

Plan for the Prevention of Risks of Corruption and Related Infringements

CTT

INFORMATION ON THE DOCUMENT

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Questions about the document or about the prevention of corruption in CTT may be addressed to the mailbox: PREVENTION OF CORRUPTION

TABLE OF CONTENTS

1. FRAMEWORK.....	3
2. DEFINITIONS	3
3. SCOPE AND OBJECTIVES.....	4
4. CTT – CORREIOS DE PORTUGAL, S.A.....	5
5. PLAN FOR THE PREVENTION OF RISKS OF CORRUPTION AND RELATED INFRINGEMENTS	11
6. SANCTIONS.....	16
7. RISK OF CORRUPTION AND RELATED INFRINGEMENTS IN CTT.....	17
8. DURATION, REVISION AND PUBLICITY	19
9. FINAL PROVISIONS	19
10. ANNEX – ASSESSMENT OF THE RISK OF CORRUPTION AND RELATED INFRINGEMENTS IN CTT	20

1. FRAMEWORK

- 1.1. Decree-Law 109-E/2021 of 9 December created the MENAC – National Anti-Corruption Mechanism and approved the RGPC – General Regime for the Prevention of Corruption (in force since 8 June 2022).
- 1.2. MENAC is the supervisory entity for the implementation of and compliance with the RGPC in the entities concerned and holds powers of initiative, control and sanction (application of fines) for non-compliance with the RGPC.
- 1.3. The RGPC determines the obligation to implement a programme for the prevention of corruption and related infringements, namely for legal persons with headquarters in Portugal employing 50 or more Workers (the entities covered).
- 1.4. Decree-Law 109-E/2021 was approved and published following the Resolution of the Council of Ministers No. 37/2021 which approved the National Anti-Corruption Strategy 2020-2024.
- 1.5. In this context, CTT Group (or "Group") has adopted and implemented a compliance programme with the purpose of preventing, detecting and sanctioning acts of corruption and related infringements carried out against or through any of the companies within the Group, which includes:
 - (i) this Plan for the Prevention of Risks of Corruption and Related Infringements (PPR);
 - (ii) the appointment of a Regulatory Compliance Officer;
 - (iii) the creation of the Corruption Prevention Department;
 - (iv) a Code of Conduct – Prevention of Corruption and Related Infringements – available for consultation on the CTT intranet and website;
 - (v) a Training Programme; and
 - (vi) a Reporting Channel (whistleblowing channel).

2. DEFINITIONS

- 2.1. For the purposes of this document, and unless specifically indicated otherwise, the definitions below have the following meaning (in singular or plural):

Code of Conduct – the Code of Conduct on the prevention of corruption and related infringements to be complied with by all Senior Officers and Employees of the CTT Group;

Corruption and Related Infringements – the crimes of corruption, receiving and offering undue advantage, embezzlement, economic participation in business, concussion, abuse of power, prevarication, influence peddling, laundering or fraud in obtaining or diverting a subsidy, grant or credit, as defined in Article 3 of Decree-Law 109-E/2021 of 9 December;

- (i) **Abuse of Power** – art.º 382º Penal Code

- (ii) **Laundering** – art.º 368º – A Penal Code
- (iii) **Concussion** – art.º 379º Penal Code
- (iv) **Passive corruption** – art.º 8 of Law 20/2008 of April 21
- (v) **Active corruption** – art.º 9 of Law 20/2008 of April 21
- (vi) **Fraud in obtaining or diverting a subsidy, grant or credit** – art.º 36º; 37º and 38º of Decree-Law 28/84 of January 20
- (vii) **Economic participation in business** – art.º 377º Penal Code
- (viii) **Embezzlement** – art.º 375º Penal Code
- (ix) **Prevarication** – art.º 369º Penal Code
- (x) **Receiving and offering undue advantage** – art.º 372º Penal Code
- (xi) **Influence peddling** – art.º 335º Penal Code

Employee – For the purposes of the criminal law application are treated as employees, the members of a management or administrative body or fiscal body and employees of public service concessionaires.

CTT Group or CTT – the company CTT – Correios de Portugal, S.A. and its Subsidiaries which have not adopted specific instruments concerning the prevention of corruption and related infringements;

MENAC – National Anti-Corruption Mechanism, approved by Decree-Law 109-E/2021 of 9 December;

PPR – this Plan for the Prevention of Risks of Corruption and Related Infringements of CTT;

RGPC – General Regime for the Prevention of Corruption, approved by Decree-Law 109-E/2021 of 9 December;

RCN – Regulatory Compliance Officer responsible for RGPC Compliance;

3. SCOPE AND OBJECTIVES

3.1. Scope

This PPR encompasses all companies that are part of CTT Group and that have not adopted specific instruments concerning the prevention of corruption and related infringements and applies to all Employees and Managers, Suppliers, Customers, Partners and other Stakeholders.

The PPR also aims at describing the activities carried out by the different Units of the CTT Structure, within the scope of their organisational and internal functional powers, where exposure to the risk of corruption and related infringements is identified.

3.2. Objectives

The objective of the PPR is to identify and manage the risks of corruption and related infringements in the CTT Group, in accordance with legal and regulatory, external and internal requirements.

The Plan for the Prevention of Risks of Corruption and Related Infringements of CTT Group contains:

- a) the processes and/or organic units with greater exposure to the risk of corruption and related infringements;
- b) the risk events of corruption and related infringements that may occur within the processes and/or organic units previously defined;
- c) the mitigating measures of the risk events of corruption and related infringements;
- d) the degree of severity of the risk events of corruption and related infringements and respective mitigation measures, according to the methodology presented in this document;
- e) the need to implement additional mitigation measures to strengthen existing controls or implement new controls in order to prevent the occurrence of the risk events of corruption and related infringements;
- f) the status and deadline for implementation of the mitigation measures;
- g) the identification of Owners responsible for risk events of corruption and related infringements, as well as for the mitigating measures.

The Regulatory Compliance Officer is also responsible for the implementation, control and review of the Plan for the Prevention of Risks of Corruption and Related Infringements.

4. CTT – CORREIOS DE PORTUGAL, S.A.

4.1. Group

At the turn of the page of the 500 years of postal activity in Portugal, CTT has a unique history of dedication, commitment and professionalism, which for several centuries has brought the Portuguese and the world closer together.

CTT has always been an important Partner of companies, through the creation of innovative solutions that help the growth of businesses, whatever their size.

Our focus is to continue to be a postal operator of global reference, oriented towards sustainable growth, centred on the ideals of excellence and proximity and focused on innovation.

Our Purpose

CTT's Purpose, which illustrates the reason for its existence and its essence as a company, is:



Deliver the future, connecting people and companies in a sustainable way

Our Vision

The vision converts the purpose into aspirations and enunciates where we want to be in the medium to long term:



FOR COMPANIES – To be the reference partner for companies, developing ecommerce and simplifying its physical and digital presence



FOR PEOPLE – To be the brand people trust in shipping and in financial and insurance services

Our Mission

The mission expresses in a more tangible way how to achieve the vision, synthesising the objective of the organisation:



FOR COMPANIES – To constantly innovate, offering logistics solutions and support services, with quality, focused on Customer needs



FOR PEOPLE – Simplifying people's lives in physical communication, savings, credit and insurance.

Our Values

The values define the characteristics that form the identity and represent the priorities of the organisation:



Customer Focus – Customers are the core of everything we do. We serve them with quality and respond to their needs, aiming to exceed their expectations.



Proximity – We are close and bring people together. We connect people and companies. We work focused on the needs and expectations of our Customers.



Sustainability – We act in a socially, environmentally and economically responsible way with all those with whom we have a relationship. We protect our future and that of future generations.

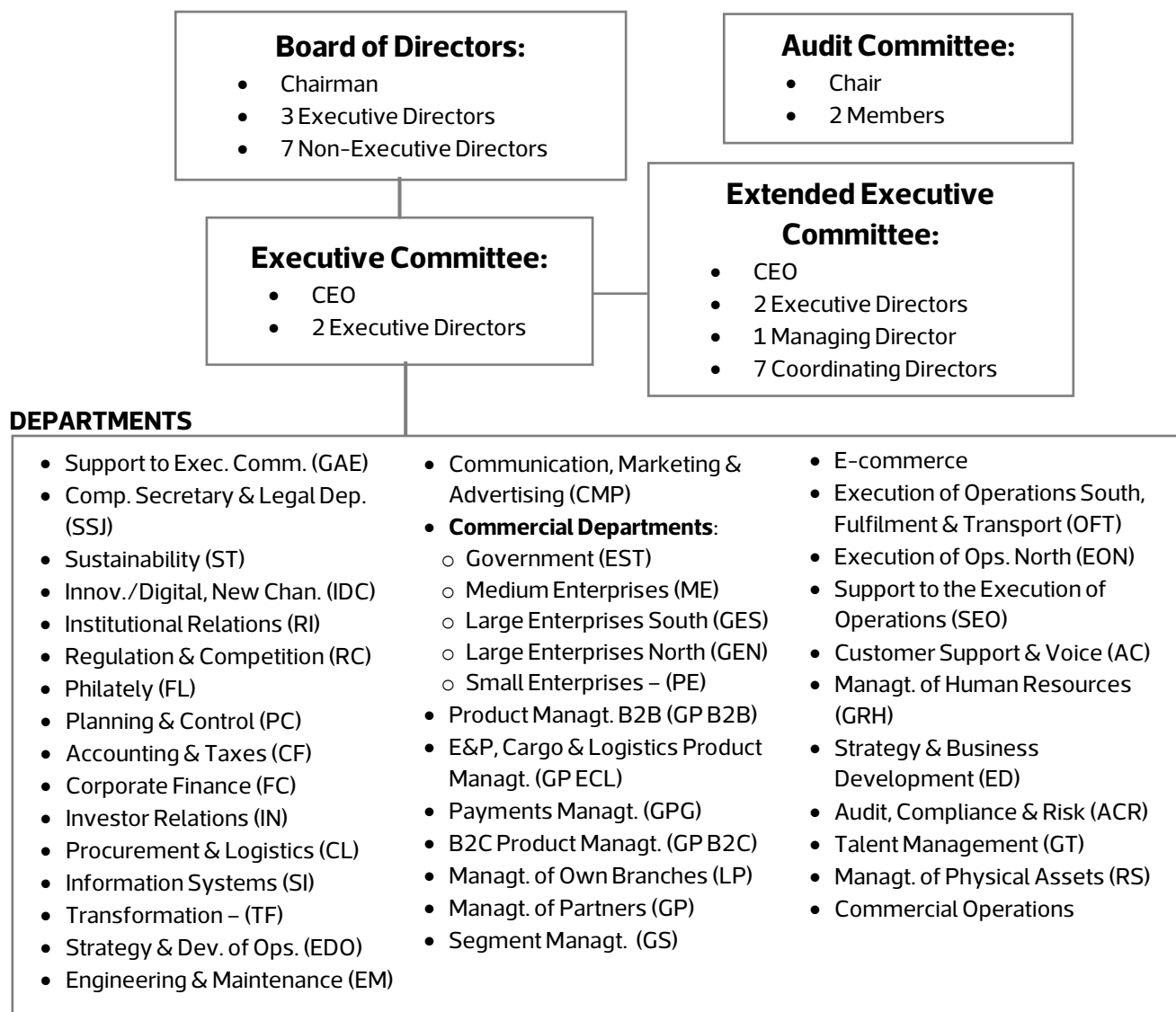


Trust – We conduct our activity with seriousness and consistency, building relationships of trust that generate credibility with all stakeholders.



Commitment – We work with commitment, pride and diligence, in a resilient manner, to achieve our objectives for all stakeholders.

4.2. Corporate Governance



4.3. CTT Group companies covered by the risk assessment of corruption and related Infringements of this PPR

CTT Group companies with 50 or more Employees and which have not adopted specific instruments relating to the prevention of corruption and related Infringements.

4.4. CTT Commitment

CTT - Correios de Portugal, S.A. ("CTT" or "Company") and the companies that, at each moment, are in a control or group relationship with CTT ("Subsidiaries") guide the exercise of their activities by the respect for the principles of legality, good faith, responsibility, transparency, loyalty, integrity and professionalism, whether in the relationship with shareholders, regulatory and supervisory entities, Customers, Suppliers, service providers, media, public and private entities, the general public, or in the internal relationships between CTT employees.

CTT is committed to carrying out its activity in strict compliance with the laws and regulations in force, as well as to the promotion of responsible action guided by the highest standards of ethics and integrity.

CTT has a policy of zero tolerance towards any type of act of corruption or related infringements, as well as non-compliance with any legal or internal regulations concerning this matter, also ensuring full cooperation with the authorities, with a view to eradicating such behaviour.

Thus, each of CTT's organisational entities shall implement procedures to prevent and mitigate the risk of occurrence of events of corruption and related infringements, and shall also implement procedures to detect and report to RCN any such events.

CTT only enters into and formalises legal transactions with Customers, Suppliers and Partners that respect the principles of legality, good faith, responsibility, transparency, loyalty, integrity and professionalism and comply with all legislation governing acts of corruption and related infringements.

4.5. Responsibility of the Board of Directors (BoD)

The BoD is responsible for the implementation of the Prevention of Corruption and Related Infringements programme. In this context, the BoD is responsible for ensuring:

- the approval of this PPR, proposed by the Prevention of Corruption Department and after assessment by the Audit Committee;
- the approval of the annual revisions/amendments to the PPR, as proposed by the Department of Prevention of Corruption and after assessment by the Audit Committee.

4.6. Responsibility of the Audit Committee (AC)

AC is responsible for:

- Assess, prior to its approval by the Board of Directors, CTT's Plan for the Prevention of Risks of Corruption and Related Infringements, as well as the respective annual revisions/changes;
- Assess, prior to their approval by the Executive Committee, the Reports (annual and interim) on monitoring the execution of CTT's Plan for the Prevention of Risks of Corruption and Related Infringements.

4.7. Responsibility of the Executive Committee (EC)

Executive Committee is responsible for:

- Analyze and approve the annual and interim reports on monitoring the implementation of the PPR presented by the Department for the Prevention of Corruption, after prior appraisal by the CAUD.
- Monitor and promote the implementation of mitigation actions defined in the PPR.
- Promote and monitor training on Corruption Prevention.

4.8. Functions for the Prevention of Corruption and Related Infringements

The Corruption Prevention department is managed by the Regulatory Compliance Officer ("RCN"), appointed for this purpose, who guarantees and controls the application of the Regulatory Compliance Programme, exercising his/her functions in an independent, permanent and autonomous manner. The competent bodies shall ensure that he/she has access to internal information and to the technical and human resources necessary for the proper performance of his/her functions.

These are as follows:

- Ensure compliance with the General Regime for the Prevention of Corruption (RGPC) in CTT;
- Promote the analysis and internal disclosure of the legal and regulatory regimes applicable to the prevention of corruption and related infringements in the Group, as well as recommend the adoption of preventive and/or corrective measures, arising from changes in the applicable legislation;
- Prepare and review the Group's Plan for the Prevention of Risks of Corruption and Related Infringements (PPR), ensuring its execution;
- Draw up interim and annual evaluation reports on identified situations of Significant or High risk, as well as on the degree of implementation of preventive and corrective measures;
- Assess the Group's risk exposure with regard to the prevention of corruption and related infringements;
- Articulate with the Departments with responsibility for the Reporting Channel and the Legal-Labour Department the handling and analysis of reports of acts of corruption and related infringements, received through the Reporting Channels or otherwise;
- Ensure the revision of the Group's Code of Conduct on the prevention of corruption and related infringements;
- Ensure the disclosure and publication of the Code of Conduct, the PPR and the Evaluation Reports, for information of all Managers and Employees of CTT;
- Articulate with the Training area of the CTT Group the organisation of internal training programmes for the Group's Managers and Employees, so that all know and understand the implemented policies and procedures for the prevention of corruption and related infringements, reviewing them whenever necessary.

4.9. Internal Control Functions

The main Organic Units that comprise the Three Lines of Defence of Internal Control in CTT are identified below:

1st Line of Defence

The Organisational Units with responsibility for Operations and Commercial areas are responsible for identifying and monitoring the risks of corruption and related infringements in the respective processes, as well as identifying and implementing measures to mitigate these risks.

2nd Line of Defence

The Organisational Units that act as the 2nd line of defence are responsible for ensuring the preparation/review of regulations and procedure manuals, as well as for supporting and monitoring the operations carried out by the 1st line of defence.

Compliance

- Promote the analysis and ensure internal disclosure of the legal and regulatory regimes applicable to the financial products and services marketed by CTT, as well as recommend the adoption of preventive and/or corrective measures, arising from changes in the applicable legislation.
- Identify and monitor money laundering and terrorist financing risks, carrying out assessments and investigations.
- Define and propose the implementation of policies, procedures and controls with a view to preventing money laundering and terrorist financing, as well as ensure the reports and other information to be sent to the supervisory bodies.
- Ensure compliance with the duties of examination and reporting of potentially suspicious transactions, as well as other reporting and collaboration obligations.

Risk Management

- Manage the Group's risk management system in a centralised and independent manner and coordinate the Risk Management Committee of the CTT Group, ensuring its functioning and scope of action.
- Carry out the periodic review of the Group's risk profile, the risk management system regulations and other documentation supporting the process.
- Define concepts, methods and risk measures, namely Key Risk Indicators (KRI), to monitor the Group's most significant risks.
- Monitor in a systematic and structured manner the implementation of programmes/projects/actions to mitigate the Group's most significant risks.

Inspection

- Carry out investigative actions to clarify anomalous or irregular occurrences, with a view to identifying causes, damage and indicial culprits.
- Keep a record, by location and nature, of complaints, denunciations and anomalous occurrences, in order to monitor and prevent potential illegal activities.
- Prepare reports showing in their conclusions the corrective and preventive measures for the occurrence of irregularities and illicit acts.
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Other Divisions – with functions of support, monitoring and incentive to risk management by the 1st line of defence, as well as guaranteeing compliance with the Law and other

regulations/norms, ethically acceptable behaviour, internal control, company security information and technology, sustainability and quality assurance.

3rd Line of defence:

The third Line of defence acts supplementarily, with a view to independently examining and assessing CTT's activities and business, in order to mitigate the risks associated to processes and transactions, recommending corrective measures to the audited areas and providing information necessary for the governance process.

Internal Audit

- Carries out internal auditing actions within the CTT Group, with a view to ensuring evaluation of the Internal Control System, as well as compliance with legal obligations and/or those determined by supervisory or regulatory bodies, complying with internationally recognised and accepted internal auditing principles;
- Systematically monitors the evolution of the auditable universe of the organisation, leveraging the degrees of coverage and assessment to the risks associated to transactions and activities, in the technical tools of remote auditing;
- Provides technical advice to the bodies of the CTT Group, in the review of procedures and in the analysis of projects and critical business and/or operational processes, assessing the adequacy and effectiveness of the various components of the internal control system, to promote continuous improvement.

The External Auditor – in addition to analysing the financial statements for issuing the legal certification of accounts, it also analyses the internal control system, issuing an annual report with conclusions and possible recommendations to mitigate the identified situations. In accordance with International Standards on Auditing, the external auditor obtains reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.

4.10. Control and Prevention Tools

- Code of Ethics;
- Code of Conduct - Prevention of Corruption and Related Infringements;
- Code of Conduct of CTT Managers and Insiders;
- Policy on Prevention of Money Laundering and Terrorist Financing;
- Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Situations of Conflicts of Interest;
- Regulation of the Board of Directors;
- Regulation of the Audit Committee;
- Regulation on Reporting Procedures (Whistleblowing).

5. PLAN FOR THE PREVENTION OF RISKS OF CORRUPTION AND RELATED INFRINGEMENTS

5.1. Identification of Processes with higher risk exposure

Owner/Department	Process	Activity
Executive Committee	Management Decisions	Process that reflects all management decisions, ensured by the Managers in the CTT Group's strategic activities or daily tasks, namely the implementation of objectives, authorisations, approvals, etc.
Procurement & Logistics	Acquisition of Goods and Services	Produces and updates the procurement regulations, conducts all procurement processes for goods and services for the CTT Group, and classifies and evaluates the suppliers of the CTT Group.
Procurement & Logistics	Undeliverable items	Stores and monitors undeliverable items, ensures the forwarding of claimed items and holds auctions of undeliverable/unclaimed items.
Support to the Execution of Operations	Outsourcing	Contracting of service providers for the transportation of postal items (addressed or unaddressed mail and express mail) between Sorting Centres, as well as their distribution to the addressees
Talent Management + Human Resources Management	Hiring Human Resources	Hiring Human Resources in accordance with the strategy and procedures approved by the Executive Committee, namely fixed-term, open-ended or permanent contracts, as well as hiring temporary labour to meet occasional needs
Commercial Operations	Indemnities and Credit Notes to Business Customers	Analyses and calculates the value of Indemnities and Credit Notes issued in favour of Business Customers, usually on their complaint, in accordance with the rules defined by CTT for their attribution.
Commercial Operations	Rendering of Accounts with Partners for Financial Operations	Ensures the necessary reconciliations and controls to guarantee that the amounts to be delivered to or received from the Partners correspond to the operations effectively carried out in CTT on behalf of the Partner.
Information Systems	Security of the Information	Guarantees the security of the information contained in the IT systems, namely through access control, malicious attacks, backups, interfaces and training for users
Information Systems	IT Projects/ Contracts	Ensures control over IT projects (internal or external), as well as over suppliers of maintenance or other IT, namely payments for services rendered and access to information contained in the computer systems
Management of Physical Assets	Works/Maintenance of Buildings	Ensures control over the Suppliers for works or maintenance in CTT-owned or rented buildings. Participates in the selection and evaluation of these Suppliers in coordination with the Procurement & Logistics Department.
Management of Physical Assets	Fleet Management	Responsible for the CTT Group's fleet management, namely the needs for own or leased vehicles, as well as their maintenance. It also ensures the relationship and control of payments with the Leasing Companies.
Management of Physical Assets	Real Estate Management	Ensures the management of real estate assets (owned or rented), namely needs through the purchase and sale or rental of buildings in the CTT Group. Ensures control over the use of the buildings.
Accounting & Taxes	Treasury Management	Ensures the treasury management, namely bank account movements and management of the needs in each bank account, as well as the application of funds according to the strategy approved for that purpose. It also ensures the control of the bank accounts' administrators.

5.2. Risk Management and Evaluation Methodology

5.2.1. Definitions

Risk – all events that do not enable or can limit an organisation to achieve its objectives.

Residual risk – is the level of risk after taking into account risk mitigation actions such as control activities.

Probability – frequency of occurrence of the risk event in a process or business.

Impact – consequence of the occurrence of the risk event in the organisation's activity.

Risk Event of corruption and related infringements – event giving rise to an illicit of corruption and related infringements.

Risk Level – addition of probability with impact.

Control/Mitigation Action– action that prevents/mitigates the occurrence of the associated risk event and/or its impact.

5.2.2. Methodology

In order to verify whether the risk events of corruption and related infringements are being adequately addressed, managed and monitored, the following points present the evaluation methodology used in CTT.

Probability:

The methodology used in CTT for risks of corruption and related infringements foresees three levels of probability of occurrence of the risk event, taking into account the suitability of the mitigation measures, as well as the history of risk events that have occurred in the last 3 years.

Control/ Mitigation Measure	Probability		Description
Adequate =>	1	Remote	There are controls that guarantee a very low exposure to risk. No recorded cases or very exceptional event - Maximum 1 case in the last 3 years.
Weak =>	2	Possible	Implemented controls are insufficient to mitigate risk exposure. May occur - If detected between 2 and 3 cases in the last 3 years.
Inadequate =>	3	Very likely	Lack of controls or controls that do not guarantee risk exposure reduction. Strong possibility of occurrence - If more than 3 cases have occurred in the last 3 years.

Impact:

The methodology used in CTT for risks of corruption and related infractions foresees three levels of Impact, taking into account the value involved, as well as the negative reputation

that a risk event may entail for CTT. When there is divergence between the economic impact and the reputational impact, the classification of the higher of the two shall prevail.

Classif.		Impact	Rationale
1	Low	Economic (< €0.5m)	- With low economic impact, not jeopardizing the normal development of the activities/projects.
		or Reputational	- No impact on the confidence of Customers, Suppliers, Partners or Investors; - No media exposure.
2	Medium	Economic (≥ €0.5m and < €5m)	- With economic impact, which may jeopardise the implementation of projects, calling into question the efficiency and effectiveness of the Company's activity; - With non-compliance with the Law, but with low value of potential sanctions applied.
		or Reputational	- With the loss of some Clients, Partners or Investors, as well as difficulty in negotiating with Suppliers; - With the possibility of dissemination in the Media or dissemination in media with low audience.
3	High	Economic (≥€5m)	- With great economic impact, jeopardising the implementation of projects, calling into question the efficiency and effectiveness of the Company's activity, as well as its development and innovation; - Non-compliance with the law with high sanctions applied.
		or Reputational	- With loss of Customers and consequent loss of market share to the competition; - Abandonment of Partners and Investors; - Rising cost of capital due to loss of confidence by the Market; - Increased prices from Suppliers; - With dissemination/highlighting in the Media.

Risk Matrix:

The risk matrix results from the sum of the probability of occurrence of a risk event with the impact that this event will have on CTT.

Probability	3	4	5	6
	2	3	4	5
	1	2	3	4
		1	2	3
		Impact		

Legend:

Matrix	Risk Level
2	Low
3	
4	Moderate
5	Significant
6	High

Risk Level:

According to Article 6(2)(b) of the RGPC, the risks shall be graduated in levels according to the probability of occurrence and foreseeable impact. Thus, CTT uses four risk levels in its risk assessment of corruption and related infringements, as follows:

- **Low Risk Level** – *Information to the Executive Committee required*
Situation with low probability of occurrence and with negligible financial and reputational impact for CTT.
- **Moderate Risk Level** – *Executive Committee's attention recommended*
Situation that may lead to financial losses and/or result in damage to CTT's reputation.
- **Significant Risk Level** – *Executive Committee's attention required*
Serious situation that could lead to significant financial losses, non-compliance with CTT's strategy, policies and values, considerable damage to its reputation and possible legal and/or regulatory non-compliance.
- **High Risk Level** – *Executive Committee's immediate attention required*
Serious situation that could lead to significant financial losses, non-compliance with CTT's strategy, policies and values, considerable damage to reputation and possible legal and/or regulatory breaches.

Mitigation measures:

After assessing the risk for the activities mentioned above, the mitigation measures for the risks identified must be defined, as well as an analysis of their sufficiency, which may result in the need to implement additional measures in order to strengthen the internal control system.

CLASSIFICATION	DESCRIPTION
Adequate	The mitigation measures implemented allow the identified risks to be mitigated
Weak	Need to strengthen the mitigation measures implemented
Inadequate	Need to change existing mitigation measures or implement new ones

5.3. Monitoring of Risk Events of Corruption and Related Infringements

The exposure of each risk event of corruption and related infringements to which CTT is or may come to be exposed is monitored through the implementation of a process to control these risks.

The frequency of monitoring varies according to the result previously obtained in the assessment of the risk events of corruption and related infringements, with the more serious risks being monitored more frequently.

RISK LEVEL	MONITORING FREQUENCY
Low	Annual – <i>review of the PPR</i>
Moderate	Annual – <i>review of the PPR</i>
Significant	Three times a year – <i>review of the PPR and assessment reports</i>
High	Quarterly or Monthly

The monitoring of risk events of corruption and related infringements has the following objectives:

- ensure the effectiveness and efficiency of the controls implemented, namely through how often those risk events have occurred;
- identify evolutions in risk events that may worsen their probability or impact, taking into account changes in processes and/or supporting software applications or changes in structure;
- ensure that the risk event mitigation actions identified for implementation, are carried out in line with the measures and timeframes envisaged, or decide whether these need to be revised;
- identify possible emerging risks.

5.4. Monitoring of the Plan for the Prevention of Risks of Corruption and Related Infringements

RCN is responsible for:

- the annual review of the PPR, ensuring the necessary adjustments arising from changes in structure, processes or business;
- preparing, in the month of October, the interim assessment report on the identified situations of Significant and High risk, as well as the state of implementation of the mitigation measures identified as necessary to be implemented;
- preparing, in April of the following year, the annual assessment report, containing, inter alia, the quantification of the degree of implementation of the identified preventive and corrective measures, as well as the forecast of their full implementation;
- other monitoring actions that are deemed necessary, whenever high risks are identified.

6. SANCTIONS

6.1. Administrative offences

Failure to comply with the provisions of the RGPC, e.g.:

- non-implementation of the PPR,
- non-adoption of the Code of Conduct,
- non-implementation of an internal control system,
- failure to draw up control reports of the PPR,

is considered an administrative offence, punishable with fines ranging from €2,000.00 to €44,891.81, in accordance with Article 20 of the RGPC.

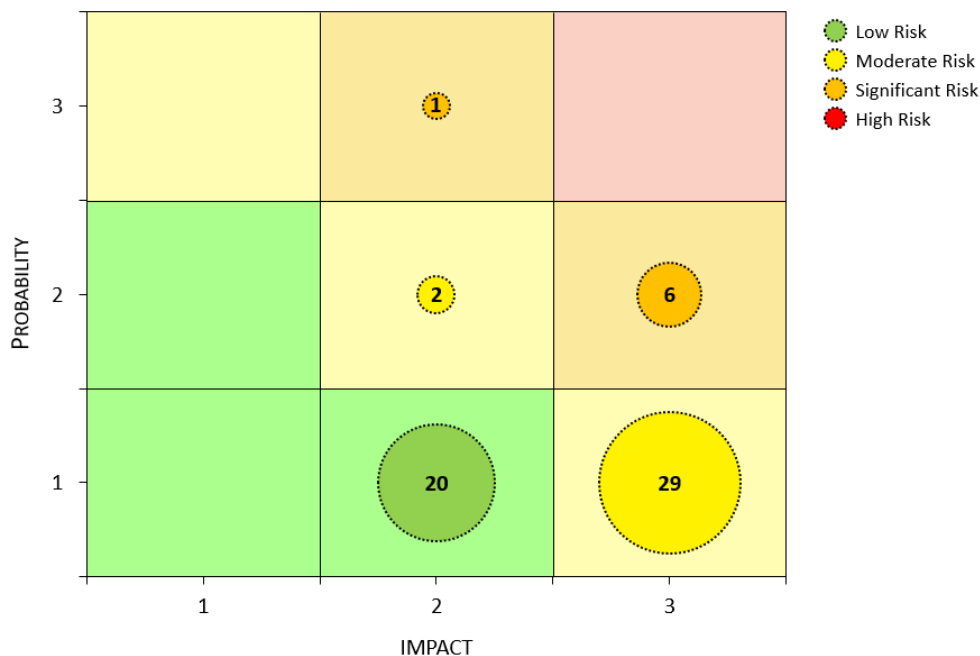
6.2. Accessory sanctions

Legal entities governed by private law, as is the case of CTT, which commit any of the administrative offences described in Article 20 (1) (paragraphs a. b. and c.) of the RGPC may be subject to the additional penalty of publicity of conviction, depending on the gravity of the fact and the respective guilt.

The publication of the conviction is carried out, in full or in extracts, at the offender's expense, namely in a national, regional or local newspaper, depending on what seems to be the most appropriate, as well as on MENAC's official website for a period of 90 days.

7. RISK OF CORRUPTION AND RELATED INFRINGEMENTS IN CTT

7.1. Risk Matrix CTT



Macro - Processes with greater exposure to Risk (Significant)

- Acquisition of Goods and Services (**4 risk events**)
- Fleet Management (**3 risk events**)

7.2. Summary of the Assessment of the Risk of Corruption and Related Infringements of CTT

In this first assessment 13 processes were assessed, whereby 58 events were identified that expose CTT to the risk of corruption and related infringements, which are detailed in point 10 of this document. In summary:

- 49 risk events with remote probability of occurrence, of which 20 have medium impact and 29 have high impact. Of these, with the exception of two with high impact, the mitigating measures implemented are sufficient to mitigate the risk. For the two exceptions, **the process owners identified and assumed the implementation of improvement opportunities:**

Owner/Process – Physical Assets & Security (RS) / Building Works and Maintenance.

Risk Event – Fraud/falsification in contracting with suppliers of building maintenance.

Improvement Opportunity – [Improve the current indicators, in order to include information about the process of low cost repairs \(Deadline – end of 2023\) – page 25.](#)

Owner/Process – Support to the Execution of Operations (SEO) / Subcontracting.

Risk Event – Tampering with correspondence for gain.

Improvement Opportunity – [Include in the training for Subcontractors a module on compliance with the principles and rules for the prevention of corruption and related infringements \(Deadline – end of first half of 2023\) – page 26.](#)

- 8 risk events have a possible probability of happening, of which 2 have medium impact and 6 have high impact. Given the possibility of the risk event occurring, **the Owners of the processes identified and undertook the implementation of additional mitigation measures to strengthen the controls.**

Owner/Process – Procurement & Logistics (CL) / Acquisition of Goods and Services.

Risk Events:

1 - Unauthorised purchases or purchases authorised by an entity lacking the necessary power to do so, with advantage for the purchaser or a third party;

2 - Unjustified Contract Awards/Direct Awards (AD), with advantage for oneself or a third party;

3 - Choice of an inappropriate procedure in relation to the Procurement Manual or CCP, with benefit to oneself or to a third party.

Mitigation Measure – [Increase the value of procurement led by the Procurement & Logistics Department \(currently 50%\) to a minimum of 80% \(Deadline – end of 2023\) – page 21.](#)

Owner/Process – Procurement & Logistics (CL) / Acquisition of Goods and Services.

Risk Event – Inadequate selection of Suppliers in view of the Company's needs, to the detriment of CTT and to the benefit of the supplier or a third party.

Mitigation Measure – [Extend the evaluation process to all CTT Suppliers \(Deadline – end of 1st semester 2023\) – page 21.](#)

Owner/Process – Procurement & Logistics (CL) / Undeliverable items.

Risk Event – Misappropriation of goods in undeliverable postal items.

Mitigation Measure – [Implement monitoring of items staying more than two years in Warehouse \(Deadline – end of 2023\) – page 21.](#)

Owner/Process – Human Resources Management (GRH) / Hiring Human Resources.

Risk Event – Fraud in hiring temporary work, for personal benefit or for the benefit of a third party.

Mitigation Measure – [Given that the contracts with temporary work agencies are very old and outdated, promote a new market survey with Procurement & Logistics \(Deadline – End of 1st half of 2023\) – page 22.](#)

Owner/Process – Physical Assets & Security (RS) / Fleet Management.

Risk Event – Undue advantage given in contracting with suppliers of car maintenance, for one's own benefit or for the benefit of a third party.

Mitigation Measure – Coordinate with Procurement & Logistics the launch of a call for tenders for the acquisition of maintenance/repair services for heavy vehicles at national level (*Deadline – end of 2023*) – page 24.

Owner/Process – Physical Assets & Security (RS) / Fleet Management.

Risk Event – Process of car-scrapping and sale of vehicles, for one's own benefit or for the benefit of a third party.

Mitigation Measure – Request Procurement & Logistics to organise a new tender to select a company for the scrapping/sale of vehicles, given the seniority of the current supplier contract (> 4 years) (*Deadline – end of 2023*) – page 24.

- 1 risk event with high probability of occurrence (3) and medium impact. Given the high possibility of occurrence, the Process Owner identified and undertook the implementation of additional mitigation measures to strengthen controls.

Owner/Process – Physical Assets & Security (RS) / Fleet Management.

Risk Event – Use of the CTT fleet for one's own benefit or for the benefit of a third party, to the detriment of CTT.

Mitigation Measures:

Replacement of the fleet management application in articulation with the Information Systems Department and the Procurement & Logistics Department, in order to strengthen fleet control (*Deadline – end of 2024*) – page 24.

Additionally, consider the implementation of "GPS/TELEMETRY" technologies in the Service vehicles, in order to allow control over improper use (*Deadline – end of 2023*) – page 24.

8. DURATION, REVISION AND PUBLICITY

- 8.1. This PPR shall enter into force on the date of its approval by the Board of Directors and shall be reviewed annually or whenever there is any significant change, namely in the organizational structure of the CTT Group, that justifies its review.
- 8.2. The PPR is a central instrument in the prevention of corruption and related infringements, and should therefore be widely disseminated among Employees and Managers and other Stakeholders.
- 8.3. All those covered by this PPR should know, understand, respect and comply with it, as well as contribute to improving it whenever an opportunity for improvement is identified. Everyone can and should also clarify any doubts that it may raise by contacting the Regulatory Compliance Officer.
- 8.4. The most current version of this PPR is disclosed on CTT's intranet and official website at www.ctt.pt.

9. FINAL PROVISIONS

This PPR was approved at the Board of Directors' meeting of June 21, 2023, following a favourable opinion from the Audit Committee.

10. ANNEX – ASSESSMENT OF THE RISK OF CORRUPTION AND RELATED INFRINGEMENTS IN CTT

Process: Management Decisions
Owner: Executiva Committee (EC)

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC001	Decision contrary to the Law or internal regulations, with personal benefit or for the benefit of a third party	- Audit Committee; - Internal Audit;	Adequate	1	3	Moderate		
RC002	Approvals without delegated powers for that purpose, for one's own benefit or for the benefit of a third party	- External Auditor (Statutory Auditor); - Decision Support Departments , namely: Executive Committee Support; Legal Offices; Audit, Compliance & Risk; Planning & Control; Accounting & Taxes; Corporate Finance; Investor Relations; Regulation & Competition;	Adequate	1	3	Moderate		
RC003	Abuse of Power for personal benefit or for the benefit of a third party	- Diploma of Delegation of Powers;	Adequate	1	3	Moderate		
RC004	Improper use of inside information, with personal benefit or for the benefit of a third party	- Code of Ethics; - Code of Conduct - Prevention of Corruption and Related Infringements;	Adequate	1	3	Moderate		
RC005	Falsification of documents for one's own benefit or for the benefit of a third party	- Code of Conduct for CTT Senior Officers and Insiders; - Prevention of Money Laundering and Terrorist Financing Policy;	Adequate	1	3	Moderate		
RC006	Conflict of interest in the definition of the strategy for CTT, with personal benefit or for a third party	- Regulation on Assessment and Monitoring of Transactions with Related Parties and Prevention of Situations of Conflict of Interest;	Adequate	1	3	Moderate		
RC007	Setting objectives in accordance with personal interests or those of third parties to the detriment of CTT	- Regulation of the Board of Directors; - Regulation on the Procedures regarding the Report of Irregularities (Whistleblowing);	Adequate	1	3	Moderate		
RC008	Illicit economic participation in a business, obtaining benefit for oneself or a third party	- Segregation of Duties between those who propose, validate and approve the decision.	Adequate	1	3	Moderate		

**Process: Purchase of Goods and Services
Owner Department: Procurement & Logistics (CL)**

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC009	Unauthorised purchases or purchases authorised by an entity lacking the necessary power to do so, with advantage for the purchaser or a third party	- Segregation of functions between internal client (triggering the need) and Procurement & Logistics Dept. (which conducts the acquisition process), for 50% of the value of purchases at CTT. - CTT Procurement Manual.						
RC010	Unjustified Contract Awards/Direct Awards (AD), with advantage for oneself or a third party	- CCP - Public Procurement Code. - Procurement & Logistics validates expenditure authorisations in accordance with the Delegation or Sub-Delegation of Powers in force in CTT. - Procurement & Logistics validates that expenditure authorisations make reference to the budget line and budget allocation.	Weak	2	3	Significant	Increase the value of procurement led by the Procurement & Logistics Department to a minimum of 80% Deadline: end of 2023	Ongoing
RC011	Choice of an inappropriate procedure in relation to the Procurement Manual or CCP, with benefit to oneself or to a third party	- Procurement & Logistics assesses/controls the suitability of the Contract Award/Direct Award procedure. - Procurement & Logistics validates the procedure according to the defined rules.						
RC012	Inadequate selection of Suppliers in view of the Company's needs, to the detriment of CTT and to the benefit of the supplier or a third party	- Candidate suppliers are validated by the Procurement & Logistics Dept. - Qualification of CTT suppliers on the platform used for procurement processes (ARIBA). - Average number of suppliers invited to bid per procurement process = 4 - Existence of a selection board for each tender, who assess the supplier's capacities, with only the proposals of the suppliers qualified for the acquisition in question being assessed.	Weak	2	3	Significant	Procurement & Logistics will strengthen control, implementing an evaluation process for all CTT suppliers. Deadline: 1 st half of 2023	Ongoing
RC013	Supplier bids accepted after the deadline for this purpose, for the benefit of the supplier or a third party	- Use of the "ARIBA" application, which makes it impossible to accept late bids. - Procurement & Logistics validates the rules for the presentation of bids that appear in the tender documents.	Adequate	1	2	Low		
RC014	Award to Supplier other than the one who won the tender, for personal benefit or for the benefit of a third party	- Use of the "ARIBA" application, which requires a new call for tenders to be launched whenever there is no suitable bid for the need. - Existence of a selection board for each tender, which evaluates the bids and presents the winning supplier in accordance with the rules of the tender documents. - Approval of the award by a body other than the selection board.	Adequate	1	3	Moderate		

**Process: Undeliverable Items
Owner Department: Procurement & Logistics (CL)**

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC015	Fraudulent product auctions with loss for CTT	- Recording of the items in the Undeliverable Items application for control and setting up of auctions - The high-value items are removed from the auctions and delivered to CTT Services for internal consumption, being registered in SAP for entry and exit from the Warehouse - Donation of goods to institutions, whenever appropriate and with the authorisation of the Executive Committee.	Adequate	1	2	Low		
RC016	Provide inside information to auction clients, for personal benefit or for the benefit of a third party	- The high-value items are removed from the auctions and delivered to CTT Services for internal consumption, being registered in SAP for entry and exit from the Warehouse - Donation of goods to institutions, whenever appropriate and with the authorisation of the Executive Committee - Increase of Auction promotion, namely through Internal Communication, CTT Website and Facebook. Action that allows increasing and diversifying attendance at auctions.	Adequate	1	2	Low		
RC017	Misappropriation of goods in undeliverable items	- Recording of the items in the Undeliverable Items application for control and setting up of auctions.	Weak	2	2	Moderate	Implement monitoring of items staying more than two years in Warehouse Deadline: end of 2023	Ongoing

Process: Hiring Human Resources

Owner Departments: Talent Management (GTL) and Human Resources Management (GRH)

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC018	Favouring candidates for vacancies in CTT, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - Vacancies are mainly filled through internal recruitment. - External recruitment only occurs when there is no internal employee who meets the necessary requirements or in very exceptional and duly justified situations. - Internal competitions are publicised on the intranet and an email is sent with the announcement, with the request to managers to post it in the workplace, ensuring access to all employees. External competitions are disclosed on CTT's website. - The required or preferential requirements are defined by the Internal Client and Human Resources Areas (GT or GRH) and are always included in the internal or external announcements. 	Adequate	1	2	Low		
RC019	Improper use of inside information to fill promotion vacancies, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - Candidates go through several stages to be hired, namely: <ul style="list-style-type: none"> . CV analysis by the Human Resources Areas (GT or GRH) and, subsequently, by the Internal Client; . Technical tests (whenever deemed necessary); . Interviews (by the Human Resources Areas and the Internal Client); . Group behavioural assessment (when there are several candidates); . Psychological evaluation (in a specialised company); . Pre-employment medical examination. 	Adequate	1	2	Low		
RC020	Assigning positions to people who are not qualified to do so, for their own benefit or for the benefit of a third party	<ul style="list-style-type: none"> - All proposals to candidates, whether by internal or external competition or by internal proposal, are duly validated by the Talent Management Department. - All hiring is approved in accordance with CTT's Delegation of Powers. In the case of external hiring, it always has to be approved by the Executive Committee or the Board of Directors, depending on the Group company that is hiring. - For external hiring, the admission proposals (normally after a fixed-term contract period), are prepared by the Internal Client in accordance with the previously defined criteria and validated by the Talent Management Department, which submits them for senior approval. 	Adequate	1	2	Low		
RC021	Unauthorised hiring of Human Resources, for personal or third party benefit	<ul style="list-style-type: none"> - As condições contratuais, podem ser propostas e fundamentadas pelo Cliente interno, tendo sempre o parecer da Gestão de Talento, que as submete à apreciação e aprovação superior de acordo com a Delegação de Competências em vigor nos CTT. - CTT's principle (as stated in CTT's Code of Ethics) is that relatives should not work in the same place/department, namely when there are hierarchical relationships. - Once the candidate has been selected, he/she is always asked to provide the documents required to perform the function for which he/she applied, namely the criminal record, and may be excluded during the analysis of these documents. 	Adequate	1	2	Low		
RC022	Hiring of unauthorised temporary work, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - Temporary work is governed by a set of rules defined internally and implemented in the Human Resources Department. - CTT applies the labour code legislation for the hiring of temporary work. 	Adequate	1	2	Low		
RC023	Fraud in the contracting of external recruitment companies, for one's own benefit or for the benefit of a third party	<ul style="list-style-type: none"> - Each temporary work contract has an underlying CUTT (Temporary Worker Utilisation Contract), signed between the temporary work agency and CTT, formalising the worker's situation. - The management of the temporary work hiring process is ensured by the Human Resources Department and the candidates proposed are always subject to evaluation and validation of their history with the Company (contracts, evaluations, among other things). - All hirings with temporary work agencies, as well as the necessary hours, are duly approved according to the Delegation of Powers in force in CTT. 	Adequate	1	2	Low		
RC024	Fraud in hiring temporary work, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - A set of procedures agreed between CTT and the temporary work agencies has been defined to control this type of hiring. These procedures, although they are being complied with, have not been formally converted into a contract between the parties. - The need to hire temporary work agencies is triggered by the Human Resources Department and the procurement process is carried out by the Procurement & Logistics Department, thus ensuring segregation of functions. The last market survey was in 2019. - Invoices are validated by the Human Resources department and/or the Internal Customer, always ensuring segregation of duties between those validating and those approving the payment. Their payment is ensured and validated by the Accounting & Taxes Department. 	Weak	2	2	Moderate	<p>Given that the contracts with temporary work agencies are very old and outdated, the Human Resources Department will promote a new market survey with Procurement & Logistics to ensure that the contract has the appropriate and sufficient clauses to control temporary work and to protect CTT against corruption and related infringements.</p> <p>Deadline: End of 1st half of 2023</p>	Ongoing

**Plan for the Prevention
of Risks of Corruption and Related Infringements**



Process: Treasury Management
Owner Department: Accounting & Taxes (CF)

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC025	Undue transfers/payments to IBAN, for personal or third party benefit	<ul style="list-style-type: none"> - For one-off transfers (outside CTT or IGCP - Portuguese Treasury and Debt Management Agency accounts) it is mandatory to present a valid document with the destination IBAN. - Requests for payments/transfers are made or originate from departments other than Accounting & Taxes, with validation and approval being carried out in Accounting & Taxes by different employees. - All transfers (including between CTT accounts) have double validation and require two signatures/authorisations. - Payment proposals are always approved in accordance with the Delegation of Powers in force in CTT and authorised/signed as indicated in the respective Bank. 	Adequate	1	3	Moderate		
RC026	Financial investments with advantage for oneself or for a third party	<ul style="list-style-type: none"> - The investment decision is always approved by the CFO, or in accordance with the Delegation of Powers in force in CTT. - The duly justified investment proposal is made by the Treasury division and validated by the Director of Accounting & Taxes, being submitted to the CFO for appreciation and authorisation. - All investments have double validation and require two signatures/authorisations, as indicated in the respective Bank. 	Adequate	1	3	Moderate		
RC027	Misappropriation of treasury funds	<ul style="list-style-type: none"> - Changes to signatures for bank transactions always require two signatures/authorisations, as indicated by the respective Bank. - All CTT bank accounts are subject to bank reconciliations, carried out by employees with no powers to operate bank accounts. - As a rule, bank account transactions require two signatures/authorisations, as indicated in the respective Bank. - As a rule, CTT post offices do not need to make cash withdrawals, as the supply of values by cash-in-transit companies is contracted. - Exemption of the requirement of two signatures/authorisations (CTT Post offices with only one employee) is subject to rules limiting the amount of money that can be withdrawn per day. If it is necessary to exceed this limit the post office must request the necessary amount from the treasury. 	Adequate	1	3	Moderate		

Process: Information Security
Owner Department: Information Systems (SI)

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC028	Leakage of information through improper access, with personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - Access to business support applications and/or applications containing personal data is only granted after validation by IT and approval by the Director of the service that requested access - CTT has defined its information security policy, which must be complied with by all the Group's Managers and Employees - CTT provides mandatory training on information security for all Group Managers and Employees, which is reinforced every three years 	Adequate	1	3	Moderate		
RC029	Improper use of access to inside information, with personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - All the profiles assigned are duly justified and are monitored according to the functions performed, including the profiles assigned on a temporary basis - All the profiles are requested by the service with the need, validated by IT and approved by the Director of the service that requested the assignment of the profile - CTT provides mandatory training on information security for all Group Managers and Employees, which is reinforced every three years 	Adequate	1	3	Moderate		
RC030	Hacker attack on systems with confidential information, with reequational and economic damage for CTT	<ul style="list-style-type: none"> - CTT carries out intrusion tests daily and has Microsoft technology that identifies and alerts any unauthorised access to the Information Systems - CTT has implemented quarterly exercises to validate users' vulnerabilities, with training obligation whenever justified. Microsoft technology supporting phishing and malware awareness - There are clauses on protection, accountability and mandatory information security in Data Centre contract 	Adequate	1	3	Moderate		

**Plan for the Prevention
of Risks of Corruption and Related Infringements**



Process: Fleet Management
Owner Department: Physical Assets & Security (RS)

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC031	Favouritism in the hiring of Rental Companies, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - The contracting processes with the Rental Companies are conducted by the Procurement & Logistics dept., in compliance with the Procurement Manual and the Delegation of Powers in force in CTT - The contracting of CTT's operational lease car fleet is spread across 4 Rental Companies, taking into account the best conditions presented at each moment of contracting. Tenders are launched via the "ARIBA" application whenever the contracted deadlines expire - The value of the operational car lease is calculated by the RS/Fleet Management and its validation and recording as investment (IFRS16) is done by Accounting & Taxes - Suppliers for the call for tenders are selected by the Physical Assets & Security Department in coordination with the Procurement and Logistics Department - For services outside the scope of the operational car lease contract (breakdowns due to negligence or accidents), the Rental Companies send the values and respective justification, which are analysed by Fleet Management technicians and, if accepted, are submitted for approval in accordance with the Delegation/Sub-delegation of Powers 	Adequate	1	3	Moderate		
RC032	Favouring suppliers in the purchase of vehicles, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - The vehicle purchase processes for CTT are conducted by the Procurement & Logistics Department, in compliance with the Procurement Manual and the Delegation of Powers in force in CTT - The validation and registration of the assets under investment is carried out by the Accounting & Taxes Department - Suppliers for the call for tenders are selected by the Physical Assets & Security Department in coordination with the Procurement and Logistics Department - All vehicle purchases are approved by the Executive Committee 	Adequate	1	2	Low		
RC033	Undue advantage given in contracting with suppliers of car maintenance, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - For heavy vehicles there is one technician per region (North, Centre and South), who: <ul style="list-style-type: none"> . Evaluate the maintenance/repair needs and control their evolution; . Request a budget from the workshops, which is sent to the Area Manager for validation and approval in accordance with the Delegation/Sub-Delegation of Powers. - For light vehicles - 99% of maintenance costs included in operational car lease contracts. For the others, their maintenance/repair is assessed by the RS/Fleet Management Department and approved according to the Delegation/Sub-delegation of Powers - For motorbikes, the maintenance management was outsourced to the supplier Boxer (contracted by the Procurement & Logistics dept. according to the Procurement Manual and the Delegation of Powers): <ul style="list-style-type: none"> . Repairs < 200€ - decision by the provider; . Repairs > 200€ - the provider requests a decision from the RS/Fleet Management; . Weekly follow-up meetings are held between the service provider and the RS/Fleet Management; . The suppliers for maintenance/repairs are selected in coordination between the service provider and the RS/Fleet Management; . The RS/Fleet Management carries out annual audits to the service provision of the service provider; . Expenditure indicators are produced for analysis, improvement of the process and possible corrections. 	Weak	2	3	Significant	<ul style="list-style-type: none"> - Physical Assets & Security (RS) will articulate with Procurement & Logistics the launching of a call for tenders for the procurement of maintenance/repair services for heavy vehicles at national level. Deadline: end of 2023 	Ongoing
RC034	Use of the CTT fleet for personal or third party benefit, to CTT's detriment	<ul style="list-style-type: none"> - Existence of internal regulations with rules for the use of service vehicles (Operational + General Service Vehicles) - Monthly usage indicators are produced, with warnings/requests for justification on kilometres travelled and/or toll passes to the user Departments whenever divergences are detected - Training is provided to operational drivers - The RS/Fleet Management has a computer application for its management. However, this has operating limitations and a need for development, given its age 	Weak	3	2	Significant	<ul style="list-style-type: none"> - Physical Assets & Security is in the process of replacing the fleet management application in conjunction with the Information Technologies and the Procurement & Logistics Departments, with a view to strengthening control over the entire fleet. Deadline: end of 2024 - The use of "GPS/TELEMETRY" technologies in Service vehicles would allow control over their misuse. Physical Assets & Security (RS) will propose its implementation. Deadline: end of 2023 	Ongoing
RC035	Purchase/Management of fuel, for own benefit or for the benefit of a third party	<ul style="list-style-type: none"> - The contracting processes with fuel suppliers are conducted by the Procurement & Logistics dept., in compliance with the Procurement Manual and the Delegation of Powers in force at CTT - Monthly indicators on fuel consumption are produced, with alerts on averages above the standard to user Departments for analysis and justification - All vehicles (including replacement vehicles) are issued with a fuel card in accordance with the contract with the fuel supplier - For exceptions, Users must justify the reason for not using the card attributed, send the invoice to the RS/Fleet Management that will carry out the analysis and approval according to the Delegation/Sub-Delegation of Powers 	Adequate	1	3	Moderate		
RC036	Process of car-scraping and sale of vehicles, for one's own benefit or for the benefit of a third party	<ul style="list-style-type: none"> - The contracting process with a company for the scrapping and sale of vehicles was carried out by the Procurement & Logistics Department, in compliance with the Procurement Manual and the Delegation of Powers in force in CTT - Vehicles for scrapping/sale are selected and proposed by the RS/Fleet Management and validated by the Director of Physical Assets & Security, who proposes their approval in accordance with the Delegation of Powers in force - The identification of the vehicles is sent by the RS/Fleet Management to Accounting & Taxes dept., which validates and registers the write-off and/or sale 	Weak	2	3	Significant	<ul style="list-style-type: none"> - Physical Assets & Security will request the Procurement & Logistics dept. to organise a new call for tenders to select a company for the scrapping/sale of vehicles, given the seniority of the current supplier (> 4 years) Deadline: end of 2023 	Ongoing

Process: IT Projects/Contracts
Owner Department: Information Systems (SI)

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC037	Undue payments to IT suppliers, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - IT Expenses are all approved in accordance with the Delegation of Powers in force in CTT - Control is carried out on the goods supplied or the service provided, ensuring compliance with the contract - Invoices from IT suppliers are validated and approved by separate IT staff and payments are made by the Accounting & Taxes dept., ensuring adequate segregation of duties 	Adequate	1	2	Low		
RC038	Fraud/falsification in contracting IT suppliers	<ul style="list-style-type: none"> - All IT hiring is triggered by the Department of Technology & Information (or by the Internal Customer area through the Department of Technology & Information) and the procurement process is carried out by the Procurement & Logistics Department, ensuring the application of the CTT Group Procurement Manual and adequate segregation of functions - All IT acquisitions are formalised through a written contract, to safeguard the interests of the CTT Group and information security 	Adequate	1	3	Moderate		
RC039	Undue access by suppliers to sensitive data (business or personal), for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - All contracts with IT suppliers include clauses on accountability and safeguarding information, to protect data throughout the duration of the contract and after its termination - The IT Department controls all accesses and profiles (strictly necessary for the performance of the contracted functions) assigned to suppliers/partners. The accesses are removed as soon as, in the IT evaluation, they are considered unnecessary - In addition to contractual clauses that hold suppliers/partners responsible for the undue use of data of the CTT Group and those it represents, the IT Department monitors the data accessed by these suppliers/partners 	Adequate	1	3	Moderate		
RC040	IT projects with no or inadequate execution, with personal or third party benefit	<ul style="list-style-type: none"> - The IT Department has specialised technicians to control all project phases, whether they are carried out by external suppliers or internal teams - All IT projects are triggered by the Internal Customer, their execution is the responsibility of the Information & Technology Department and their accounting is carried out by the Accounting & Taxes Department, thus ensuring adequate segregation of functions - All IT projects are approved in accordance with the Delegation of Powers in force in CTT 	Adequate	1	2	Low		

Process: Building Works and Maintenance
Owner Department: Physical Assets & Security (RS)

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC041	Fraud/falsification in contracting with suppliers of building maintenance	<ul style="list-style-type: none"> - Processes > €5,000 are handled by Procurement & Logistics dept. (CL), in compliance with the Procurement Manual and the Delegation of Powers in force in CTT; - In the case of investment, it is also necessary for Accounting & Taxes to validate and register it in SAP (CF); - For processes < €5,000, quotes are requested from one or more suppliers (depending on availability in the geographical area). These quotes are validated by the RS/Quality Management Coordinators and submitted to the head of the RS/Quality Management Department, who will then approve them in accordance with the current Delegation/Subdelegation of Powers; - Indicators per geographical area, values, supplier, number of interventions, for monitoring of possible intervention for corrections. 	Adequate	1	3	Moderate	<ul style="list-style-type: none"> - The RS Department will improve the current indicators to strengthen the low-cost repair process. Deadline: end of 2023 	Ongoing
RC042	Undue advantage given in contracting with building maintenance suppliers, with personal benefit or that of a third party	<ul style="list-style-type: none"> - Existence of selected suppliers at a national level, whose processes were conducted by the Procurement & Logistics dept. (CL) and with prices fixed and approved; - Suppliers for processes worth > €5,000 are selected by the Physical Assets & Security Department and the Procurement & Logistics Department; - Suppliers for processes worth < €5,000 are selected by the RS/Property Management Coordinators (according to availability in the geographic area) and submitted to the appreciation of the head of the RS/Property Management Department, who will proceed with approval in accordance with the Delegation/Subdelegation of Powers in force in CTT; - The invoices for expenses/investments in building maintenance are validated and submitted for approval by the RS/Property Management as per Delegation of Powers. 	Adequate	1	2	Low		

Process: Subcontracting

Owner Department: Support to the Execution of Operations (SEO)

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC043	Misappropriation of postal items and/or other valuables	<ul style="list-style-type: none"> - All items are traceable, with the respective number being associated with the Subcontractor in the computer system - Internal audits are carried out in an educational, preventive and dissuasive sense, as well as inspections whenever there is suspicion of misappropriation of items, with consequences for the Subcontracted Party, as per contract clauses, whenever the suspicion is confirmed - On a daily basis, the Subcontractors report to the Sorting Centres or Delivery Offices on the items they have taken for delivery - There are clear rules regarding the responsibility for the items in the custody of the Subcontractors, as well as the consequences of their loss, namely in the Operations Manual and the Distributor's Manual, as well as in the contract itself - CTT provides training to all its Subcontractors, for the handling/delivery of items under their responsibility. In turn, the Subcontractor is responsible for providing this training to its operative/delivery staff - Subcontractors are evaluated on a monthly basis for the quality of the service they provide, and this evaluation is registered in a database for this purpose. Exceptional situations, due to their seriousness (customer complaint or other), are also registered in the aforementioned database; however, they are treated on a case-by-case basis and may lead to penalties or even termination of the contract 	Adequate	1	3	Moderate		
RC044	Tampering with correspondence for gain	<ul style="list-style-type: none"> - All Subcontractors present to CTT the identification of their operative/delivery staff to fulfil the contract or whenever there is a substitution, through the Citizen's Card, Driving Licence and Criminal Record - The Sorting Centres or Delivery Offices identify the operative/delivery staff daily before handing over the items to them - There are clear rules regarding the responsibility for the items in the custody of the Subcontractors, as well as the consequences of their loss, namely in the Operations Manual and the Distributor's Manual, as well as in the contract itself - From April 2023 contracts with Subcontractors will include a new clause for the prevention of corruption and related infringements - CTT provides training to all its Subcontractors, for the handling/delivery of items under their responsibility. In turn, the Subcontractor is responsible for providing this training to its delivery staff - Subcontractors are evaluated on a monthly basis for the quality of the service they provide, and this evaluation is registered in a database for this purpose. Exceptional situations, due to their seriousness (customer complaint or other), are also registered in the aforementioned database; however, they are treated on a case-by-case basis and may lead to penalties or even termination of the contract 	Adequate	1	3	Moderate	<p>The Support to the Execution of Operations Department will include a module in the training for Subcontractors to make them aware of the obligation to comply with the principles and rules for the prevention of corruption and related infringements.</p> <p>Deadline - By the end of the 1st half of 2023</p>	
RC045	Undue payments or payments made to fictitious subcontractors, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - Invoices are analysed by the Sorting Centres and validated and approved by the Back Office Services - Indicators are produced daily on the services provided, with weekly analysis and action, namely on the existence of anomalous values - Contracting is carried out by SEO/TCO/Costs Negotiation and Partnerships area in coordination with the Procurement & Logistics dept., the Subcontractor's registration in the computer system is carried out by SEO/EPO/Direct Costs and Business Solutions area, and payment is made by the Accounting & Taxes dept., guaranteeing segregation of functions 	Adequate	1	2	Low		
RC046	Undue advantage given in the selection/contracting of subcontractors, with own benefit or for the benefit of a third party	<ul style="list-style-type: none"> - Processes > €5,000 are handled by the Procurement & Logistics Department (CL), in compliance with the Procurement Manual and the Delegation of Powers in force in CTT - In the case of exceptions (> €5,000), the processes are duly justified by the urgency of the contract, validated by the head of SEO/TCO/Costs Negotiation and Partnerships area, communicated to the Procurement & Logistics Department and submitted for approval in accordance with the Delegation of Powers - For processes < €5,000, quotes are requested from one or more Subcontractors (depending on availability in the geographical area). These quotes are validated by the SEO/TCO/Costs Negotiation and Partnerships Department and submitted by CL for approval in accordance with the Delegation/Subdelegation of Powers in force in CTT 	Adequate	1	3	Moderate		
RC047	Contracting illegal people in the country or companies with illegal workers in the country, infringing the Law and benefiting themselves or a third party	<ul style="list-style-type: none"> - For all Subcontractors, all qualification documents are requested and evaluated, namely insurance, permits, identification of their operative/delivery staff, including criminal records and respective working conditions - It is provided for in the contract: Whenever a Subcontractor replaces an operative/delivery employee, the Subcontractor must inform and present the necessary information/documentation to carry out the service in CTT to the Support to the Execution of Operations Department, which will carry out the necessary validations - It is provided for in the contract: Whenever it is necessary for the Subcontractor to increase operative/delivery staff, the Subcontractor presents the necessary information/documentation to carry out the service in CTT to the Support to the Execution of Operations Department, which carries out the necessary validations 	Adequate	1	3	Moderate		
RC048	Favouritism in the management of Subcontractors with own or third party benefit	<ul style="list-style-type: none"> - The Sorting Centres or the Delivery Offices record all the activities of the Subcontractors in a computer application, including all infringements committed and penalties applied - Subcontractors are evaluated on a monthly basis for the quality of the service they provide, and this evaluation is registered in a database for this purpose. Exceptional situations, due to their seriousness (customer complaint or other), are also registered in the aforementioned database; however, they are treated on a case-by-case basis and may lead to penalties or even termination of the contract - Monthly feedback is given to the Subcontractors on the evaluations, namely on the quality of service indicators - QSI (delivery standard) 	Adequate	1	2	Low		

Process: Property Management

Owner Department: Physical Assets & Security (RS)

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC049	Fraud/falsification in purchase and sale contracts, with advantage for oneself or for a third party	<ul style="list-style-type: none"> - Property purchase and sale processes are conducted by the RS/Property Management Department, with validation/monitoring by the Director (RS) - The Contracts are validated by CTT's Legal Department - Registration in Investment is carried out by the Accounting & Taxes Department - The processes of purchase and sale of real estate are always approved by the Executive Committee - The deeds are signed by members of the Executive Committee or in whom the Executive Committee delegates 	Adequate	1	3	Moderate		
RC050	Fraud/falsification in lease contracts, with advantage for oneself or for a third party	<ul style="list-style-type: none"> - Property leasing processes (to third parties or from third parties) are conducted by the RS/Property Management Department, with validation/monitoring by the Director - The Contracts are validated by CTT's Legal Department - Registration in Investment (IFRS 16) is validated/carried out by the Accounting & Taxes Department - The processes and respective property lease agreements are always approved by the Executive Committee 	Adequate	1	3	Moderate		
RC051	Use of Real Estate properties for personal or third party benefit, to the detriment of CTT	<ul style="list-style-type: none"> - Unused properties are subject to analysis (visit or contact), ensuring that they are not misused - There is a computer application for the control and management of CTT's real estate, from which indicators are extracted on the state of the properties and their respective use 	Adequate	1	3	Moderate		

Process: Rendering of Accounts with Financial Operations Partners
Owner Department: Commercial Operations

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC052	Misappropriation of amounts to be returned to Partners	<ul style="list-style-type: none"> - The operations are carried out by the CTT operating areas/post offices and are all validated in the Back-Office business support department before being accounted for to the Partner. - Validation and approval of the Partner's accounts are carried out by different people, ensuring segregation of duties. - Payments to the Partner are ensured and validated by the Accounting & Taxes Department. - Reporting to the Partner is always approved in accordance with the Delegation of Powers in force in CTT. - The reconciliation between the operations carried out and the amounts receivable from or payable to the Partner is carried out daily. 	Adequate	1	3	Moderate		
RC053	Undue payments to Partners, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - A control is in place that identifies all operations carried out by or on behalf of the Partner, as well as their quality, ensuring that the services provided correspond to what was contracted. - All payments are validated and approved by separate persons/entities, ensuring segregation of duties. - Payments are approved in accordance with the delegation of powers in force in CTT. 	Adequate	1	2	Low		
RC054	Inadequate management of service provision to the detriment of CTT and for personal benefit or of a third party	<ul style="list-style-type: none"> - A control is in place that identifies all operations carried out by or on behalf of the Partner, as well as their quality, ensuring that the services provided correspond to what was contracted. - All payments/receipts are validated against the operations carried out in accordance with the contract. Their validation and approval is always carried out by separate persons/entities, ensuring segregation of duties. 	Adequate	1	2	Low		
RC055	Fraud/falsification in contracting with Business Partners	<ul style="list-style-type: none"> - Contracts with Partners are always analysed by the departments in charge of the business in question, requesting the intervention of the Procurement & Logistics or the Product Management Departments to conduct the negotiation process. - The analysis of the contracts and their approval is always carried out by different persons/Departments, ensuring segregation of duties. - All contracts with Partners are approved by the Executive Committee or the Board of Directors, depending on which company of the CTT Group is doing the business. 	Adequate	1	3	Moderate		

Process: Indemnities and Credit Notes to Business Customers
Owner Department: Commercial Operations

Risk Ref.	Risk Event	Mitigation Measures		Residual risk			Need for additional measures	
		Description	Classif.	Prob.	Imp.	Level	Description	State
RC056	Issuing indemnities and/or credit notes to Customers who are not entitled to them, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - The analyses, validations and approvals for the attribution of indemnities and/or credit notes to Customers are carried out by separate Employees/Bodies. - The amounts attributed are approved in accordance with the Delegation of Powers in force in CTT. 	Adequate	1	2	Low		
RC057	Issuing indemnities and/or credit notes for amounts higher than due, for one's own benefit or for the benefit of a third party	<ul style="list-style-type: none"> - The processing of credit notes is carried out by different Employees/Bodies. The Commercial Operations dept. evaluates/approves and the Accounting & Taxes dept. issues them. - As a rule, the compensation values assigned to Business Customers are processed by Credit Note. For exceptional situations with processing by bank transfer, the Commercial Operations dept. validates the respective IBAN proofs. 	Adequate	1	2	Low		
RC058	Issuing indemnities and/or credit notes for amounts higher than due, for personal benefit or for the benefit of a third party	<ul style="list-style-type: none"> - The creation of Customers in SAP and the analysis and treatment of their complaints are carried out in separate Departments. - The compensation is also subject to monthly validation by a quality control team. 	Adequate	1	2	Low		