



# Environmental sustainability at CTT

Copenhagen Economics conference





May, 11<sup>th</sup> 2021

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# CTT at a glance: 500 years of history produced an operator with a diversified business

the shaper of e-commerce in Portugal, a key player in Postal Financial Services and the founder of a retail bank



Business Units	Mail & Other	Express & Parcels	Financial Services & Retail	Banco CTT
Revenues FY20 (Δ '19)	€426.1m (-10.8%)	€193.0m (+26.6%)	€44.0m (-7.1%)	€82.1m (+30.5%)
EBITDA (margin) FY20	€44m (10.3%)	€6.6m (3.4%)	€20.7m (47%)	€19.2m
Key operational figures	517M addressed mail items	53 million items	€3.8bn public debt placements	€1.7bn in customer deposits
Strategy	Ensure sustainability of mail and accelerate growth of Business Solutions leveraging on a digital & physical portfolio	Focus on growth and profitability, fix Spain and develop fulfilment	Expand and grow savings and insurance Focus 24-hour and self-service on core retail products	Consolidate profitability and growth of a mostly digital retail bank
	Better	Faster		
	Greener			
Other figures (at the end of 2020)	 <b>+12k</b> Employees <b>4,312</b> Mailmen & women	 <b>+4K</b> Operational fleet <b>+330</b> Ecological vehicles	 <b>+240</b> Operational & distribution centres	 <b>561</b> Post offices (CTT owned) <b>1,822</b> Postal agencies (3 <sup>rd</sup> party)

# CTT are committed with environmental sustainability, being a reference in the industry



3 GOOD HEALTH AND WELL-BEING		<b>Leadership A</b>
4 QUALITY EDUCATION		CDP™ CTT distinguished with the highest score of Carbon Disclosure Project climate change rating
7 AFFORDABLE AND CLEAN ENERGY		<b>2<sup>nd</sup> best in our industry</b>
8 DECENT WORK AND ECONOMIC GROWTH		<b>-6% (vs. 2019)</b>
11 SUSTAINABLE CITIES AND COMMUNITIES		<b>Decrease in energy consumption</b>
12 RESPONSIBLE CONSUMPTION AND PRODUCTION		<b>335 (+20 vs. 2019)</b>
13 CLIMATE ACTION		<b>&gt;100k trees planted</b>
16 PEACE, JUSTICE AND STRONG INSTITUTIONS		<b>Campaign "A Tree for the forest"</b>
		Project to protect the national forest attained remarkable adherence

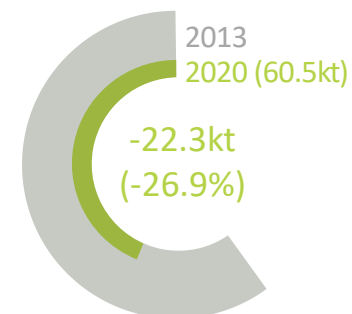
CTT have clear objectives and commitments regarding environmental sustainability. Examples:

- November 2019: commitment to “Business ambition for 1,5°C”, a United Nations initiative to reduce carbon emissions
- January 2020: joined the Lisbon European Green Capital 2020 Commitment – Climate Action Lisbon 2030
- Present commitment to reduce absolute emissions by 30% (scopes 1, 2 and 3) by 2025, using 2013 as the base year. By the end of 2020, a reduction of 27% was accomplished.

**BUSINESS AMBITION FOR 1.5°C**

**LISBOA**  
Verde 2020  
**CAPITAL VERDE EUROPEIA**

Uma iniciativa da Comissão Europeia



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# How did CTT get here? Different initiatives have been launched or incorporated in the portfolio



Green electricity

100% of the electricity consumed by CTT is green through the acquisition of green electricity with GoO certificates (equivalent to 37% of CTT's direct energy footprint)

Electric fleet

Largest electric fleet in Portugal within the transportation and logistics sector, with 13 electric vans added in 4Q2020. The distance travelled by the fleet of alternative vehicles increased by 29%, in 2020, due to the optimization and expansion of its activity

Fleet energy rationalization plan

Plan for the 2017-2020 period requires a mandatory energy efficiency rate improvement (5%). Fleet energy efficiency average annual improvement of 4.5% since 2017. Solutions are distributed over three areas of action: technological development, mobility management and behavioral change

Route optimization systems

Routing software in place for own fleet operations, with expansion to outsourced fleet currently underway

Active risk management

Climate-related risks incorporated into the existing risk taxonomy and risk inventory, along with financial, operational and strategic risks. A specific analysis is dedicated to the environmental damage and climate change risks.

Incorporation of specific attributes in CTT services / products

Easy Mail and Express offer in Portugal is carbon-neutral with no added costs for customers and represents c. 17% of CTT's total revenues. CTT has set out to engage the public, launching an open participatory voting in its website for the selection of the projects financed by CTT to offset green products carbon emissions.

# Example 1: Easy Mail, a fully carbon free mail product

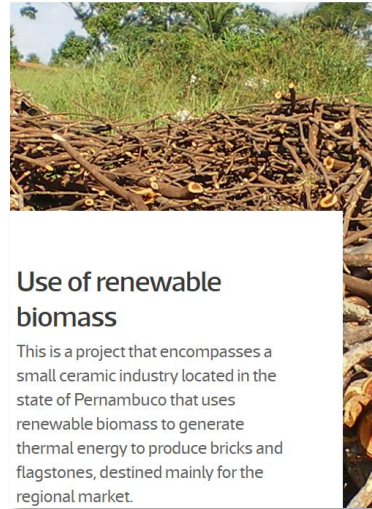


- Recycled paper and water-based ink
- Carbon neutral, cost-free emissions compensation

- Participative offsetting process reached 630k users in social networks
- First open choice participatory CO<sub>2</sub> offsetting project in Portugal

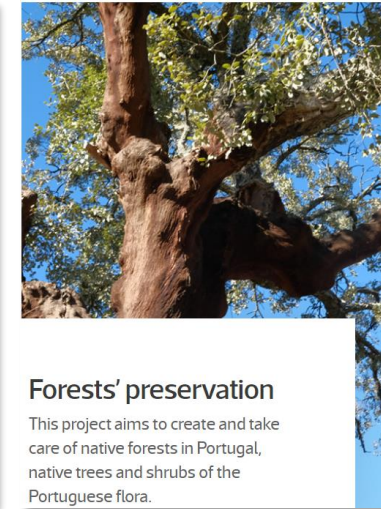
- Pre-paid packages/envelopes, no need to weight
- Launched in 2010

CTT launched an open participatory voting in its website for the selection of the projects to be financed by CTT to offset Green Mail carbon emissions (2 out of 4, one national and one international)



### Use of renewable biomass

This is a project that encompasses a small ceramic industry located in the state of Pernambuco that uses renewable biomass to generate thermal energy to produce bricks and flagstones, destined mainly for the regional market.



### Forests' preservation

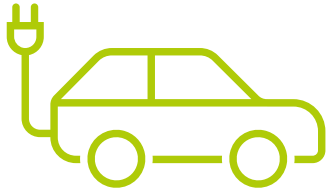
This project aims to create and take care of native forests in Portugal, native trees and shrubs of the Portuguese flora.

A similar process has been applied to CTT Expresso portfolio enabling a fully carbon neutral portfolio

### Key figures

- c. 7.6 million items in 2020 (+41% vs 2019)
- c. €10 million in revenues in 2020 (+28% vs 2019)
- Brand positioning and stakeholder engagement
- Finalist in the GPA Green Project Awards 2018 - category of Mobilisation Initiative, and in the CSR Coups de Coeur - Environment category

## Example 2: Easy deliveries, the use case of Nespresso



NESPRESSO

- Since July 2020 Nespresso's deliveries in Lisbon are made in electric vehicles
- Vehicles expected to save more than 15 tons of CO<sub>2</sub> annually
- Vehicles do not issue any particles and Nox and CTT buys exclusively 100% renewable electric energy, so the carbon impact of these electric vehicles is null, improving the city's air quality
- Collection, by carriers, of used capsules for recycling
- Pilot launched in July 2020
- C. 62k objects delivered until March 2021



## Example 3: Reusable packaging in express products, a pilot to launch in 2021



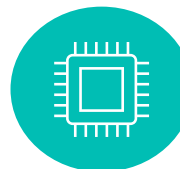
- A solution designed for e-commerce
- Each packaging is estimated to be able to complete 50 cycles
- 100% recyclable polyethylene (at the end of its lifecycle)
- Each packaging, when carrying out 50 cycles, is capable of generating savings of 5kg of CO<sub>2</sub>, which amounts to a 50km trip by car
- Less waste in operations and distribution activities
- Acceptance by potential users expected to be high (survey conducted)



Reduction of the carbon footprint of the distribution activities is fully aligned with CTT's global strategy and ecological positioning



Win-win situation: by reducing the acquisition of single-use cardboard boxes and strengthening the brand's positioning as sustainable companies



Promotes the implementation of automated scanning systems which can support either logistical and operational efficiency gains at the company



# CTT want to contribute positively to the environmental sustainability and we will continue to employ a continuous effort in sustainability matters



Because...we are true to our sustainability principles:

- **Economic value**
- **Environmental protection**
- **Innovation and development**
- **Ethics, governance and integrity**
- **Share capital**

Because...our stakeholders value and look for sustainable solutions.

E.g.: According to an IPC study, Portuguese e-buyers:

- Would like packaging of their parcels to be recyclable (63%)
- Would like packaging materials of their parcels to be reusable (55%)
- Recycle their e-commerce packaging (55%)
- C. 50% of e-buyers to whom has been offered the option of paying an extra for the carbon-neutral delivery have paid it

**With a continuous involvement, transparency and commitment,  
we have a priority in environmental protection**





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