration policy of the members of the management and supervisory bodies of CTT are detailed in the following points of this chapter 5 and are also included in the **remuneration policy approved at the Annual General Meeting** held on 21 April 2021, based on the proposal presented by the Remuneration Committee which received a favourable opinion of the Corporate Governance, Evaluation and Nominating Committee, under the terms and for the purposes of articles 26-A and following of the Portuguese Securities Code, as amended .

The remuneration policy includes disclosure of the information required under Article 26-C of the Portuguese Securities Code and also information on the rules in force on matters of termination of duties.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking

GRI 102-37

70.1 Setting limits of the annual base remuneration, the AVR and the LTVR, and discouraging excessive risk taking, and balance of remuneration components

The **amount of fixed remuneration** is defined according to the criteria indicated in point 69 above, focused on the sustainability of CTT's performance and alignment with the interests of its stakeholders and taking into account market practices and a remuneration differentiation according to the dedication and degree of complexity and responsibility of the duties held. This component should discourage excessive risk-taking.

CTT's **non-executive Directors** receive exclusively fixed remuneration.

In turn, the **AVR of the executive Directors** is subject to maximum caps defined in the remuneration policy, namely by reference to the annual base remuneration and takes into account allocation rules that consider short and long-term objectives, as well as discouraging excessive risk-taking, as follows:

- The target **AVR for the financial year of 2021 and remaining financial years of the ongoing term of office** is 55% of the annual base remuneration for each executive Director. Therefore, in a scenario in which 100% of the annual variable remuneration goals are attained, each executive Director will be entitled to AVR in cash of the value of 55% of his/her annual base remuneration. If the goals attained surpass this target, the maximum AVR each executive Director may receive is 85% of his/her annual base remuneration.
- The **weight of the non-financial performance evaluation criteria** that, for the purposes of the performance evaluation in 2020, are reflected in the qualitative assessment and, for the purposes of the evaluation of the financial years 2021 and 2022, take the form of quantifiable key performance indicators with a weight of 30% focused on long-term sustainability objectives, as described in point 71 below;
- If the minimum limits of accomplishment described in point 71 below are not achieved, there is no entitlement to annual variable remuneration. If an AVR is to be awarded, it is subject to a **cap** and the **payment of 50% is deferred**, as provided for in the remuneration policy proposal to be submitted to the next Annual General Meeting, thus contributing to balancing the pursuit of sustained performance and discouraging excessive risk-taking.

If the target AVR objectives are attained, the **annual fixed remuneration component will represent on average 65% and the AVR will represent on average 35% of the total annual remuneration (not considering any potential LTVR)** for the executive Directors as a whole.

The **LTVR model for executive Directors** through participation in the share option plan that grants the right to acquire CTT shares subject to the conditions of the plan, to be submitted for approval at the next Annual General Meeting by the Remuneration Committee, promotes an alignment of interests with the Company's performance and provides the following incentives to pursue sustainable performance without excessive risk-taking, as described in points 72 and 74 below:

- The **plan sets out the number of options allocated** that may be exercised by each executive Director, as well as the allocation price with **different tranches**, which are distinguished only by their distinct allocation price or strike price (establishing five differentiated strike prices, with an identical number of options attached to each strike price, in a gradual logic);
- The plan also provides for mechanisms for **deferring the exercise of options** (the date of exercise is 1 January 2023 considering the end of the 2020/2022 term of office) and **retaining** part of the shares to be delivered (throughout the period from the exercise date and the fifth trading day immediately following the

end of the month after the date of approval of the accounts for 2024 at the annual general meeting to be held in 2025, or as at 31 May 2025 whichever occurs later);

- The plan also sets out **adjustment mechanisms** to discourage conducts that may jeopardize the Company's sustainability.

Finally, and pursuant to article 23 of the Articles of Association, the variable remuneration of the executive Directors may consist of a percentage of the consolidated profits. In this case, the overall percentage of profits allocated to the variable remuneration cannot exceed, in each year, the amount corresponding to 5% of the consolidated profit for the year.

70.2 Performance assessment criteria and resulting alignment of interests

The award and amount of the **AVR are conditional on compliance in each evaluation period (calendar year) with quantifiable goals measured using short and long-term performance evaluation criteria**, described in point 71 below, and its **payment in cash is deferred** by 50% and is also subject to the performance of the Company and individual performance. This component will thus vary according to:

- The degree of achievement of a series of goals established according to financial and non-financial performance evaluation criteria, focused either on the implementation of **CTT's long-term strategic objectives** or on the **promotion of best ESG** (Environmental, Social and Governance) **practices**;
- The balance between **financial and non-financial evaluation criteria**, bearing in mind that: (i) if the minimum limits of the financial criteria are not met, no AVR will be attributed; and that (ii) the non-financial criteria are reinforced to the extent that that will correspond to a quantifiable key performance indicator weighing 10% (Net Promoter score) and to 4 additional quantifiable targets weighing 20% (related to sustainability, strategic performance, operating and commercial, and environmental objectives, as well as the attributions of each Director to the extent possible);
- The payment of the AVR in cash and, according to the remuneration policy to be proposed to the General Meeting for this term of office, will take place in 2 tranches, with the **payment of 50% of the AVR deferred proportionally** over the deferral period of 3 years and subject to the positive performance and sustainable financial situation of the Company and the positive performance of each Executive Director (including the non-verification of the situations that give rise to the application of the adjustment mechanisms mentioned below).

In turn, the **LTVR for the 2020/2022 term of office in the form of participation in CTT's stock option plan**, to be submitted for approval at the next Annual General Meeting by the Remuneration Committee, also depends on the Company's performance and aims to align interests with this performance in the long-term, to the extent that, as described in points 72 and 74 below:

- The plan sets out the **number of options** allocated that may be exercised by the CEO, the CFO and the remaining executive Directors and their allocation or strike price;
- The number of shares to be received depends on the **difference between the strike price and the market price**, i.e., the average price, weighted by trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions held in the 45 days prior to the exercise date (i.e. 1 January 2023);
- The LTVR attributed under the plan is subject to the **positive evolution of the share price and the positive performance of the Company** and to **eligibility conditions** related to the non-verification of the situations that give rise to the application of the adjustment mechanisms mentioned below and material breaches of the terms of the plan;
- The plan also provides for mechanisms for **deferring** the exercise of options and **retaining** shares which result from the combination of two aspects: (i) the date of the exercise of all options (1 January 2023 considering the end of the 2020/2022 term of office); and (ii) a retention period of part of the shares allocated (throughout the period from the exercise date and the fifth trading day immediately following the end of the month after the date of approval of the accounts for 2024 at the annual general meeting to be held in 2025, or as at 31 May 2025 whichever occurs later).

Moreover, in terms of the mentioned remuneration policy, the executive Directors cannot conclude **contracts or other instruments, either with the Company or with third parties, whose effect is mitigating the risk inherent to the variability of the variable remuneration.**

Thus, via these performance assessment criteria, achievement goals and conditions of attribution and payment or delivery of each remuneration component, as described in points 71, 72 and 74 below, the aim is to establish a **remuneration mix that promotes the alignment of the interests of the members of the management body with the interests of CTT and its long-term performance**, as follows:

- The **fixed component** serves as a reference for the allocation of AVR, is subject to limits, and can be reviewed annually by the Remuneration Committee thus providing an adequate balance between these two components;
- The **AVR** depends on the assessment of gradual financial and non-financial performance criteria with an assessment period that matches the financial year, and the **LTVR** depends on the CTT share price evolution as well as the Company's performance beyond the end of the term of office;
- The **AVR** and **LTVR** are subject to eligibility conditions and adjustment mechanisms, as well as the positive performance of the Company, aimed at encouraging the pursuit of long-term performance;
- The **AVR** and **LTVR** are also subject to mechanisms of deferral by deferring for 3 years of the payment of 50% of the AVR and the deferral of the exercise of all options granted until 1 January 2023 (considering the end of the three-year term of office 2020/2022) and retention of part of the shares awarded (throughout the period from the exercise date and the fifth trade day immediately following the end of the month after the date of approval of the accounts for 2024 at the annual general meeting to be held in 2025, or as at 31 May 2025 whichever occurs later).

Therefore, the remuneration policy for the current term of office **fully complies with the Recommendations V.2.7. to V.2.10 of the IPCG Code.**

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component

The performance assessment criteria, which are set out in the remuneration policy and on which the attribution of AVR and LTVR depends are presented below, showing **full compliance with the Recommendation V.2.7 of the IPCG Code** in the sense that the variable component of the remuneration of executive Directors reflects the sustained performance of the Company.

71.1. Criteria for performance assessment of the AVR for 2021 set out in the remuneration policy

The amount of the **AVR** to be earned by the executive Directors with reference to performance in 2021 is **70% of the assessment of the following criteria and quantitative goals of a financial nature and 30% of the assessment of the following quantifiable criteria of a non-financial nature, with the following weights in the attribution and calculation of the AVR** (established by the Remuneration Committee based on the business plan and budget of the CTT Group and on the benchmarking carried out):

- Free Cash Flow per Share (30%): quantifiable financial performance criterion related to the business capacity to generate cash flows; Excluded from the calculation of this criterion are amounts related to Financial Services and Banco CTT clients' deposits and loans;;
- *Recurring Consolidated EBIT* (20%): quantifiable financial performance criterion related to the business operational performance;
- Earnings per Share (10%): quantifiable financial performance criterion related to the the capacity to pay out dividends per share ;
- Revenue (10%): quantifiable financial performance criterion related to income generated from sales and services;

- Net Promoter Score (10%): quantifiable non-financial performance criterion related to customer experience and capacity to grow the business.
- Four Additional Non-Financial Targets (20%): 4 quantifiable non-financial performance criteria, each with a weighting of 5%, to be applied to each or all Executive Directors, for each financial year or for the three-year period, by the Remuneration Committee (following a proposal by the Board of Directors and the opinion of the Corporate Governance, Evaluation and Nominating Committee) and aimed at promoting the long-term performance and interests of the Company's stakeholders through performance criteria/objectives aligned with the business plan and budget of CTT Group for the period in question and related to (i) objectives regarding the sustainability of the growth of the Company's business segments, (ii) operational or commercial performance objectives of CTT's activity, (iii) objectives related to the implementation of strategic projects for CTT, (iv) environmental goals related to CTT's activity and (v) to the extent possible, the attributions of each Executive Director.

The awarding of AVR is also dependent on the observance of a weighted average achievement of the objectives of the above mentioned financial performance evaluation criteria above 80%.

When this condition is met, the recorded performance in each financial year in terms of the referred financial and non-financial criteria and objectives is remunerated by weighing them 70% and 30%, respectively, **in a graduated way, according to the degree of accomplishment**, in particular:

- If the recorded performance meets the set goal in less than 80%, no AVR will be awarded for that target;
- If the recorded performance is between 80% and 130% of the set goal, an amount between 35% and 85% of the annual base remuneration of each executive Director is payable;
- If the recorded performance meets the set goal by more than 130%, and amount corresponding to 85% of the annual base remuneration of each executive Director is payable.

71.2. Criteria for performance assessment of the AVR for 2021 and 2022 included in the remuneration policy proposal to be submitted to the next Annual General Meeting

The LTVR model for the current term of office (2020/2022) is based on the participation in a **plan for the award of options on shares representing CTT's share capital**, whose award, exercise and delivery rules are indicated in point 74 below and which is set out in the remuneration policy approved at the General Meeting of Shareholders of 21 April 2021, and includes the acquisition and disposal of own shares of the Company as described in points 72 and 74 below.

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period

According to the remuneration policy for the 2020/2022 term of office, the **payment of the AVR** that may eventually be awarded, under the terms described in points 69 and following above, takes place in cash and in **two tranches**, i.e:

- The payment of 50% of the AVR occurs in the month following the date of approval by the General Meeting of the accounts relating to the financial year corresponding to the assessment period; and
- The payment of **the remaining 50% of the AVR is deferred proportionately over a period of 3 years** counting from said date of approval of accounts and is **subject to the positive performance and sustainable financial situation of the Company and the positive performance of each executive Director**, including the non-verification of the situations that give rise to the application of the adjustment mechanisms mentioned below.

In turn, the option allocation plan also provided for in the aforementioned remuneration policy proposal also establishes a deferral period of the exercise of the options and a **retention period of the shares awarded as LTVR**, as follows:

- The automatic **exercise date** of all options is 1 January 2023, given the end of the 3-year term 2020/2022;

- If stock options are granted based on stock market performance and the Company's positive performance is verified, the options will be subject to settlement over the deferral/retention period;
- **50% of the LTVR** is settled on the fifth trading day immediately following the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023, subject to verification of positive performance with respect to each of the 2021 and 2022 financial years, half by way of financial settlement in cash (i.e. 25% of the options on a pro rata basis with respect to each of its 5 tranches) and the other half (i.e. 25% of the options also on a pro rata basis with respect to each of its 5 tranches) by way of physical settlement through the delivery of CTT shares;
- The **remaining 50% of the LTVR** (i.e. 50% of the options equally on a pro rata basis with respect to each of its 5 tranches) are settled through the delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: **(i)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at the annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and **(ii)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at the annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.

In addition, the award of the AVR and the exercise and settlement of the options relating to the LTVR are conditional (as a condition of eligibility) on **the executive Director remaining with the Company**, as follows:

- If the executive Director leaves the Company for any reason, with the exception of dismissal for cause or another situation that gives rise to the application of an adjustment mechanism (as described below), after the assessment period but before payment of the **AVR**, it will be paid in full to the extent corresponding to that period;
- The payment of the **AVR** in respect of an assessment period in which there is termination of duties will not be due, nor will the settlement of the **LTVR** under the above mentioned option plan be due in the event of early termination of duties, as its exercise and settlement require the conclusion of the term of office for which the executive Director was appointed (continued performance), except in situations of termination by mutual agreement, retirement, death, disability or other case of early termination of the term of office for reasons not attributable to the Director (namely in case of change of control of the Company), in which case the Remuneration Committee shall define a *pro rata* attribution of the AVR and the *pro rata* cancellation of the LTVR granted under the plan;
- The taking up of duties during the current term of office by new executive Directors gives rise to AVR on a *pro rata* basis determined by the Remuneration Committee, and to LTVR taking into account the period of office held during the term of office.

The AVR and LTVR are also subject to the following adjustment mechanisms, in accordance with the remuneration policy for the 2020/2022 term of office:

- The **reduction of the VR** whose attribution and/or payment/settlement does not yet constitute an established right (malus provision) through **retention and/or return of the VR** whose payment/settlement already constitutes an established right (clawback provision), as a supplementary mechanism to the reduction;
- Applicable to part or the whole of the **VR (attributable, attributed and/or paid)**;
- When the following **situations** occur: the Director, in the exercise of his/her duties, participated directly and decisively or was responsible for an action that resulted in significant losses; serious or fraudulent non-compliance with the code of conduct or internal regulations with significant negative impact, or situations that justify just cause for dismissal; and/or false statements and/or materially relevant errors or omissions in the financial statements to which an objective conduct of the Director has decisively contributed.

Thus, the Remuneration Committee (after hearing the Corporate Governance, Evaluation and Nominating Committee) assesses annually whether there is room for application of said adjustment

mechanisms (conditions for eligibility of VR), as a result of which the following situations, as applicable, may occur:

- No **AVR** will be attributed or paid to the Director concerned in relation to the relevant assessment period and the attribution of options to the Director in question as **LTVR** is reversed (through the cancellation of the options whose exercise is conditioned to the non-verification of the referred situations);
- The **AVR** already attributed and/or paid to the Director in question to be reversed, in whole or in part, under which terms the right to the payment of the AVR amounts already attributed is subject to the non-verification during the deferral period of the referred situations and that the amounts paid as AVR shall be subject to this adjustment mechanism from the date of approval by the General Meeting of the accounts relating to the financial year corresponding to the assessment period until the next annual meeting of the Remuneration Committee called to deliberate on the application of these mechanisms;
- The **LTVR** already attributed to the Director in question is reversed, and the exercise of the options and their settlement (in cash or through the delivery of shares) subject to the non-verification of situations that give rise to the application of adjustment mechanisms or situations of material non-compliance with the plan, in which terms, should such situations occur until the meetings of the Remuneration Committee called to decide on its application (to be held as of the exercise and before the settlement of the LTVR or the end of each retention period pursuant to the plan), there may be no payment of the amount due as financial settlement of the LTVR or the delivery of the retained shares, or they may have to be returned by the Director, under the terms set forth in the plan.

These rules thus seek to align the interests of the management team in a long-term perspective with the interests of the Company, the Shareholders and all other stakeholders, whose pursuit, in view of the particularities of the Company and sector, also **fully complies with Recommendations V.2.7 to V.2.9 of the IPCG Code.**

73. The criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value

Not applicable. See point 71 above.

74. The criteria whereon the allocation of variable remuneration on options is based and details of the deferral period and the exercise price

The LTVR model for the 2020/2022 term of office is based on the participation of the executive Directors in a share option plan representing CTT's share capital, which is set out in the remuneration policy proposal approved by the Annual General Meeting of 21 April 2021 and based on the proposal of the Remuneration Committee (subject to a favourable opinion by the Corporate Governance, Evaluation and Nominating Committee). In order to implement the referred plan and following the approval of the proposal for the acquisition and sale of own shares submitted by the Board of Directors to the General Meeting of Shareholders held on 21 April 2021, the Company acquired own shares as described in point 3 above.

The plan mentioned above provides for the following main rules applicable to the allocation and exercise of the options and the financial settlement, and delivery and retention of the shares within the LTVR:

- The plan regulates the allocation to its participants (the executive Directors of CTT that adhere to the plan) of **options which confer the right to allocate shares representing CTT's share capital**, subject to certain

conditions applicable to the exercise and settlement of the options (options of a non-transferable nature even between participants, except in the case of succession by death);

- The plan sets out the **number of options granted** to be exercised by each executive Director, differentiating between the nature and complexity of the duties in question (among CEO, CFO and other executive Directors) according to the table below, the date of attribution corresponding to the date of the plan's approval at the General Meeting;
- The plan also sets the **strike price** for five tranches that differ only by their different strike price, as shown in the table below:

Tranche	Number of Options per participant			Strike Price
	CEO	CFO	Other Executive Directors	
1	700,000	400,000	300,000	EUR 3.00
2	700,000	400,000	300,000	EUR 5.00
3	700,000	400,000	300,000	EUR 7.50
4	700,000	400,000	300,000	EUR 10.00
5	700,000	400,000	300,000	EUR 12.50

- The **date of exercise** of all the options is 1 January 2023, given the end of the **3-year term of office 2020/2022** (relevant date for purposes of calculating the number of allocated shares, since the exercise of the options is automatic);
- The **number of CTT shares eventually to be awarded to the participants**, (via physical or financial settlement pursuant to the terms of the plan), following the automatic exercise of the options as foreseen on the plan, depends on the difference between the **strike price** and the **exercise price** (i.e., the average price, weighted by the trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions carried out in the 45 days prior to the exercise date, i.e., on 1 January 2023) and results from the application of the following formula (rounded down):

$$\text{No. of Shares} = \text{No. of Options Exercised} \times \left[\frac{\text{Exercise Price} - \text{Strike Price}}{\text{Exercise Price}} \right]$$

Thus, subject to the eligibility conditions and the retention mechanism referred to in this point 74 and in point 72, each participant is entitled to receive the total number of CTT shares resulting from the sum of the number of shares due for each tranche, calculated according to the referred formula.

- The strike and exercise prices will only be altered, by decision of the Remuneration Committee, in the event of financial transactions carried out by the Company during the term of the plan that are likely to significantly affect the value of the shares, to the extent necessary to neutralize the effect of these transactions and preserve the economic value of the options (such as a reduction or increase in share capital, stock splits, distribution of shareholder remuneration, mergers or other corporate restructuring);
- The plan provides for the **financial settlement of 25% of the options** (net cash settlement) and the **physical settlement of 75% of the options** (net share settlement), without prejudice to, exceptionally and in a scenario where the number of own shares held by CTT is not sufficient, determining that the Remuneration Committee establishes a compensation mechanism through the allocation of a cash amount and financial settlement of the options whose physical settlement is not possible;
- In the event that shares are granted depending on stock market performance and the Company's positive performance as defined in the plan, the options will be subject to settlement over the deferral/retention period;
- **50% of the LTVR** is settled on the fifth trading day immediately following the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023, subject to verification of positive performance with respect to each of the 2021 and 2022 financial years, half by way of financial settlement in cash (i.e. 25% of the options on a pro rata basis with respect to each of its 5 tranches) and the other half (i.e. 25% of the options also on a pro rata basis with respect to each of its 5 tranches) by way of physical settlement through the delivery of CTT shares;
- The **remaining 50% of the LTVR** (i.e. 50% of the options equally on a *pro rata* basis with respect to each of its 5 tranches) are settled through the delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: **(i)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at an annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive

performance of the Company in each of the financial years 2021 to 2023; and **(ii)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at an annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.

- The plan thus provides for **deferral and retention** mechanisms that, combined, ensure compliance with the **Recommendation V.2.9. of the IPCG Code**: **(i)** the automatic exercise date of all options (i.e., 1 January 2023 in order to consider the 3-year term of office 2020/2022) which determines the calculation of the number of shares acquired under the plan; **(ii)** the settlement of 50% of the options after the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023; **(iii)** the aforementioned retention period until 2025 during which the participant does not acquire ownership or the social or economic rights attached to 50% of the shares awarded until the end of each retention period; and **(iv)** the conditions to which the award and settlement of the LTVR are subject in connection with the stock market performance as well as the positive performance of the Company;
- The exercise of the options and their settlement are also subject to the **eligibility conditions** referred to in point 72 above (i.e., remaining in office during the term of office by rule, absence of situations of material non-compliance with the plan, and no situations giving rise to the application of the adjustment mechanisms);
- This plan will not have a diluting effect on shareholders, since it is intended that the shares eventually to be delivered under the plan will be **own shares** acquired by the Company, as per **point 3 above** under the authorization of the General Shareholders' Meeting to acquire and dispose of own shares.

75. Main parameters and grounds of any annual bonus scheme and any other non-cash benefits

The Company has not adopted any system of annual bonuses or other non-cash benefits, without prejudice to that referred in the following paragraph.

Supplementing the provisions in point 76 below, the executive Directors earn the following **non-cash supplementary benefits, of a fixed nature**: entitlement to use a vehicle (including fuel and tolls), life and personal accident insurance (including during travel) and access to the health benefit system (IOS – Instituto de Obras Sociais) under the same terms as the Company employees.

The Chairman of the Board of Directors was also entitled to use a vehicle (including fuel and tolls) until 29 April 2020.

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis

The Company's remuneration policy applied in 2021 does not consider the attribution of supplementary pensions or the attribution of any compensation in the event of the early retirement of its Directors, without prejudice to the matter referred to in the following paragraph.

The monthly fixed remuneration of the executive Directors includes an amount defined by the Remuneration Committee intended for allocation to a defined contribution pension plan or retirement saving plan (or other retirement saving instruments), specifically chosen by each executive Director (amounting to 10% of the annual base remuneration).

5.4.4 Disclosure of remuneration

GRI 102-35, 102-36

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same

The tables below indicate the gross remuneration paid in 2021 by the Company to the **members of the Board of Directors and the Audit Committee**:

Member	Position	Amounts			
		Fixed Remuneration ⁽¹⁾	AVR 2019 ⁽²⁾	AVR 2020 ⁽³⁾	Total
João Afonso Ramalho Sopas Pereira Bento	Chief Executive Officer (CEO)	€563,457.46	€179,690.00	0.00	€743,147.46
António Pedro Ferreira Vaz da Silva	Executive Director	€398,493.58	€196,074.00	0.00	€594,567.58
Guy Patrick Guimarães de Goyri Pacheco	Executive Director (CFO)	€428,223.35	€230,130.00	0.00	€658,353.35
João Carlos Ventura Sousa ⁽⁴⁾	Executive Director	€435,261.06	—	0.00	€435,261.06
João Miguel Gaspar da Silva	Executive Director	€398,583.68	—	0.00	€398,583.68
Francisco Maria da Costa de Sousa de Macedo Simão ⁽⁵⁾	Executive Director	—	€196,074.00	0.00	€196,074.00
Total remuneration of the Executive Committee		€2,224,019.13	€801,968.00	0.00	€3,025,987.13

Member	Position	Amount ⁽⁶⁾
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Non-executive Director and Chairwoman of the Audit Committee	€89,999.98
Steven Duncan Wood ⁽⁷⁾	Non-executive Director and Member of the Audit Committee	€0.00
María del Carmen Gil Marín	Non-executive Director and Member of the Audit Committee	€74,999.96
Total remuneration of the Audit Committee		€164,999.94
Raul Catarino Galamba de Oliveira ⁽⁸⁾	Chairman of the Board of Directors and Chairman and Member of Committees other than the Audit Committee	€297,500.00
Duarte Palma Leal Champalimaud	Non-executive Director and Member of a Committee other than the Audit Committee	€65,000.04
Isabel Maria Pereira Aníbal Vaz	Non-executive Director and Member of a Committee other than the Audit Committee	€65,000.04
João Eduardo Moura da Silva Freixa ⁽⁹⁾	Non-executive Director	€1,190.48
Jürgen Schröder	Non-executive Director	€49,999.88
Margarida Maria Correia de Barros Couto	Non-executive Director and Chairwoman of a Committee other than the Audit Committee	€75,000.00
Susanne Ruoff	Non-executive Director	€49,999.88
Total remuneration of the non-executive Directors who are not members of the Audit Committee		€603,690.32
Total remuneration of the non-executive Directors		€768,690.26
Total remuneration of the Board of Directors and of the Audit Committee members		€3,794,677.39

⁽¹⁾ Amount of the fixed remuneration of the executive Directors. This amount includes: (i) the annual base remuneration ("ABR"), (ii) the annual meals allowance (€9.01 per business day of each month, 12 times a year), and (iii) the fixed amount paid annually allocated to the retirement savings plan corresponding to 10% of the ABR.

- (2) AVR corresponding to the 2019 financial year, paid in 2021..
- (3) In the assessment made for the 2020 financial year, the assumptions for attributing variable remuneration to the executive directors were not met, so no amount was paid on this basis.
- (4) Includes the amount of €37,740.45 corresponding to the refund of 10% of the ABR for the period from 18 September 2019 to 29 April 2020.
- (5) Rendered his resignation to the position of Executive Director, which took effect on 06/01/2020, as communicated to the market in a press release of 18/12/2019.
- (6) Amount of the fixed remuneration of the non-executive Directors in proportion to the time they performed duties as such in 2021. Non-executive directors do not earn any variable remuneration.
- (7) He waived the payment of remuneration for the 2020/2022 term of office.
- (8) The ABR earned by the Chairman of the Board of Directors following the waiver of part of the ABR was reduced by 15% compared to the amount defined in the remuneration policy approved for the 2020/2022 term of office.
- (9) Tendered his resignation as a non-executive Director, which took effect as provided by law on 31/01/2021, as communicated to the market in a press release of 10/12/2020. The remuneration received relates to holiday and Christmas bonuses and respective allowances.

According to the remuneration policy, as well as to the corresponding authorization for the acquisition of own shares by the Company both approved by the General Meeting of Shareholders held on 21 April 2021, the LTVR model for the 2020/2022 term of office is based on the participation of executive directors in a share option plan representing CTT's share capital. Under said plan, the following options on CTT shares are granted to the executive Directors who adhere to the plan, the date of attribution corresponding to the date of the plan's approval at the General Meeting of Shareholders and exercise date of 1 January 2023 (taking into account the term of office and as detailed in point 74 above):

Tranche	Number of options per participant		
	João Afonso Ramalho Sopas Pereira Bento	Guy Patrick Guimarães de Goyri Pacheco	António Pedro Ferreira Vaz da Silva João Carlos Ventura Sousa João Miguel Gaspar da Silva
1	700,000	400,000	300,000
2	700,000	400,000	300,000
3	700,000	400,000	300,000
4	700,000	400,000	300,000
5	700,000	400,000	300,000

In 2021, there was no deviation from the application of or derogation from the remuneration policy applicable to members of the management and supervisory bodies.

As described throughout this section 5 of the Report, the **remuneration policy for the 2020/2022 term of office is aimed at promoting** continuous alignment with best practice in ESG matters, taking specifically into account:

- The **economic and financial situation of the Company** and its structure and size;
- The promotion of the alignment of management interests with CTT's current strategic goals and with the pursuit of the Company's **long-term sustainability** and the sustainable development of its businesses, including in terms of environmental sustainability;
- Consideration for the management of the interests of the Company's various **stakeholders**, in particular the interests of employees (promoting measures towards a better balance of remuneration conditions for employees and members of the corporate bodies) and the interests of shareholders (contributing to the creation of value for shareholders).

In this context, information is presented below on the **evolution of the remuneration of CTT's corporate bodies and employees and the Company's performance from 2017 to 2021**, a period marked by the COVID-19 pandemic crisis.

The comparative table below shows the annual percentage variation in the remuneration of the members of the Board of Directors and Audit Committee of the Company currently in office in the period between 2017 (date of first appointment of the longest-serving members) and 2021:

Members	Date of 1 st appointment ⁽¹⁾	Position ⁽²⁾	Fixed Remuneration ⁽³⁾ 2021 vs 2020	Fixed Remuneration ⁽³⁾ 2020 vs 2019	Fixed Remuneration ⁽³⁾ 2019 vs 2018	Fixed Remuneration ⁽³⁾ 2018 vs 2017	AVR ⁽³⁾⁽⁵⁾ 2021 vs 2020	AVR ⁽³⁾⁽⁵⁾ 2020 vs 2019	AVR ⁽³⁾⁽⁴⁾ 2019 vs 2018	AVR ⁽³⁾⁽⁴⁾ 2018 vs 2017
Raul Catarino Galanba de Oliveira ⁽⁶⁾⁽⁷⁾	29/04/2020	Chairman of the Board of Directors	48,76% ⁽⁶⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
João Afonso Ramalho Sopas Pereira Bento ⁽⁸⁾	20/04/2017	Chairman of the Executive Committee (CEO)	3,93%	61,8% ⁽⁸⁾	506,44% ⁽⁸⁾	21,49%	—	—	—	—
António Pedro Ferreira Vaz da Silva	20/04/2017	Executive Director	1,77%	-4,32%	8,80%	21,64%	—	—	—	—
Guy Patrick Guimarães de Goyri Pacheco ⁽⁹⁾	19/12/2017	Executive Director	1,78%	-4,33%	5,61%	n.a. ⁽⁹⁾	—	—	—	—
João Carlos Ventura Sousa ⁽¹⁰⁾	18/09/2019	Executive Director	11,16%	4,00%	n.a.	n.a.	—	—	n.a.	n.a.
João Miguel Gaspar da Silva	06/01/2020	Executive Director	3,02%	n.a.	n.a.	n.a.	—	—	n.a.	n.a.
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	20/04/2017	Non-executive Director Chairman of the Audit Committee	5,17%	2,79%	8,82%	21,81%	n.a.	n.a.	n.a.	n.a.
Steven Duncan Wood ⁽¹¹⁾	23/04/2019	Non-executive Director and member of the Audit Committee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Duarte Palma Leal Champalimaud ⁽¹²⁾	19/06/2019	Non-Executive Director	5,17%	5,00%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Isabel Maria Pereira Anibal Vaz ⁽⁷⁾	29/04/2020	Non-Executive Director	48,76%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jürgen Schröder ⁽⁷⁾	29/04/2020	Non-Executive Director	48,76%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Margarida Maria Correia de Barros Couto ⁽⁷⁾	29/04/2020	Non-Executive Director	88,06%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
María del Carmen Gil Marín ⁽⁷⁾	29/04/2020	Non-Executive Director and member of the Audit Committee	48,76%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Susanne Ruoff ⁽⁷⁾	29/04/2020	Non-Executive Director	48,76%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(1) The date of the first appointment to a corporate body at CTT is presented here.

(2) Current position in CTT.

(3) Fixed remuneration includes annual base remuneration, the amount of the annual meal allowance and the fixed amount paid annually allocated to the retirement savings plan. The variable remuneration only considers AVR, as there was no LTVR in that period.

(4) The executive Directors waived their annual variable remuneration for 2017 and 2018, and for this reason and regardless of the result of the assessment conducted relative to 2017 and 2018, no AVR was paid in 2018 and 2019.

(5) The result of the assessment carried out in respect of the 2019 financial year resulted in the attribution of an AVR to the executive directors, as described in the table in point 77 above, the payment of which was made in 2021. In 2021, the result of the assessment for the 2020 financial year did not result in the awarding of an AVR to the executive directors, so no comparison percentage is presented for 2019 vs 2020 in terms of AVR.

(6) The annual base remuneration includes the 15% waiver.

(7) The annual change between 2020 and 2021 reflects the calculation in relation to remuneration earned in 2020 as from the date of appointment.

(8) From 23/04/2017 to 22/05/2019 he performed the duties of non-executive Director in CTT, having been appointed Chief Executive Officer by resolution of the Board of Directors of 13/05/2019, effective as of 22/05/2019. The annual percentage variation between 2018 and 2019 reflects the calculation in relation to the remuneration earned as a non-executive member and subsequently as Chief Executive Officer.

(9) Considering that the Director only took office on 19/12/2017, the remuneration earned between that day and 31/12/2017 was not considered for the purposes of calculating the annual variation between 2017 and 2018.

(10) Co-opted by resolution of the Board of Directors dated 03/09/2019 effective as of 18/09/2019. The annual variation between 2019 and 2020 reflects the calculation with respect to the remuneration earned in 2019 as of the effective date of his co-option.

(11) Director with no remuneration.

⁽¹²⁾ Co-opted by resolution of the Board of Directors dated 19/06/2019. The annual variation between 2019 and 2020 reflects the calculation with respect to the remuneration earned in 2019 as of the effective date of his co-option.

The table below shows the annual percentage variation of the following economic and financial indicators of CTT (on a consolidated basis) between 2017 and 2020:

Performance indicators	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017
Revenues	13.8%	0.7%	4.6%	0.4%
Operating costs ⁽¹⁾	13.7%	2.5%	3.4%	1.6%
Net profit for the year attributable to shareholders of CTT	130.4%	-42.9%	35.8%	-28.0%

⁽¹⁾ Excluding depreciation / amortization, and specific items in 2021 vs 2020. In the previous years Operating costs excluded depreciation / amortization, impairments and provisions, the impact of IFRS 16 and specific items.

In turn, the table below shows the annual variation between 2017 and 2020 of the average remuneration of full-time employees of the CTT Group, excluding members of the management and supervisory bodies, by professional category:

Employees ⁽¹⁾	2021 vs 2020	2020 vs 2019 ⁽²⁾	2019 vs 2018 ⁽²⁾	2018 vs 2017 ⁽²⁾
Senior and middle management	-1.3%	-3.6%	0.6%	0.4%
Counter service	0.4%	-0.4%	0.4%	1.5%
Delivery	2.7%	-0.5%	1.6%	0.8%
Other	-0.6%	2.7%	1.5%	-0.4%
Overall	1.6%	—%	0.7%	0.2%

⁽¹⁾ In 2020 and 2021, the employees of the CTT Group companies Correio Expresso de Moçambique, S.A. (CORRE), HCCM Outsourcing Investment, S.A. and NewSpring Services, S.A. are not included. From 2017 to 2019, the employees of the CTT Group companies 321 Crédito - Instituição Financeira de Crédito, S.A., CTT Expresso Serviços Postais e Logística, S.A. - Sucursal en España and Correio Expresso de Moçambique, S.A. (CORRE) are not included.

⁽²⁾ For comparison purposes, the following criteria were taken into account: (a) Number of employees according to headcount reported at year-end and (b) base remuneration.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control

During 2021, the companies in a controlling or group relationship with the Company **did not pay the members of the Board of Directors any remunerations** or amounts for any reason.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded

In 2021e, no amounts were paid to the members of CTT's Board of Directors in the form of profit-sharing or bonuses.

80. Compensation paid or owed to former executive directors concerning contract termination during the financial year

The remuneration policy provides that in the event of termination of duties of the members of the Board of Directors, the **legally established compensatory rules** shall apply.

Reference is also made in this regard to points 72 above and 83 below, where the **consequences of early termination of duties with regard to the AVR and the LTVR** and the legal rules on compensation are detailed.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June

See point 77 of Part I above with respect to the members of the Audit Committee.

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting

During the 2021 financial year, the remunerations of the Chairman and the Vice-Chairman of the Board of the Shareholders' General Meeting were ten thousand euros and four thousand euros, respectively.

5.4.5 Agreements with remuneration implications

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component

The members of CTT's corporate bodies **have not entered into any remuneration or compensation agreements with the Company.**

According to **the remuneration policy** in force, in the event of termination of office of the members of the Board of Directors, the **legally established compensatory rules** shall apply.

- The compensation by law to members of the Board of Directors (including executive Directors), in the event of their dismissal without just cause, corresponds to the indemnity for damages suffered thereby, as prescribed by law and may not exceed the remuneration that the Board member would presumably receive until the end of the period for which he/she was elected.

Thus, considering the absence of individual agreements in this area and the terms of the remuneration policy in the event of a dismissal that does not arise from a serious breach of duty nor from the inability to carry out duties normally, but that is nonetheless due to inadequate performance, the Company will only be obliged to pay compensation as prescribed by law.

In turn, according to the remuneration policy proposal for the term of office underway and the options plan provided for therein (which is also subject to approval by the participants), the early termination of duties determines the following **consequences in relation to the allocation and payment of the VR** to the executive Directors:

- If an executive Director leaves for any motive, with the exception of dismissal on fair grounds or any other situation which leads to the application of an adjustment mechanism (as described above), after the assessment period, but before the payment of the **AVR**, its entire payment will take place to the extent corresponding to that period;
- The payment of the **AVR** relative to an assessment period in which termination of duties occurs shall not be due, nor the settlement of the **LTVR** under the above mentioned option plan be due in the event of early termination of duties, since its exercise and settlement require the conclusion of the term of office for which the executive Director was appointed (continued performance), except in situations of termination by mutual agreement, retirement, death, disability or other case of early termination of the term of office due to a cause not attributable to the Director (namely in case of change of control of the Company), in which case the Remuneration Committee shall define a *pro rata* attribution of the AVR and the *pro rata* cancellation of the LTVR awarded by virtue of the plan.

In view of the **consequences of the early termination of duties described above**, the Company is considering complying with **Recommendation V.2.3. of the IPCG Code**, since the maximum amount of compensation to be paid as a result of such termination will result from the application by the Remuneration Committee (with the support of the Corporate Governance, Evaluation and Nominating

Committee) of the above-mentioned legal criteria and other criteria established in the above-mentioned internal regulations for the situations handled therein.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B/3 of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid (Article 245-A(1)(I))

On this issue, it should be noted that CTT's Board of Directors considers that the Company's directors, within the meaning of the EU Regulation, correspond only to the members of the management and supervisory bodies of CTT.

Accordingly, during 2021, **there were no agreements between the Company and the members of the Board of Directors or the Audit Committee** which provided for compensation in the event of resignation, dismissal without just cause or termination of employment following a change of control in the Company, without prejudice to the provisions in points 72 and 83 above.

5.4.6 Share-Allocation and/or Stock Option Plans

85. Details of the plan and the number of persons included therein

As better defined in points 69, 71 and 74 above, according to the remuneration policy, the LTVR is based on the executive Directors' participation in a stock option plan for the grant of shares representing CTT's share capital.

86. Characteristics of the plan (allocation conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be allocated, the existence of incentives to purchase and/or exercise options)

Point 74 above describes the characteristics of CTT's stock option plan, which is incorporated in the remuneration policy, including the respective conditions of attribution, clauses on the inalienability of shares, criteria relative to the option exercise price, the period during which the options may be exercised, the characteristics of the shares or options to be assigned the existence of incentives to acquire shares and/or exercise options.

87. Stock option plans for the company employees and staff

With a view to strengthening the alignment of the remuneration conditions of employees and members of the corporate bodies, as well as promoting the alignment of the interests of the different stakeholders with the Company's performance, thus encouraging the pursuit of sustainable growth, and in line with the options plan approved for executive directors under the remuneration policy approved by the General Shareholders' Meeting on 21 April 2021, as detailed in items 72 and 74 above, the Executive Committee approved, in May 2021, a Long-Term Incentive Programme - Option Plan. was approved by the Executive Committee, aimed at the most senior Directors of the company, directly dependent on the

Executive Committee of CTT or the Board of Directors of the subsidiary companies, as well as the Directors or Managers of the CTT Expresso in Spain.

In accordance with the aforementioned options plan, its participants (Directors) who adhered to it are granted **options that confer the right to acquire shares representing CTT's share capital**, subject to the following rules applicable to the attribution and the exercise and financial settlement of the options and delivery and retention of the shares (options of a non-transferable nature even between participants, except in the case of succession by death).

- In accordance with the plan, each participant will be entitled to receive **five distinct option tranches**, each with a distinct **strike price** and depending on the **number of options** assigned by the Executive Committee, as per the table below:

Tranche	Total number of options to be granted to all the participants	Strike Price
1	1,200,000	€3.00
2	1,200,000	€5.00
3	1,200,000	€7.50
4	1,200,000	€10.00
5	1,200,000	€12.50

- All the option tranches comprise a single tranche for exercise purposes and are considered to be granted to the participants on the date of the Shareholders' General Meeting, which took place on 21 April 2021. The options attributed after that date shall be made proportionally to the time of exercise of the functions, taking into account the duration of the plan.
- The automatic **exercise date** of all options is 1 January 2023.
- After exercise, the options awarded under the plan confer the right to be granted shares via **physical settlement** by means of calculation to be made as follows:

No. of Shares = No. of Options exercised x [(Share Price - Strike Price / Share Price] where:

- the **Strike Price** corresponds to that indicated in the table above;
- the **Share Price** corresponds to the arithmetic average of the prices, weighted by the respective trading volumes, of the transactions of Company's shares traded on the Euronext Lisbon regulated market in the Stock market sessions held during the 45 days prior to the exercise date, that is, on 1 January, 2023.
- In the event that shares are granted depending on the stock market performance and the Company's positive performance, from the attribution date to the exercise date and during the retention period, the options will be subject to settlement over the deferral/retention period.
- With regard to **50% of the options** (on a pro rata basis with respect to each tranche of options) granted under the plan, the number of shares corresponding to the result of the sum of the physical settlement will be transferred to each participant, subject to the **positive performance** of the Company in each of the financial years 2020, 2021 and 2022, on the fifth trading day immediately following the date of approval of the 2022 accounts by the Annual General Meeting of the Company to be held in 2023, and its holder will then be entitled to freely trade them.
- The remaining **50% of the options** (on a pro rata basis with respect to each tranche of options) the number of shares corresponding to the result of the sum of the physical settlement shall be subject to a **Retention Period** by the Company and will be released, respectively:
 - (i) on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at an annual general meeting of the Company to be held in

2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and

- (ii) on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at an annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.
- The **strike and exercise prices** will only be altered, by decision of the Remuneration Committee, in the event of financial transactions carried out by the Company during the term of the plan that are likely to significantly affect the value of the shares and to the extent necessary to neutralize the effect of these transactions and preserve the economic value of the options (such as a reduction or increase in share capital, stock splits, distribution of shareholder remuneration, mergers or other corporate restructuring).
- The exercise of options is subject to **eligibility conditions**, particularly the achievement of objectives or performance targets by the Company, since the **attribution of shares on the exercise date** is subject to the evolution of the market price of the shares and the attribution of shares on the exercise date and the respective payment/delivery and release at the end of each retention period subject to a positive performance by the Company, from the attribution date until the exercise date and during the retention period.
- The exercise of options may be cancelled in the event of termination of the participant's employment contract or equivalent by his own initiative, or by the employer's initiative based on just cause for dismissal, or in the event of non-compliance by the participant with any substantial provision of the terms and conditions of the plan that triggers an **Adjustment Mechanism**.
- The option plan shall remain in force until such time as the Executive Committee resolves on its termination or substitution (without prejudice to rights legitimately acquired thereunder) or until full compliance with the obligations arising therefrom.
- Similarly to the option plan approved for the executive directors under the remuneration policy in force for the 2020/2022 term of office, this option plan for Directors will not have a dilutive effect on shareholders, since the shares that may be delivered under the plan will be **own shares** acquired by the Company, as per **point 3 above**, under the authorisation of the General Meeting of Shareholders for the acquisition and sale of own shares.

88. Control mechanisms provided for in any employee-share ownership scheme in as much as voting rights are not directly exercised by those employees (Article 245-A(1)(e))

There were no systems of participation of the workers in the capital in force at CTT during 2021 and there are none currently in force.

5.5 TRANSACTIONS WITH RELATED PARTIES

5.5.1 Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties

Since 2014, the Company has been implementing procedures aimed at ensuring strict compliance with the legal and accounting rules and current best practices concerning transactions with related parties and the pursuit of CTT's interests in this regard, in particular through the **Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest**.

The **Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflict of Interest** in force at CTT was revised in December 2021 and approved by the Board of Directors, with the prior favourable opinion of the Audit Committee, as provided for in the Portuguese Securities Code and in the Recommendations of the IPCG Code of 2018, as amended in 2020. It is published on CTT's website, at www.ctt.pt ("Group CTT"/"About Us"/"Corporate Governance"/"Articles of Association and Regulations").

Under the new Regulation, the following are considered "Related Parties":

- Any Shareholder with at least 2% of CTT's share capital, whether directly or indirectly, pursuant to article 20 of the Portuguese Securities Code
- Members of CTT's management and supervisory bodies and any officers who, although not members of these corporate bodies are so classified under the referenced Regulation;
- Members of the management bodies of CTT subsidiaries;
- Any third-party entity that is related to any of the persons identified in the previous three points through relevant business or personal interest;
- Subsidiaries, associated companies and jointly controlled entities (joint ventures) of CTT.

According to that Regulation, "Transactions with Related Parties" (i.e. all legal transactions or acts resulting in a transfer of resources, services or obligations, regardless of whether a price is charged, between, on the one hand, CTT and/or subsidiaries and, on the other hand, a related party) shall adhere to the following principles:

- They must always be formalized in writing, specifying their terms and conditions;
- They shall be carried out (i) in accordance with the legislation in force, in particular in full respect of the interests of the Company and its subsidiaries, as applicable (ii) ensuring the fair/ equitable and reasonable character of the transaction from the point of view of the Company and shareholders who are not related parties (including minority shareholders) and (iii) within the current activity and under market conditions, as defined in the regulation, unless it is demonstrated that the transaction that does not comply with these requirements is suitable for the interests of the Company and subsidiary companies and the fair/ equitable and reasonable character mentioned above, and cumulatively the transaction is approved by the Board of Directors, with prior opinion of the Audit Committee;
- The following should be clearly and accurately disclosed (i) relevant transactions, i.e. whose value is equal to or exceeds 2.5% of CTT's consolidated assets according to the latest audited financial information approved by CTT's corporate bodies (calculated in relation to a single transaction or to the set of transactions carried out during any 12-month period or during the same financial year with the same related party), and that, cumulatively, have not been carried out within the scope of the current activity and/or under market conditions, (ii) and most Transactions with Related Parties, in the notes to the Company's financial statements, with sufficient details to identify the "Related Party" and the essential conditions related to the transactions;
- Loans and guarantees to "Related Parties" are expressly prohibited, except to subsidiaries, associated companies or jointly controlled entities (joint ventures);
- "Significant Transactions", i.e., of an amount greater than €1,000,000 relating to a single business or to a series of business transactions carried out during any 12-month period or during the same financial year with the same related party, and those intended to be carried out outside the scope of the current activity and/or outside market conditions, must be subject to a "prior opinion" by the supervisory body, unless they are exempt transactions under the terms of the Regulation (i.e. transactions entered into between CTT and a subsidiary that is in a controlling relationship with CTT and in which no related party has interests and transactions proposed to all CTT shareholders under the same terms, where the equal treatment of all shareholders and the protection of CTT's interests are ensured);
- Similarly, transactions to be carried out by CTT Directors and/or subsidiaries (directly or through an intermediary) with the company and/or subsidiaries shall be subject to a "prior favourable opinion" by the supervisory body and are subject to prior authorization from the Board of Directors, except when they are included in the actual trade of the company in question and no special advantage is granted to the director directly or through an intermediary;

- All "Transactions with Related Parties" not subject to a "prior opinion" from the Audit Committee are subject to subsequent appreciation by this body.

See point 91 of Part I below on the prior and subsequent mechanisms for the Audit Committee to control transactions with related parties.

90. Details of transactions that were subject to control in the referred year

In 2021, there were no transactions with related parties subject to prior control by the Company's supervisory body under the procedures described in the Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest mentioned in points 89 and 91 of Part I of this chapter.

In addition, transactions were subject to subsequent **control by the aforementioned body**, almost all of which correspond to intra-Group financing.

For further details on Transactions with Related Parties, see Note 52 - Related Parties to the consolidated and individual financial statements in chapter 7 (see pages 404 to 409) of this Report.

91. Procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings

According to the Regulation for Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest, the following are submitted by the Executive Committee to the **prior opinion of the Audit Committee**:

- "Significant Transactions", i.e., transactions of an amount exceeding €1,000,000 related to a single transaction or to a set of transactions carried out during any 12-month period or during the same financial year with the same related party, and those intended to be carried out outside the scope of the current activity and/or outside market conditions, unless they are exempted transactions under the Regulation (i.e. transactions entered into between CTT and a subsidiary that is in a control relationship with CTT and in which no related party has an interest and transactions proposed to all CTT shareholders under the same terms, where the equal treatment of all shareholders and the protection of CTT's interests are ensured); and
- Transactions to be entered into between, on the one hand, members of the management bodies of CTT and/or subsidiaries (directly or through an intermediary) and, on the other hand, CTT and/or subsidiaries, pursuant to and for the purposes of the provisions of articles 397 and 423-H of the PCC, except when they are included in the actual trade of the company in question and no special advantage is granted to the director directly or through an intermediary.

In this context, the Audit Committee analyzes, in particular, the terms, the conditions, the objective and opportunity of the transaction, the interest of the related party, any limitations that could be imposed on CTT as a result of the transaction, the pre-contractual procedures implemented, the mechanisms adopted to resolve or prevent potential conflicts of interest and demonstration that the operation will be carried out within the scope of the Company's current activity or under normal market conditions.

All other "Transactions with Related Parties" are communicated to the Audit Committee for subsequent appraisal, namely in the context of the annual activity report, by the last day of July or January, according to whether the transaction occurred in the 1st or 2nd semester of the year.

5.5.2 Data on business deals

92. Place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24

The relevant transactions with related parties are described in Note 52 to the consolidated and individual financial statements in chapter 7 (see pages 404 to 409) of this Report and were carried out within the scope of the Company's current activity and under normal market conditions.

Part II – CORPORATE GOVERNANCE ASSESSMENT

1. Identification of the adopted corporate governance code

In conformity with the provisions of article 2(1) of CMVM Regulation No. 4/2013, CTT has adopted the Corporate Governance Code of the Portuguese Institute of Corporate Governance (“IPCG Code”) of 2018, revised in 2020, which can be consulted at www.cgov.pt.

2. Analysis of compliance with the adopted corporate governance code

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 - Corporate Governance
I. General Provisions		
General principle	Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.	
I.1. Company’s relationship with investors and disclosure		
Principle	Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.	
I.1.1.	Adopted	18, 21, 35, 38, 55, 56 to 63 (see chapters 10. Investor Support and 11. Website, pages 446 to 451 of this Integrated Report)
I.2. Diversity in the composition and functioning of the company’s governing bodies		
Principle 1.2.A.	Companies ensure diversity in the composition of their governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.	
Principle 1.2.B.	Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.	
Principle 1.2.C.	Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and the opinions expressed by their members.	
I.2.1.	Adopted	16, 18, 19, 26 and 33

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 - Corporate Governance	
<p>I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the Company's website. Minutes of the meetings of each of these bodies should be drawn out.</p> <p>I.2.2.(1) The Board of Directors should have internal regulations - namely regulating the performance of their duties, their chairmanship, periodicity of meetings, their functioning and the duties of their members -, disclosed in full on the Company's website.</p> <p>I.2.2.(2) Idem with regard to the supervisory body.</p> <p>I.2.2(3) Idem with regard to the internal committees.</p> <p>I.2.2.(4) Minutes of all meetings of the management body should be drawn out.</p> <p>I.2.2.(5) Idem with regard to the supervisory body.</p> <p>I.2.2(6) Idem with regard to internal committees.</p>	<p>I.2.2.(1) Adopted</p> <p>I.2.2.(2) Adopted</p> <p>I.2.2.(3) Adopted</p> <p>I.2.2.(4) Adopted</p> <p>I.2.2.(5) Adopted</p> <p>I.2.2.(6) Adopted</p>	<p>21, 21, 22, 23, 27, 29, 34, 35 and chapter 11. Website (pages 449 to 451 of this Integrated Report)</p>	
<p>I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.</p> <p>I.2.3.(1) The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.</p> <p>I.2.3.(2) The number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.</p>	<p>I.2.3.(1) Adopted</p> <p>I.2.3.(2) Adopted</p>	<p>21, 23, 29, 35 and 61 (see point 61 chapter 11. Website pages 449 to 451 of this Integrated Report)</p>	
<p>I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities with the safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.</p>	<p>Adopted</p>	<p>49</p>	
<p>I.3. Relationships between the company bodies</p>			
<p>GRI 102-17, 102-26</p>			
<p>Principle</p>	<p>Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.</p>		
<p>I.3.1.</p>	<p>The bylaws, or other equivalent means adopted by the company should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.</p>	<p>Adopted</p>	<p>18 and 21</p>

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
I.3.2.	Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	18 and 21
I.4. Conflicts of interest			
GRI 102-25			
Principle	The existence of current or potential conflicts of interest between members of the company's bodies or committees and the company, should be prevented. The non-interference of the member in conflict in the decision process should be guaranteed.		
I.4.1.	The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted	21
I.4.2.	Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted	21
I.5. Related party transactions			
Principle	Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.		
I.5.1.	The managing body should disclose, in the corporate governance report or by other means publicly available, the internal procedure for verifying transactions with related parties.	Adopted	38, 89 and 91
I.5.2.	The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including transactions under analysis, at least every six months.	n.a.	91
II. Shareholders and general meetings			
GRI 102-29, 102-37			
Principle II.A.	As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.		
Principle II.B.	The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also for reflection about the company itself.		
Principle II.C.	The company should implement adequate means for participation and remote voting by shareholders in meetings.		
II.1.	The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	II.1.(1) Adopted	12
	II.1.(1) The company should not set an excessively high number of shares to confer voting rights,	II.1.(2) n.a.	
	II.1.(2) and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.		
II.2.	The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Adopted	14

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
II.3.	The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Adopted	12
II.4.	The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Adopted	12
II.5.	The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	n.a.	5 and 13
II.6.	The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Adopted	4
III. Non-executive management, monitoring and supervision			
Principle III.A.	The members of corporate bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivize executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.		
Principle III.B.	The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.		
Principle III.C.	The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.		
III.1.	Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	n.a.	17 and 18 and 21.1

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 - Corporate Governance
<p>III.2. The number of non-executive members in the management body, as well as the number of the members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.</p> <p>III.2.(1) The number of non-executive members in the management body should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.</p> <p>III.2.(2) Idem with regard to the supervisory body.</p> <p>III.2.(3) Idem with regard to the number of committee members for financial matters.</p>	<p>III.2.(1) Adopted</p> <p>III.2.(2) Adopted</p> <p>III.2.(3) n.a.</p>	<p>15, 17, 18 and 31</p>
<p>III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.</p>	<p>Adopted</p>	<p>17 and 18</p>
<p>III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:</p> <ul style="list-style-type: none"> i. Having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non- consecutive basis; ii. Having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. Having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. Having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. Having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings; vi. Having been a qualified holder or representative of a shareholder of qualifying holding. 	<p>Adopted⁽¹⁾</p>	<p>17, 18, 19, 20 and 78</p>

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
III.5.	The provisions of paragraph (i) of recommendation III.4 do not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	n.a.	17 and 18
III.6.	The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	III.6.(1) Adopted	38
	III.6.(1) The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	III.6.(2) Adopted	
	III.6.(2) Idem with regard to the risk policy.		
III.7.	Companies should have specialized committees, separately or cumulatively, on matters related to corporate governance, appointments and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	III.7.(1) Adopted	21 and 29
	III.7.(2) Idem with regard to matters of appointments.	III.7.(2) Adopted	
	III.7.(1) Companies should have a committee specialized in matters of corporate governance.	III.7.(3) Adopted	
	III.7.(3) Idem with regard to the matter of performance assessment.		
IV. Executive management			
Principle IV.A.	As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.		
Principle IV.B.	In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.		
IV.1.	The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Adopted	26

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
IV.2.	The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: (i) the definition of the strategy and main policies of the company; (ii) the organization and coordination of the business structure; (iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	IV.2.(1) Adopted	
	IV.2.(1)The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: (i) the definition of the strategy and main policies of the company;	IV.2.(2) Adopted	21
	IV.2.(2) (ii) the organization and coordination of the business structure;	IV.2.(3) Adopted	
	IV.2.(3) (iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.		
IV.3.	In the annual report, the managing body explains in what terms the strategy and main policies defined seek to ensure the long-term success of the company and which the main contributions are resulting therein for the community at large.	Adopted	Chapter 2.2 Strategic lines (pages 46 to 47) of this Integrated Report)
V. Evaluation of performance, remuneration and appointment			
V.1. Annual evaluation of performance [102-28]			
Principle	The company should promote the assessment of performance of the executive body and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.		
V.1.1.	The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	V.1.1.(1) Adopted	
	V.1.1.(1) The managing body should annually evaluate its performance, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	V.1.1.(2) Adopted	21, 24, 29, 66, 70 and 71
		V.1.1.(3) Adopted	
	IV.1.1.(2) Idem with regard to the managing body's committees.		
	V.1.1.(3) Idem with regard to the performance of the executive directors.		
V.2. Remuneration			
Principle	The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, promotion of merit and transparency within the company.		
V.2.A.			
Principle	Directors should receive compensation: i) that suitably remunerates the responsibility taken, the availability and competence placed at the service of the company; ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and iii) that rewards performance.		
V.2.B.			

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
V.2.1.	The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Adopted	15, 21, 24, 66 and 67
V.2.2.	The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	Adopted	15, 21, 24, 66 and 67
V.2.3.	For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Adopted	83
V.2.4.	In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Adopted	67 and 69
V.2.5.	Within the company's budgetary limitations, the remuneration committee should be able to freely decide on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	Adopted	67
V.2.6.	The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Adopted	67
V.2.7.	Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company and not stimulating the assumption of excessive risks.	Adopted	69, 70, 71 and 72
V.2.8.	A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Adopted	70 and 72
V.2.9.	When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the starting of the exercise period should be deferred in time for a period of no less than three years.	Adopted	69, 70, 71, 72, 74 and 85
V.2.10.	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted	69 and 70
V.3. Appointments			
Principle	Regardless of the manner of appointment, the profile, the knowledge and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
V.3.1.	The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted	19, 21 and 29
V.3.2.	The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	n.a. ⁽²⁾	21, 29 and 66
V.3.3.	This nominating committee includes a majority of non-executive, independent members.	n.a. ⁽²⁾	21, 29 and 66
V.3.4.	The nominating committee should make its terms of reference available and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organization, a suitable diversity, including gender diversity.	n.a. ⁽²⁾	21, 29 and 66
VI. INTERNAL CONTROL			
GRI 102-30			
Principle	Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.		
VI.1.	<p>The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.</p> <p>VI.1.(1) The managing body shall debate and approve the strategic plan.</p> <p>VI.1.(2) The managing body shall debate and approve the company's risk policy, which includes the establishment of limits on risk-taking.</p>	<p>VI.1.(1) Adopted</p> <p>VI.1.(2) Adopted</p>	21, 50, 52 and 54 (see for points 52 and 54 subchapter 2.7.1. Description of the Risk Management Process, chapter 2.7. Risk Management pages 60 to 66 of this Integrated Report)
VI.2.	The supervisory board should be internally organized, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted	38
VI.3.	The internal control systems, comprising the functions of risk management, compliance, and internal audit, should be structured in terms adequate to the size of the company and the complexity of the inherent risks to its activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Adopted	38, chapter 2.7. Risk Management (see pages 60 to 66 of this Integrated Report)
VI.4.	The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted	38
VI.5.	The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted	38

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VI.6.	<p>Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their follow-up.</p> <p>VI.6.(1) Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity,</p> <p>VI.6.(2) (ii) the probability of occurrence of those risks and their respective impact,</p> <p>VI.6.(3) (iii) the devices and measures to adopt towards their mitigation and</p> <p>VI.6.(4) (iv) the monitoring procedures, aiming at their follow-up.</p>	<p>VI.6.(1) Adopted</p> <p>VI.6.(2) Adopted</p> <p>VI.6.(3) Adopted</p> <p>VI.6.(4) Adopted</p>	<p>50 to 55 (see for points 52 to 54 subchapter 2.7.1. Description of the Risk Management Process of chapter 2.7. Identification of risks (risk matrix) and CTT response, chapter 2.7. Risk Management, pages 60 to 66 of this Integrated Report)</p>
VI.7.	<p>The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.</p>	<p>Adopted</p>	<p>21, 38, 50, 52 and 54 (see for points 52 and 54 subchapter 2.7.1. Description of the Risk Management Process, chapter 2.7. Risk Management pages 60 to 66 of this Integrated Report)</p>
VII. FINANCIAL INFORMATION			
VII.1 Financial Information			
Principle VII.A.	<p>The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.</p>		
Principle VII.B.	<p>The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.</p>		
VII.1.1.	<p>The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.</p>	<p>Adopted</p>	<p>38</p>
VII.2 Statutory audit of accounts and supervision			
Principle	<p>The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.</p>		
VII.2.1.	<p>By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.</p>	<p>Adopted</p>	<p>37 and 38</p>

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 - Corporate Governance
<p>VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.</p> <p>VII.2.2.(1) The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports,</p> <p>VII.2.2.(2) having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.</p>	<p>VII.2.2.(1) Adopted</p> <p>VII.2.2.(2) Adopted</p>	<p>38</p>
<p>VII.2.3. The supervisory body should annually assess the work conducted by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.</p>	<p>Adopted</p>	<p>38 and 45</p>

Comply or Explain

⁽¹⁾ Recommendation III.4

*“Each company should include a number of non-executive directors that corresponds to **no less than one third**, but always plural, who satisfy the legal **requirements of independence**. For the purposes of this recommendation, an independent person is one who is not **associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision**, namely due to:*

- i. having carried out functions in any of the company’s bodies for more than twelve years, either on a consecutive or non–consecutive basis;*
- ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;*
- iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;*
- iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director’s duties;*
- v. having lived in a non–marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings;*
- vi. having been a qualified holder or representative of a shareholder of qualifying holding.”*

Although there is no total coincidence of criteria for assessing the independence of non–executive members of the Board of Directors, between, on the one hand, CMVM Regulation No. 4/2013 (Point 18.1 of Annex I to said Regulation) which, in the case of the members of the Board of Directors who are also members of the Audit Committee, refers to the Portuguese Companies Code, and, on the other hand, the IPCG Code which generally refers to independence requirements without express reference to the regime of the Portuguese Companies Code as regards the members of the Audit Committee, **the Company fully complies with Recommendation III.4. of IPCG Code** to the extent that, in

accordance with the criteria defined for the purposes of this Recommendation, 43% of all its Directors are independent. The percentage rises to 67% when measured solely in terms of its non-executive Directors.

⁽²⁾ **Recommendations V.3.2. and V.3.4.**

According to the Note on Interpretation of the IPCG Corporate Governance Code 2018 (Amended in 2020) - Note no. 3, it was considered that Recommendations V.3.2. and V.3.4. **are not applicable to CTT, as these recommendations refer to the nominating committee whose function is to monitor and support the appointments of senior management and CTT does not qualify as Senior Management**, within the meaning of EU Regulation, **any person other than members of the management and supervisory bodies, and the appointment of these members is monitored and supported by the Corporate Governance, Evaluation and Nominating Committee** (see adoption of sub-recommendation III.7.(2) of the IPCG Code above).