

**Declaration on the cost accounting system of CTT – Correios de Portugal, S.A., for the 2017 financial period (reformulated results)<sup>1</sup>**

Whereas:

1. under paragraph 1 of article 15 of the Postal Law<sup>2</sup>, CTT – Correios de Portugal, S.A. (CTT), as postal universal service provider (USP), is required to have in place a cost accounting system (CAS) that allows for accounting separation between each service and product that integrates the universal service and those that do not integrate it, specifically in order to enable the calculation of the net cost of the universal service and, additionally, the separation of costs associated with the various operations of the postal service (clearance, sorting, transport and distribution of postal items);
2. pursuant to sub-paragraph g) of article 6 of the Decision on the criteria to establish prices for the universal postal service, approved by ANACOM, on 21.11.2014, CTT is obliged to have in place a CAS to verify the general principle of price guidelines for costs, in accordance with the rules for allocation of costs resulting from the Postal Law;
3. pursuant to paragraph 4 of article 16 of the Postal Law, it is incumbent on the Autoridade Nacional de Comunicações (ANACOM) to ensure that a proper application of the CAS, according to the legal framework in force, is checked by a competent body, independent of the USP, as well as to publish as every year a statement of conformity for the aforementioned CAS and for the results obtained;
4. ANACOM decided on 10.08.2017 to award Grant Thornton & Associados, SROC, Lda. (Grant Thornton), the audit of the results of the CTT CAS for the 2017 financial year;
5. the audit was performed by an entity independent both of ANACOM and of CTT;
6. under the audit of the CTT CAS results for 2017, recently concluded after its reformulation, as determined by ANACOM, on 18.06.2019, the auditors concluded that the reformulated results for 2017 of the CTT SCA comply, in all materially relevant aspects, with the applicable laws and regulations, despite the distribution of

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<sup>1</sup> For purposes of paragraph 4 of article 16 of the Postal Law – Law 17/2012 of 26 April, in the version currently in force.

<sup>2</sup> Law 17/2012 of 26 April, as it stands.

the expenses between the postal activity and the banking activity not having been conducted at each post office, but rather based on an aggregate criterion and,

7. notwithstanding its immateriality, which does not affect the auditors' opinion as to the reformulated results for 2017 of the CTT SCA being in accordance with the applicable laws and regulations, during the audit of the aforesaid results it was also detected that there had been an inappropriate allocation of some expense items to the products of the CTT SCA.

ANACOM declares, for the purposes of paragraph 4 of article 16 of Law 17/2012 of 26 April, as it stands, that the results of the cost accounting system used by CTT – Correios de Portugal, S.A. relative to the 2017 financial period, and taking into account the aspects described in points 6 and 7 above, were produced in accordance with the applicable laws and regulations.