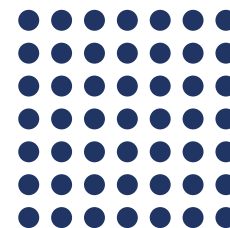








Integrated Annual Report 2022



grupoCorreos

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This integrated annual report of the Correos Group 2022 has been made in digital format. Its designs are suitable for viewing on smartphones and tablets. This report is publicly accessible in Correos web. All reports are also available in English. In the event of any disparity between the versions, the information contained in the Spanish version shall take precedence.

We want to know your opinion about this report. If you want to make comments and suggestions, you can refer them to rsc@correos.com or send them to:

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Juan Manuel Serrano Quintana
Chairman

Chairman's statement

🌐 GRI 2-22

Summing up what the 2022 financial year meant for the Spanish economy and society, and for Correos Group in particular, is a complex task. The mix of many challenging factors (the war in Ukraine, the energy crisis, supply difficulties, levels of inflation not seen in years, or the recurrent border restrictions due to COVID-19 in China) caused tensions in many sectors. They also influenced Correos's activities, affecting financial forecasts for the past year.

As well as these situational factors, digitalisation sped up and, as a result, there was a decrease in traditional postal services. However, there was also a continued growth of e-commerce services and, with that, of the parcel business. Despite this, there was a lower contribution than in previous years, due to the complex economic context and the distortions that persisted in the international environment.

In the complex economic environment, Correos Group intensified its diversification efforts. It did this to increase income and improve profit levels, working on progressing on new business models created in the

last year. It was working on providing customers new logistics solutions, national and international, for their entire value chains. Additionally, Correos and its parcel subsidiaries, Correos Express and Correos Express Portugal, enhanced its operations and commercial synergies, increasing efficiency levels and the service quality.

With the aim of promoting the national economy, Correos Group sustained small and medium sized businesses in their development and offered the citizens postal and logistics services to meet their needs. We supported SMEs and entrepreneurs in Spain through the Correos Market platform, helping them to sell their products online with no commission or intermediaries.

In our knowledge of the impact we have made, we continue to keep working on improving employment. In 2022, we consolidated 3,381 job positions, with a further 7,757 jobs created to be filled in 2023. This is our largest growth in job creation in the last few decades. We continued to keep working on defending



equal treatment and opportunities in the workplace and were successful in our application of the Correos Second Equality Plan. We promoted diversity both in and outside of our organisation.

We also kept deepening our commitment to public service by finalising new agreements with organisations in the financial sector and banking associations to expand our Correos Cash service's coverage, which makes it easier for customers to access cash at home or at our post offices, reducing the financial divide. Furthermore, we became a digitalising agent for small businesses by joining the state-supported *Kit Digital* programme to help them develop their full potential and access new markets. We also collaborated with the Spanish Ministry of Culture and Sport to make it easier for young people to access the *Bono Cultural*, a state-funded project aimed at 18-year-olds to give them financial support to access cultural events and activities more easily.

We are conscious of the importance to change our business model to a more long-term sustainable model with a triple impact (economic, social and environmental). Thus, we have made further progress in the incorporation of sustainable decision-making conducts, both in terms of the strategy and

governance as well as in operational and commercial decisions.

In 2022 our Sustainable Development Goals (SDGs) Alignment Model was approved. We also adopted new corporate Risk Control and Management Policy and Compliance Policies, which set the parameters applicable to the entire company. Additionally, we implemented Environmental, Social and Governance (ESG) Framework Policy, the Human Rights Policy, and the Framework of Criteria for Responsible Procurement in the Correos Group. This shows our conviction that we can play a pivotal role in making the 2030 Agenda happen and the universal respect for the Ten Principles of the UN Global Compact that were put together more than twenty years ago.

We also intensified our digital transformation process investing in cybersecurity and adopting new control systems to protect our clients from phishing and other digital attacks. Correos improved energy efficiency by installing solar panels on main operation centres and increasing its use of electric vehicles. The subsidiary company Correos Telecom extended its new mobile phone and fibre optic services, while laying the groundwork for the future development of cloud technology solutions.

All this has been possible due to the professionals that make up Correos Group. I want to thank them for all their effort and dedication to keep offer a better service to our customers, whom I also thank for their trust.





2. Correos Group in 2022

- Mission, vision, purpose and values
- Correos Group's triple impact
- Correos in numbers
- Correos Group's subsidiaries
- Territorial presence
- Milestones
- Recognitions



Mission, vision, purpose and values

VISION

Our destiny

To be a leading global provider of **logistics, communications, and proximity services**, recognised as a catalyst for **territorial structuring, sustainable economic** growth, and **social welfare**.

MISSION

Our (daily) journey

We work to connect our **customers both physically and digitally**, offering solutions that are **flexible, innovative and sustainable** from an economic, social and environmental perspective.

PURPOSE

Why do we start to walk?

To connect **people and territories**, generating **business and development** opportunities that are **sustainable** in the long term.

VALUES

Tools that help us to advance



TRUST

We work to meet the expectations of our customers and strive to be a reliable partner in their projects.

CLOSENESS

Through our wide network, we make life easier for people, institutions and companies wherever they are.

INNOVATION

We anticipate change by exploring new solutions that help us to respond and adapt to a change environment.

SUSTAINABILITY

We make decisions to guarantee that our activities incorporate the economic, social, and environmental impact (in the short, medium, and long term) on the company and its environment.

COMMITMENT

We know that the pulling together of our individual efforts will improve our team, and we work to ensure the quality of work and promote professional development.

Correos Group's triple impact



Economic

- **1,962** million euros in revenue
- **70.3** million euros in investments
- **75%** of customers who were attended to at a Correos post office were satisfied with the service
- **2,165** work centres certified in line with UNE EN:ISO 9001 standards
- **99%** of national suppliers



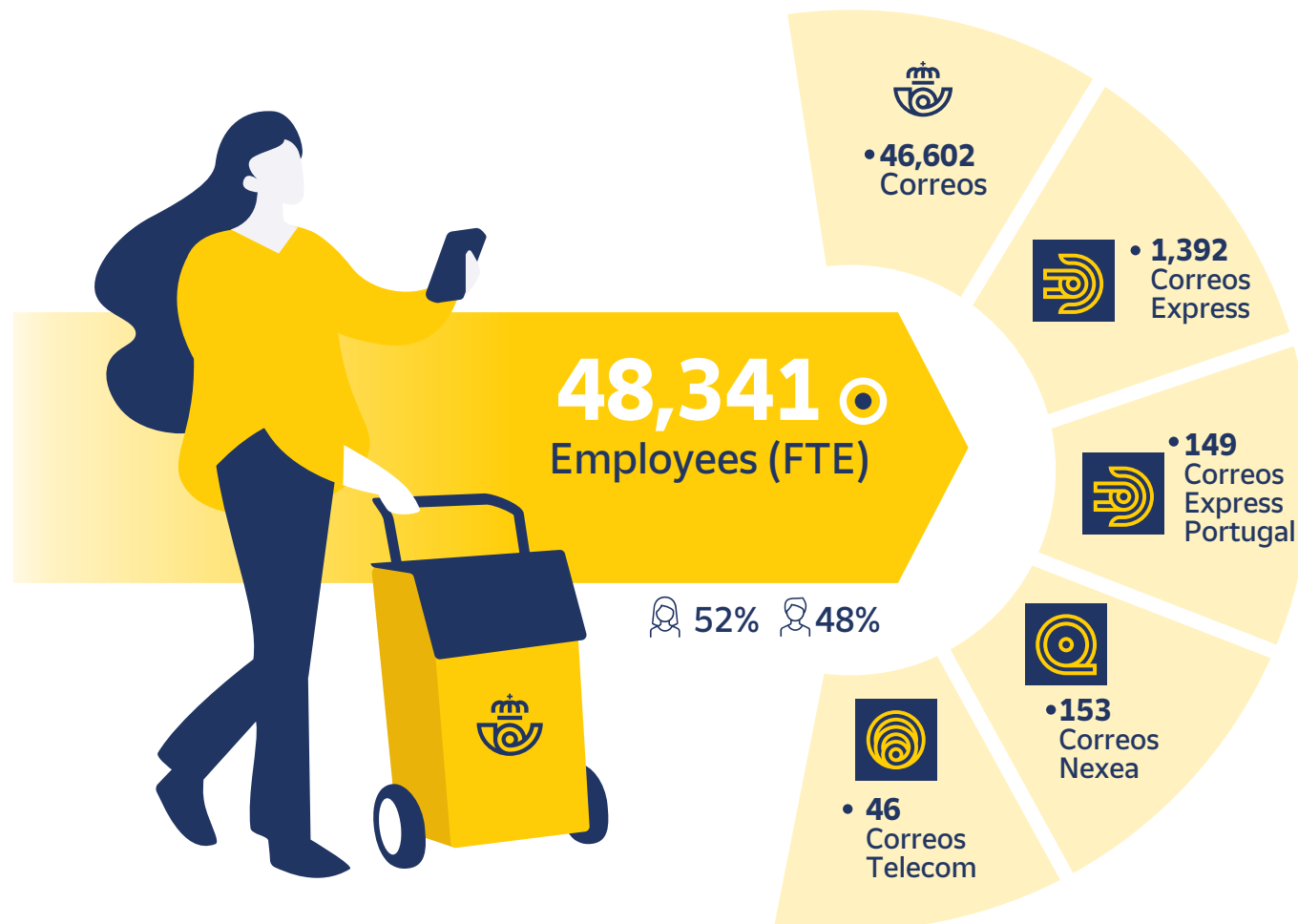
Social

- **48,341** employees (FTE)
- **52%** of the workforce is made up of women
- **More than 100** "Young Talents" from 8 countries undertaking internships within Correos Group
- **7,757** jobs created in the consolidation process
- **2.4** million training hours
- **100%** of contracts include environmental, social or innovation criteria

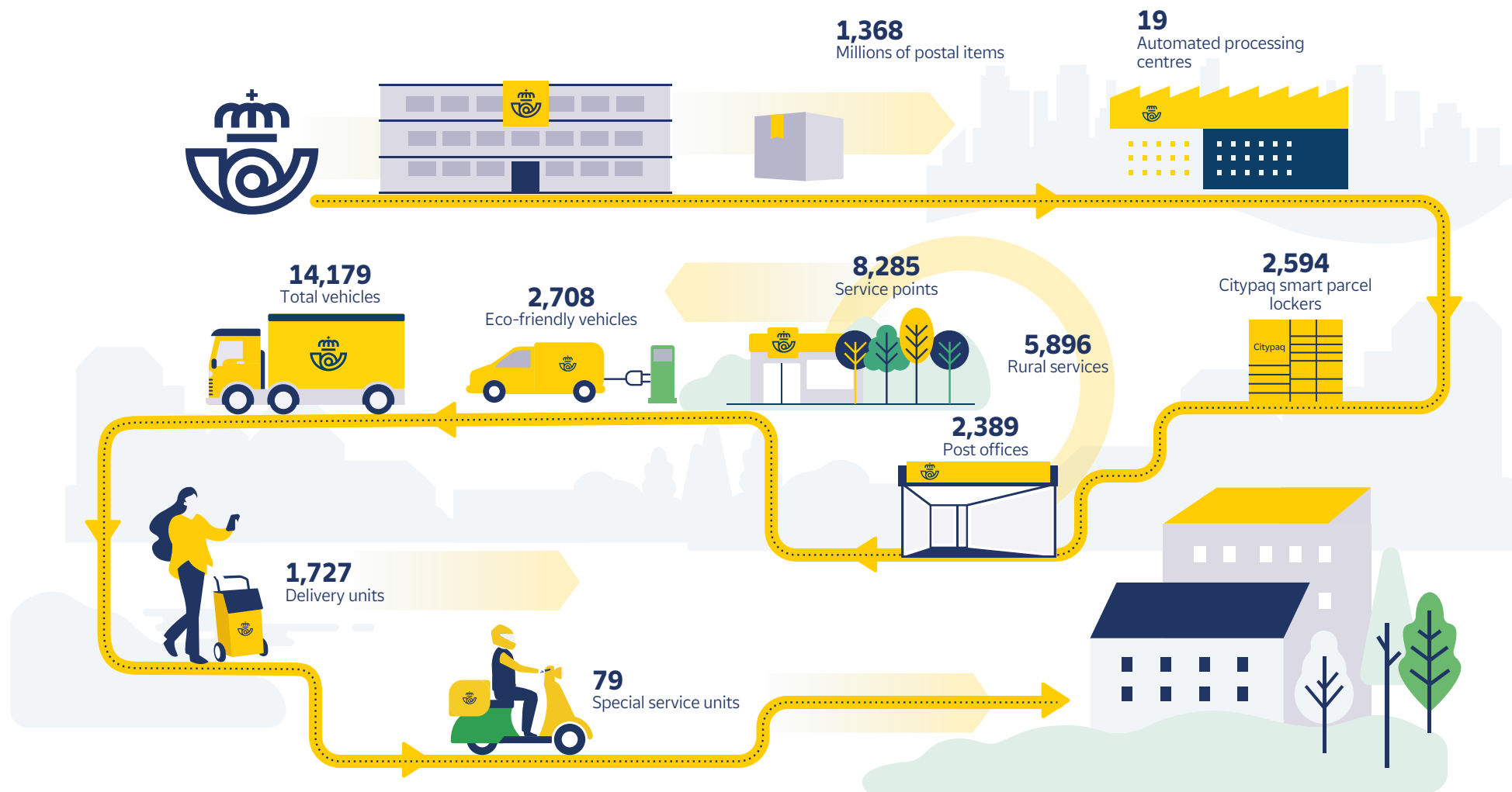


Environmental

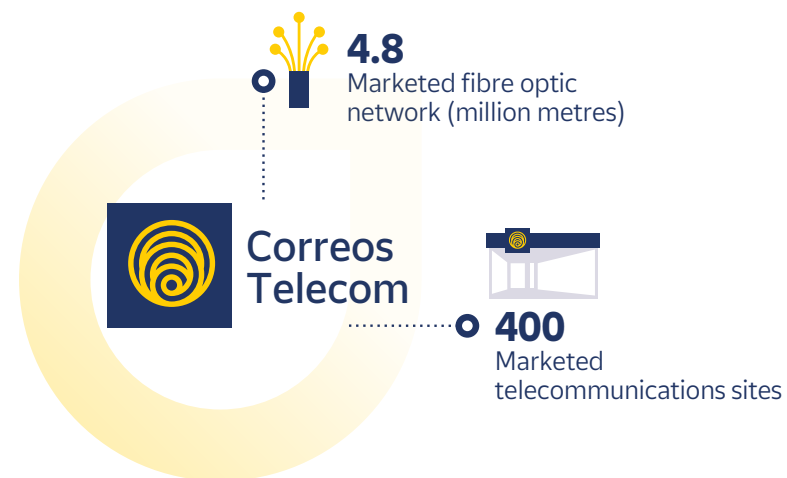
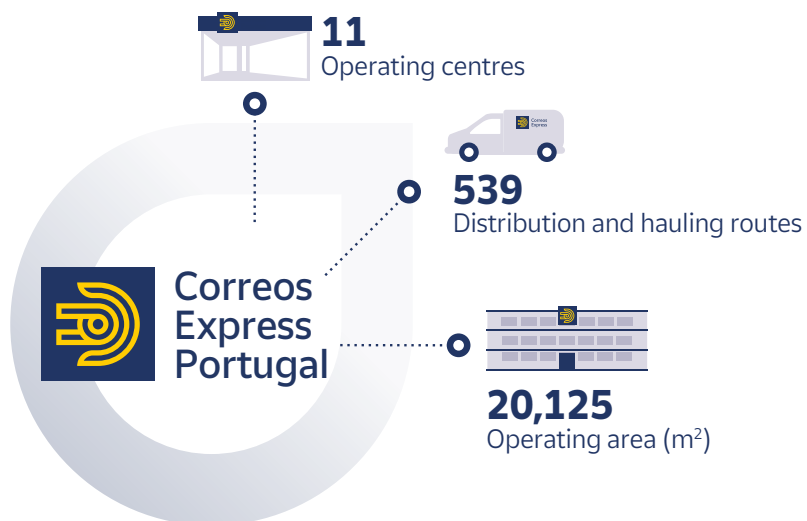
- Purchase of **100%** renewable electricity
- **2,708** eco-friendly vehicles at Correos
- **3.5** million euros in environmental investments
- **7,047** tons of CO₂ emissions compensated for through Correos Compensa
- **100%** biodegradable and recyclable materials used for Línea Bosques packaging



Correos in numbers



Correos Group's subsidiaries



Territorial presence

International presence

ETOE (Extraterritorial Offices of Exchange) in Europe and America
Joint ventures in China



19 automated processing centres
56 logistic and national and international processing centres
8,285 service points
1,727 delivery units
79 special service units



Correos Express

58 operating centres in Spain
11 operating centres of Correos Express Portugal



Correos Nexea

2 operating centres



Correos Telecom

4.8 millions of metres of telecommunications infrastructures



Milestones

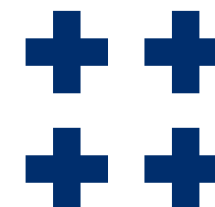


Strengthening corporate governance

- Approval of the Sustainable Development Goals (SDG) Alignment Model, as well as the Environmental, Social and Governance (ESG) Framework Policy, the Human Rights Policy, and the Framework of Criteria for Responsible Procurement in the Correos Group.
- Adoption of a new corporate Risk Control and Management Policy and creation of a committee for cross-sector risks.
- Approval of the Correos Group's Compliance Policies, which include the Anti-Corruption Policy, the Gifts and Hospitality Policy and the Conflict of Interest Management Policy.

Promoting stability, equality and occupational health

- Incorporation of 3,381 permanent staff members with a further 7,757 jobs created to be filled in 2023, the largest growth in job creation at Correos in the last few decades.
- Creation and implementation of the Correos Second Equality Plan, to effectively move forward with ensuring equal treatment and opportunities for employees.
- Establishment of a telephone service available to all employees to receive psychological support.



Further diversification of commercial portfolio

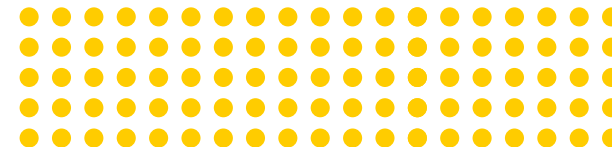
- Incorporation of the Special Parcel Service, which offers affordable deliveries to private customers, with free home collection throughout Spain.
- Growth of partnering entities to the Correos Cash service.
- Creation of Correos Logística service: an integrated B2B and B2C supply chain management and customs management service to properly handle e-commerce.
- Agreement with the Spanish Ministry of Culture and Sport to make it easier for young people to access the *Bono Cultural* at Correos post offices.
- Commercialisation of new mobile phone and fibre internet services from Correos Telecom, available to individuals and companies.
- Extending Correos Market services to all companies in Spain, without commissions to pay, to help SMEs access the e-commerce market.
- Marketing of Correos Telecom's new certified data erasure service.

Improving operations quality and security

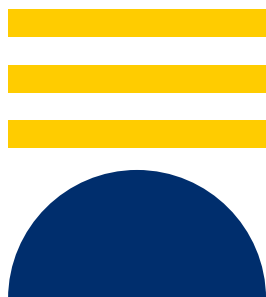
- A 57% decrease in service complaints and a 12% decrease in product claims delivered by Correos services.
- Incorporation of a pioneering e-mail verification system to avoid possible cases of phishing.
- Implementation of 6 new automated parcel sorting systems for different formats at the Santiago de Compostela, Málaga, Sevilla, Madrid, Zaragoza, and Barcelona centres.
- Incorporation of the first electric delivery motorcycles with cybersecurity certification.
- Opening of new Correos Express Portugal centres in Oporto and Braga with a greater operational and technological capacity.

Developing business's sustainability and commitment to the community

- Increase in Correos' zero-emission fleet, one of the largest in the distribution sector, with the incorporation of 400 two- and three-wheel electric motorcycles.
- Installation of solar panels for energy self-sufficiency for the main operating centres.
- Adoption of a framework contracting agreement to facilitate the centralised waste management and recovery at Correos and Correos Express facilities.
- Agreement with Grupo Social ONCE to strengthen social inclusion of people with diverse capacity levels.
- CorreosLabs model transformation, with the use of the Madrid facilities by the environment of innovation and the design of a new headquarters in Navarra.



Recognitions



► Better initiative to promote development in rural areas

- *CSR Coups de Coeur* 2022 Award from PostEurop and Euromed Award 2022 for Correos initiatives to support development in rural communities and tackle population challenges.

► Correos Frío, main innovation in temperature-controlled transport

- Correos Frío service was identified as one of the top 20 most innovative initiatives in 2022 by the *Observatorio de Innovación en Gran Consumo* [Observatory of FMCG Innovation] in Spain and the PostEurop 2022 Innovation Award.

► Recognition of opportunity generation in the rural areas

- Initiatives to promote rural development, winners of the *España Conectada* [Connected Spain] Award as part of the Next Spain awards of the Vocento group and finalists in the Fundación Corresponsables Awards, in the Public Administrations and Companies category.

► Best company to work for in the sector

- The most attractive company to work for in the logistics sector at the Randstad Awards.

► Leaders in gender diversity

- Diversity Leading Company and Empowering Women's Talent awarded to Correos on Equipos&Talento's Diversity & Inclusion Day, recognised as a company committed to the development of female talent and leadership.

► Responsible delivery, best climate awareness initiative

- Expansión's award for Transformation towards a Sustainable Economy in the category Best Initiative to Promote Social and Environmental Awareness for Correos' Responsible delivery service.

Recognition for CorreosLabs's commitment to sustainable innovation

- CorreosLabs was chosen as one of the best sustainability initiatives on SustainabilityDay2022, organised by Compromiso RSE.

Thanks given to Correos for its commitment to solidarity

- Spanish Red Cross's recognition for Correos's collaboration with its solidarity projects for 30 years.

Recognition for the promotion of culture

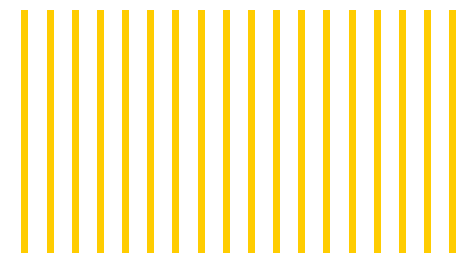
- *San Isidoro de Sevilla Medal*, awarded by Spain's National Union of Writers (UNEE), for Correos' support for culture.

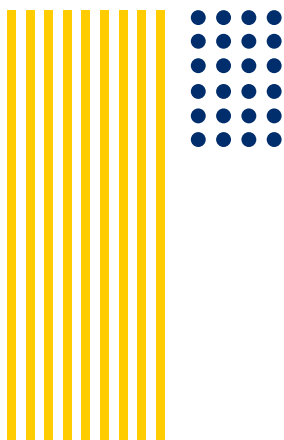
#ViveDondeQuieras [#LiveWhereYouWant], best publicity campaign

- Grand Prize for Innovation in Business Development for *#Vivedondequieras* campaign. Effectiveness Award in the Best Demonstration of Social Brand Purpose category, along with first prize for the best interactive campaign and second prize for the best campaign in the Advertising Control Awards.

Correos, one of the most valued and recognised brands

- Correos was identified as one of the most valued brands in Spain according to Brand Finance's SPAIN 100 2022 and the Havas 2022 Global Meaningful Brands report. Leader of the freight transport sector in the *Merco Empresas 2022*, *Merco Responsabilidad ESG 2022*, *Merco Talento 2022* and *Merco Talento Universitario 2021/2022* index.





► Best marketing strategy

- Grand National Marketing Award 2022, awarded by the Spanish Marketing Association, for innovative strategies in the company's marketing.

► **#EnvíosResponsables** [#ResponsibleDelivery] recognition

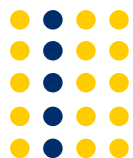
- Gold Award in the Ideas category for the National Creativity Awards 2022 for the *So, humanos, so* campaign. The company was also awarded the Gold Award in the Inspirational Awards and Expansion Award for the *#EnvíosResponsables* campaign.

► Leadership in advertising

- Recognition at the 2022 *Los Anuncios Awards* for the *Llevamos lo que llevas dentro* campaign in the Best Radio Campaign category and for *Nublao* campaign in the Best Branded Internet Campaign category.

► Correos Express's best customer experience

- Distinction Awards to Correos Express at the Platinum Contact Center Awards, hosted by Contact Center Hub, in the Best Customer Experience category in logistics, distribution and transportation.



3. Lines of business

- Markets in which Correos Group operates
- Physical and digital communications
- Parcel services and logistics
- E-commerce
- Telecommunications services
- Ecosystem of innovation



Markets in which Correos Group operates

 SDG 9, 11, 12

 GRI 2-6, 203-2

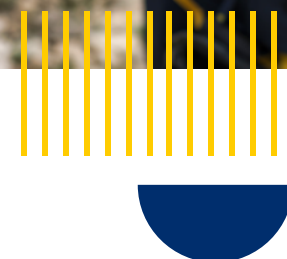
The Correos Group is one of the main providers of **physical and digital communication** in Spain and a relevant **parcel operator**.

The parent company of the Group, Correos, is the **leading company in the Spanish postal market** and the designated provider of the **universal postal service** throughout the country. It is one of the **most recognised entities** in the country due to its large network and closeness to society. It serves the communication and business needs of companies and individuals daily.

Correos and its subsidiaries, Correos Express and Correos Express Portugal, also provide their customers with a **comprehensive range of express parcel and logistics solutions** on the Iberian Peninsula, meeting all customer's shipping needs, both nationally and internationally.

Through the subsidiary Correos Telecom, Correos Group operates in the **telecommunications** sector. It runs wholesale marketing of infrastructures, locations and connectivity services, as well as retail mobile telephony and fibre services.

Correos Group **also has a presence in Asia**. It is involved in the jointly owned companies KCG eCommerce Solutions and K-Parcel, which consolidate, process, and manage international parcel volumes from China.



Correos Group's activities

grupo Correos

Physical and digital communications

- Mail and registered products
- Integral direct marketing services
- Distribution of publications
- Digital communication solutions
- Philately
- Multichannel document management, printing and enveloping

Telecommunication services

- Leasing of infrastructure network
- Mobile telephone and internet connectivity services
- Certified secure erasure service

Services for citizens

- Marketing of products and services at post offices and at home
- Carrying out formalities with Administrations

Parcel and logistics

- Parcel services (national and international, standard and urgent services)
- Reverse logistics and personalised services for companies
- Citypaq network
- Correos Frío (temperature-controlled delivery service)
- Integral logistics and customs management

Solutions for e-commerce market

- Correos Market
- E-commerce solutions
- Local e-commerce

Physical and digital communications

 SDG 9, 11, 12

 GRI 2-6



Correos offers, through different commercial channels, including its post offices, the web, telephone service, apps and commercial network, a complete range of communication services. These include the delivery of **ordinary, registered, and urgent mail, books and publications and direct marketing**, complemented by **digital solutions**, such as digital letters, burofax and online telegrams. Additionally, they provide added values which combine physical and digital attributes, such as electronic proof of delivery or declared value.

Services offered throughout the whole of Spain.

Correos has **8,285 service points spread throughout the whole of Spain**. This extensive network of post offices and rural services guarantees access to public services and **contributes to territorial cohesion and the economic development** of individuals and businesses in both urban and rural landscapes.



The capillarity of service points allows them to be **centres of proximity and encounter**, in which citizens can access services, purchase products or complete **formalities, requested by the local or national administration**. This enables them to carry out communications and business activities, regardless of where they live.

Commercial services at Correos post offices



In 2022 the post offices expanded their offer with the commercialization of advertising spaces in the nearly 1,000 screens located throughout the network. In addition, they began to sell emergency warning beacons for vehicles, products related with animal care or currency exchange, among other products and services.

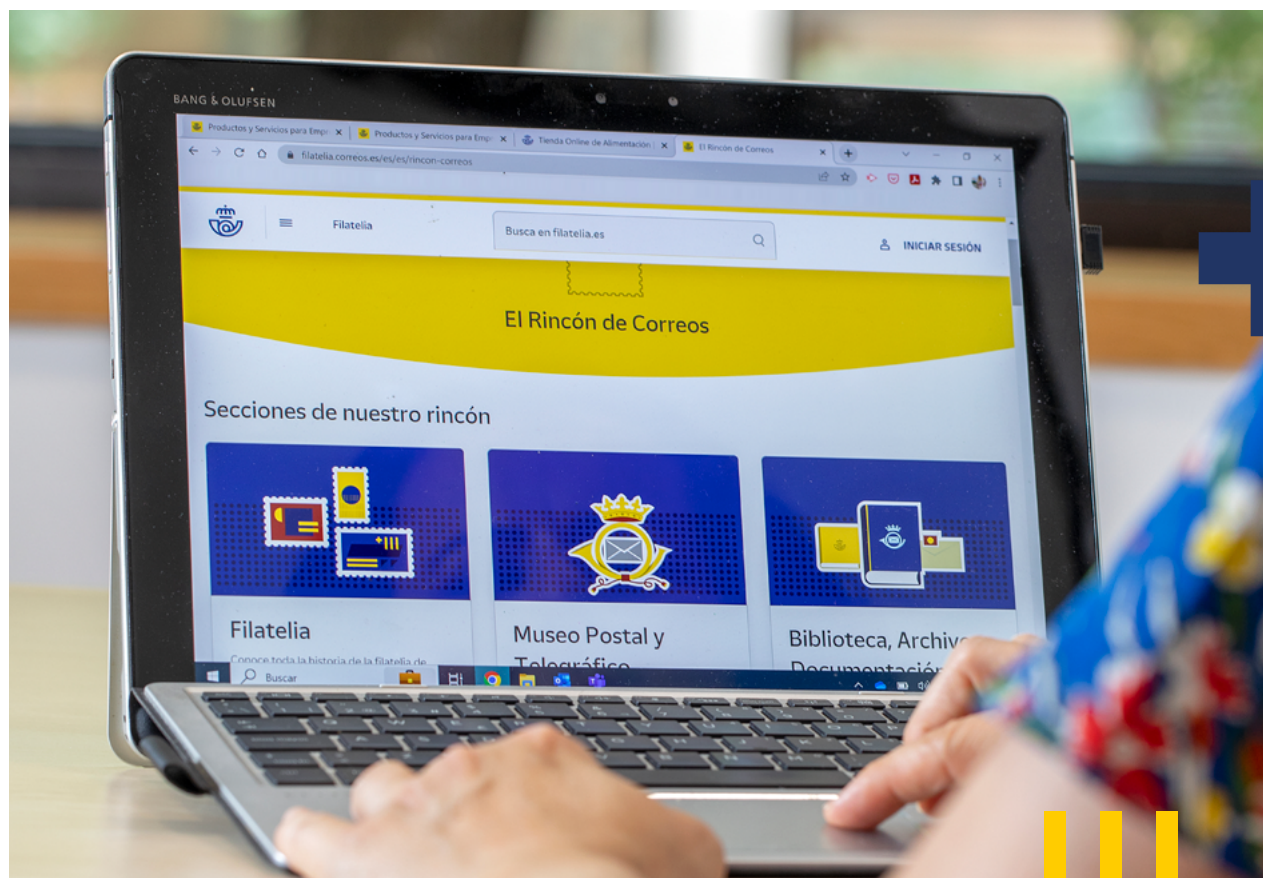
Additionally, customers can purchase other products such as **philatelic books, engravings, postmarks, first day covers, folders, and presentation packs for stamps and coins**. They are sold through stamp collecting services, post offices and online channel. From 2022, customers could also purchase these on Correos Market marketplace.

Correos has **agreements** with *Real Academia Hispánica de Filatelia e Historia Postal* (RAHFeHP) [Royal Hispanic Academy of Stamp Collecting and Postal History] and the *Federación Española de Sociedades Filatélicas* (FESOFI) [Spanish Federation of Stamp Collecting Societies] **to promote philatelic collecting**. Furthermore, Correos

Promoting stamp collecting

As part of Correos's philatelic services, **90 stamps were issued** in 2022, comprising of 16 premium sheets (limited editions due to their format or content). Some of the stamp's designs featured relevant popular festivals, such as *Fallas de Valencia* or *Sanfermines* and the International Women's Day (with 8 stamps featuring culturally relevant woman to Spanish society). There were also stamps issued in solidarity such as *España con Ucrania* [Spain with Ukraine], *Oficina de Asilo y Refugio* [Asylum and Refugee Office], *Amnistía internacional* [Amnesty International], *Médicos sin Fronteras* [Doctors without Borders] and *Contra el cáncer de mama* [Against Breast Cancer].

The company began to offer **new formats of Tu Sello [Your Stamp] product** last year. This allows the customer to create their own themes in personalised cards, vignettes, or panoramic formats.



participated in the National Stamp Exhibition in Madrid and the National Stamp Exposition in Irún in 2022. It also organised the travelling exhibitions Philately and Health (Zaragoza) and *Disello* (Las Palmas de Gran Canaria, Torredonjimeno (Jaén), and Valencia). In the latter, the winning and finalist entries of the **National Stamp Design Contest**, organised under the slogan 'A stamp for those who care for us', were put on exhibition.

Correos publicised these activities in fairs, product launches, promotions and other philatelic actions through its philatelic blog, the quarterly publication *Sellos y mucho más* [Stamps and much more] or the events for the presentation of new stamps issued carried out throughout the country.

Correos Nexea's business evolution

In recent years, the market in which it operated Correos Nexea, **Correos Group's subsidiary specialising in the overall management of the document cycle of companies**, has been showing a downward decline along with a growing business concentration. The economic context of 2022, with the significant price increases of certain raw materials such as paper, also led to **higher procurement costs and increased pressure on the subsidiary's margins**.

As a result, Correos Group started by merging Correos Nexea with the parent company Correos to provide a

more streamlined and efficient organisational structure. This was to **ensure that jobs were protected and services for customers were available** with the same level of quality and service.

In this process, Correos Nexea's activity were moved from Valdemoro to CAM3 in Madrid, where two new printing lines and four enveloping lines were installed.

It also moved to diversify income streams with the incorporation of additional services such as the printing and finishing of books, booklets and magazines managing to configure an integral solution for those customers who demanded it.



Parcel services and logistics

 SDG 9, 11, 12

 GRI 2-6

Correos Group is **one of the main operators in the Spanish parcel market**. Correos Group and the subsidiaries Correos Express and Correos Express Portugal have an offer of distribution services, designed to serve **all territorial coverage needs, deadlines and delivery customization**.

One of the new additions from last year to Correos's commercial portfolio was the **Special Parcel Delivery Service**. It is a service that offers economical shipments to **private customers, with free home collection**, throughout the whole of Spain.

Furthermore, **the app for customers was updated with new functions**, such as VAT payments on customs invoices, digital management of parcel deliveries for reducing waiting time in post offices, and the integration of the Citypaq app, centralising all Correos services under the same platform.

Last year's investments were aimed at **modernising logistics centres, optimising efficiency and operations at post offices and delivery units, and increasing automation of the logistics network**, to meet the growth in demand in the parcel market due to **e-commerce**.

Investments to optimise efficiency and operations

The actions developed during 2022 included:

- The implementation of **six new automated sorting systems** for different formats at the automated processing centres in Santiago de Compostela, Málaga, Sevilla, Madrid, and Zaragoza, in addition to the integrated logistics centre (ILC) in Barcelona.
- The **adaptation of postal sorting centres** in Pamplona and Badajoz and the improvement of loading and unloading operations at the centres in Jerez de la Frontera, Huelva, Almería, Granada and Málaga.
- The **completion of the Rampa 7 centre**, located at the Adolfo Suárez Madrid-Barajas airport, where is located the international exchange office for the admission, customs management, classification and routing to destination of inbound international volumes. Operational capacity was increased by 75% in 2022, with the majority of the planned automation equipment installed in the centre. These include two sorting systems, equipment for the treatment of overhead containers, as well as various systems for the storage or automatic transport of bags, parcels, and small shipments of goods.

Express services across the Iberian Peninsula

Correos Express is Correos Group's subsidiary specialised in offering tailor-made solutions for urgent B2B and B2C deliveries, to any national and international destination, with guaranteed delivery times.

To **optimise the handling and sorting operations of parcel flows** carried out by both Correos and Correos Express, a **shared network of centres** was set up in 2022, grouping both companies' processing activities. This network is made up of a total of 47 centres across the country, except for the main cities, where both companies maintain their own centres to meet the increased demand specific to those areas.

With the same objective, a **structural balancing** project was launched in the second half of the year **to inject Group volumes directly into Correos delivery units**, both in urban and rural areas, during postal operations off-peak hours. The aim is to fully exploit all excess delivery capacity and get maximum output, increasing quality and efficiency.

Correos Express also undertook several projects aimed at improving processes. Drivers can now print bar-code labels to check in the goods collected on its routes prior to arrival at the centres. This increases traceability and security and decreases global delivery times.

Furthermore, the incorporation of an **integrated route tracking app** to help drivers avoid traffic jams, accidents and other road related issues that may slow down the journey, provides a helpful support to the driver.

Correos Express Portugal offers the Portuguese domestic market an express transport service for small parcels, primarily for the e-commerce sector (B2C volumes), through its 11 centres. This allows Correos Group to be able to offer an integrated service for urgent deliveries across the Iberian Peninsula.

In the last year, Correos Express Portugal expanded with the creation of **new centres in Oporto and Braga**. They have greater capacities and are equipped with the latest technology for better automation and higher levels of efficiency in admission and sorting processes. The subsidiary also optimized the use of the transport network.

Challenges in international activity

The Group complements its international coverage **joining various alliances**, such as the Kahala Post Group, which is made up of postal operators in Europe, America, and Asia, for the development of urgent cross-border services. It also collaborates in International Post Corporation's (IPC) INTERCONNECT network, to promote the improvement of cross-border e-commerce.

Throughout 2022, various factors across the world had an impact on the **evolution of demand for parcels**. Activity was affected by continued lock downs in China due to its zero-Covid policy and the volatility of fuel prices due to the war in Ukraine. There was also the impact of the increasing migration of low-value mail flows due to the new European VAT regulations and the increase in terminal dues applied by postal operators in other countries.

In particular, the e-commerce **import control measures implemented by the European Union** in 2021 resulted in the **loss of inbound volumes from non-EU countries** such as China, the origin of a large part of the imports of Spanish consumers.

In that country, the intermittent closing of borders and the quarantines imposed because of its zero-Covid policy to halt the spread of the virus also had a significant impact on logistics operations in the region. Correos was adversely affected and so was the traffic from e-commerce platforms.

Finally, the outbreak of the war in Ukraine and the knock-on effect on fuel **prices further increased the cost of air transport**, which had not yet fully recovered after the shut-downs due to the pandemic.

These influenced the development of the business line Correos Cargo that the company had begun to develop as a pilot project, as well as its two joint ventures in China, **K Parcel** (located in Hong Kong and specialised

in logistics) and **KCG eCommerce Solutions** (based in China and dedicated to first mile services and classification).

Nevertheless, K-Parcel made improvements that allowed it to reduce lead times and improve the quality offered to end customers, through agreements in Hong Kong International Airport and its own network. It also reduced its dependence on large consolidators and diversified its services and destinations, adding marketplaces with a customer base in Spain, across Europe and Latin America to its client portfolio.

K-Parcel provides Correos Group with a greater level of visibility and experience in the Asian market and was a determining factor in the configuration of the new business lines, such as the new customs management service.

Customs management service

Since 2022 Correos offers, as part of the parcel management processes, the customs management.

This new service, especially adapted to e-commerce flows (low-value orders from private customers), allows the Correos Group to manage volumes that used to arrive to Spain through non-postal channels or through intermediaries. In this way, it attends one of the most critical phases for e-commerce customers: the **declaration of inbound goods to the tax authorities**.

This service, along with the future Correos Cargo activity, will make it possible to offer a comprehensive service throughout the value chain, from the seller to the final customer in Spain.



E-commerce



GRI 2-6

Smart Citypaq lockers for e-commerce deliveries

Convenience and diversity of delivery options are some of the most valued components for e-commerce customers. Correos not only offers a unique territorial coverage for home delivery, but also has an extensive network of post offices and Citypaq terminals for admission and delivery of parcels, in long hours and locations close to any customer.

The almost 2,600 Citypaq lockers dotted around the whole country allow customers to choose their desired location at which they would like their e-commerce purchase to be dropped off. They can also be used for returns and prepaid deliveries or simply use them as alternative delivery points when they are unable to receive their shipments at home, by requesting it through the "Correos Modify" app.

In 2022 there was a **24% increase in the delivered parcels through Citypaq lockers**. This growth was due to the rise in the number of shops using Citypaq network for their deliveries (38% more than in 2021) and the implementation of self-service admission throughout

the Citypaq network, for pre-registered items and reverse logistics.

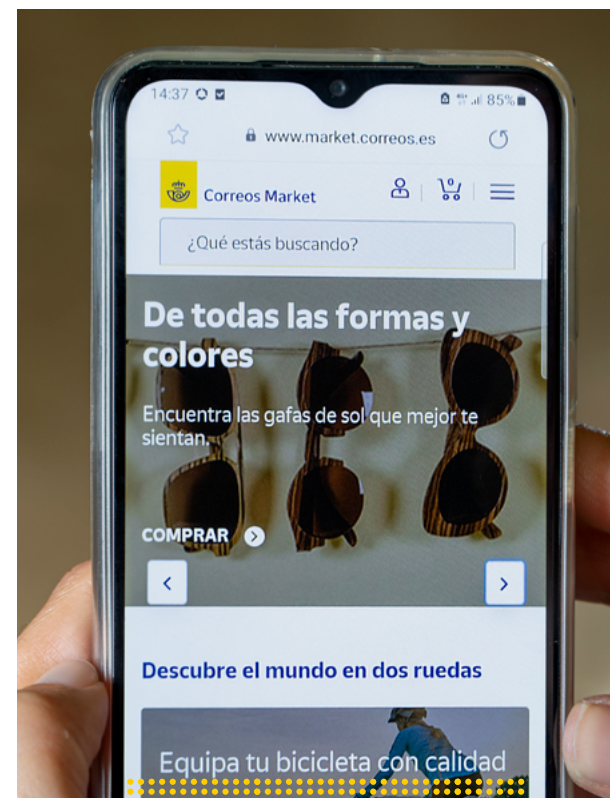
Correos Market, the marketplace for Spanish companies

Correos Market is the Correos e-commerce platform to promote the visibility and sale of Spanish products. The marketplace offers a commercialisation network and the biggest distribution network in the country to SMEs and sole traders, allowing them to get their orders to their customers anywhere in Spain or Portugal.

From 2022 Correos Market service was extended to all companies in Spain giving them the opportunity to sell the products, commission free, and without the need for intermediaries. The company favours e-commerce options for SMEs creating a space for the generation of new opportunities and providing full support.

Last year, **Correos online store was integrated into Correos Market** meaning customers can purchase products usually available in-store at Correos online store, expanding brand reach. It offers vendors a wider target audience and, in turn, offers customers a wider selection of national product and services.

At the end of 2022, Correos Market had **more than 1,600 sellers signed up the marketplace, which accounts for a 21% increase** from the previous year's figure. The number of products available grew by 232%, reaching almost 15,000. These include products such as packaging, collectibles and philatelic products, Correos brand merchandising, solidarity products and access to postal services, the *Camino*



de Santiago parcel services and environmental badges of the General Directorate for Traffic, among others.

Correos Market also unveiled a new image, made improvement to the seller's portal for easier management and signed new agreements with entities and organisations to support the digitalisation of SMEs and merchants' associations.

Correos Logística

From 2022 Correos Logística [Correos Logistics] offers an **integrated fulfilment service** for SMEs and sole traders. This includes the receipt of goods, order preparation, returns management, warehouse management and special handling, for the B2B (business-to-business) and B2C (business-to-consumer) markets.

Correos Logística provides Correos and Correos Express customers a **comprehensive management of their supply chains**, connecting with their systems and taking care of receiving and delivering orders to customers.

Correos Logística has two processing centres, in Sant Esteve in Barcelona and Illescas in Toledo. The proximity of this centres to Madrid and Barcelona provides an ideal geographical location for optimising the flow of goods in and out of Spain. Both centres are authorised for the management of non-perishable food.

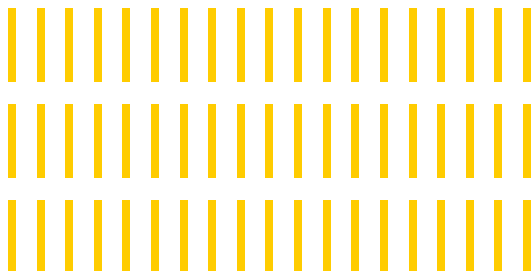
Complementary services for e-commerce

Correos also promotes the digitalisation of companies through various e-commerce solutions, such as **Crear Tienda Online, Crear Web or Marketplaces**. Last year, the Marketplaces service expanded its catalogue of available e-commerce platforms, where SMEs and professionals can easily offer their products without any additional development.

Through the **Local e-commerce** service, the company also helps to promote local commerce. As an example, the new [marketplace for la Xunta de Galicia](#) developed by Correos allowed the promotion of online sales by retailers in Galicia. 

Correos Sampling complements these solutions by sending product samples and personalised promotions, which enables companies to build customer loyalty and learn about their customers' opinions.

From last year, Correos has been one of the **collaborating entities of the Kit Digital state programme**, developed using EU funds and aimed at helping SMEs and sole traders through the digitalisation process. As digitizing agent, Correos offers a one year premium subscription to Crear Tienda Online service, allowing the SME or sole traders to create personal designs and do a full configuration of their digital shop front. It includes various payment options and social media integration methods, as well as digital marketing support and shipping method integration.



Promotion of local commerce on the Jacobean Ways (*Rutas Xacobeas*)

Correos has become a point of reference for pilgrims who complete the *Camino de Santiago* every year because of its luggage and parcel transport services. Furthermore, the website www.elcaminoconcorreos.com as well as its Facebook, Twitter, Instagram and YouTube profiles, all named “*El Camino con Correos*” [The Hike with Correos], allow people to learn about the new commercial solutions offered by the company or access useful information about the different routes to plan and carry out their journey.

The availability of the *Paq Mochila* [Backpack Pack] was extended to new stages of the Portuguese Way in 2022 coinciding with Xacobeo 2021/2022. The company also released the online contracting of left-luggage services in the main post office in Santiago de Compostela and the Pilgrim Paq was offered as a special parcel service. Customers were able to purchase spaces on www.elcaminoconcorreos.com through a new page dedicated to the lodgings along the Way.

Temperature-controlled transport

Correos Frío [Correos Cold] offers a wide range of temperature-controlled transport options to meet the demands of many different sectors. Through a fleet of refrigerated vehicles for last mile delivery (active cold), Correos transports refrigerated and/or frozen products. Correos provides delivery solutions to the food (**Fresh Rutas**) and the pharmaceuticals industries (**Farma Rutas**).

Correos Frío uses the latest passive temperature control packaging solution using **reusable, isothermal containers** that keep the temperature of the product between 2°C and 8°C or 15°C and 25°C, depending on the customer's needs. It can also keep them frozen, maintaining a temperature below -20°C. It is all equipped with real-time tracking systems and guarantees to maintain the cold chain. This is offered to both companies and private customers through the **Paq Frío** service, which allows them to have punctual, door-to-door delivery services for their products that require temperature-controlled environments.

Finally, **Correos Farma** is a service available for pharmaceutical and other health-related products, which employs a technological solution that provides online traceability of the temperature and humidity of the content of isothermal boxes. For this, in 2022 the company has been issued AENOR **certification for good distribution practices for medications intended for human consumption**.



Telecommunication services



Correos Telecom is the specialised subsidiary for the development of new fibre optic networks and the commercialisation of the surpluses of the Correos Group's telecommunications network. It provides other operators in the telecommunications market with **high-capacity connectivity services, leasing of linear infrastructure, both dark fibre and rights of way for laying fibre cables**, and leasing of **sites for telecommunications equipment** and radio broadcasting. Through this, it facilitates the extension of other operators' mobile and landlines coverage in areas of low competition, reducing the digital divide in these areas.

In 2022 Correos Telecom **increased by 22.4% revenues** of the commercialisation of telecommunications services. This evolution was due to **new contracts secured with integrators** for the provision of **communication circuits** to large companies or the **installation of head deployment centres for fibre to the home (FTTH)** in Correos post offices. The arrival of international customers who needed **fibre optic backbone networks** also helped with this growth.

Correos Telecom is developing a joint project with an integrator to connect the Madrid data centres of one of the main financial institutions in Spain. Last year, this collaboration was extended to joint participation in

other companies' tenders. Several additional contracts were signed as a result.

Moreover, as part of a contract with a major international operator of neutral data centres, in 2022, work was completed on the laying of fibre optic cables in the external plant between its four data processing centres to guarantee high connectivity availability throughout all four of them.

The widely spread network of 3,000 Correos buildings across the whole country is especially attractive for operators of **FTTH deployment centres**. It is essential to get fibre Internet services to people's homes, especially in smaller towns. Last year, Correos Telecom increased the number of locations rented in Correos post offices, especially by two market players.

The subsidiary is also developing a project to provide **fibre optics from backbone networks** to nearly 800 locations nationwide. Work is currently under way in Torre Picayo (Valencia) to build these networks, which will allow the development and deployment of 5G technology in the coming years.

Mobile and internet retail services

Correos Telecom saw an increase of 64% in contracts for retail internet connection in 2022.

As part of Correos Group's diversification strategy, since 2021 **Correos Telecom offers mobile telephone and internet service** to employees and their families **with its own brand**. Last year, the scope of these solutions was extended to residential and business customers, while maintaining special offers for Correos Group workers.

Additionally, these services were marketed in Correos post offices, on the Correos website, through rural delivery employees and on the Correos Market marketplace. For areas without fibre optic coverage, a new mobile internet service was also incorporated through a 4G router in 2022.

Certified secure erasure service

In the last year, Correos Telecom began to offer a new certified erasure service for data. It is a service that accounts for the erasure of sensitive information from files, hard disks, computers, servers, virtual machines, or any other device, in a secure and guaranteed way. It is currently the only accredited product of its kind with certification from Spain's National Cryptology Centre (CCN).

This ensures compliance with regulations on personal data protection, avoiding potential security breaches due to incorrect processing of devices when they are at the end of their life.

Telecommunications support for Correos Group

Correos Telecom provides technical support to the rest of Correos Group's companies for the development of their main technological projects. In 2022, this included the deployment of Rampa 7 centre communications infrastructure and the access control platform technological renovation for the corporate communications network.

Correos Telecom also contributed to the development of a Sovereign Public Cloud service solution for Correos Group, with the possibility to extend this service to other entities for which data sovereignty is a prerequisite in the future. The service provides a secure environment that meets the National Security Framework (ENS) standards.

Correos Telecom is also one of the main companies involved in the development of Gaia-X. It is a European initiative on data intelligence and cloud technology, whose objective is to create an infrastructure of transparent, open and secure data for Europe, complying with the highest standards of digital sovereignty.



Ecosystem of innovation

CorreosLabs is a multidisciplinary workspace where, through own activities and collaborations with other companies, **innovation is fostered, there is an exchange of entrepreneurial experiences, alternative business models are incubated and interaction with the entrepreneurial ecosystem is carried out.**

The CorreosLabs headquarters in Madrid carries out activities with external partners, intra-entrepreneurship programmes with employees and informative sessions on new products and services. Since 2022, this centre offers its facilities for **shared use, on a rental basis, by the start-ups, SMEs and sole traders' community**, for co-working and external events.

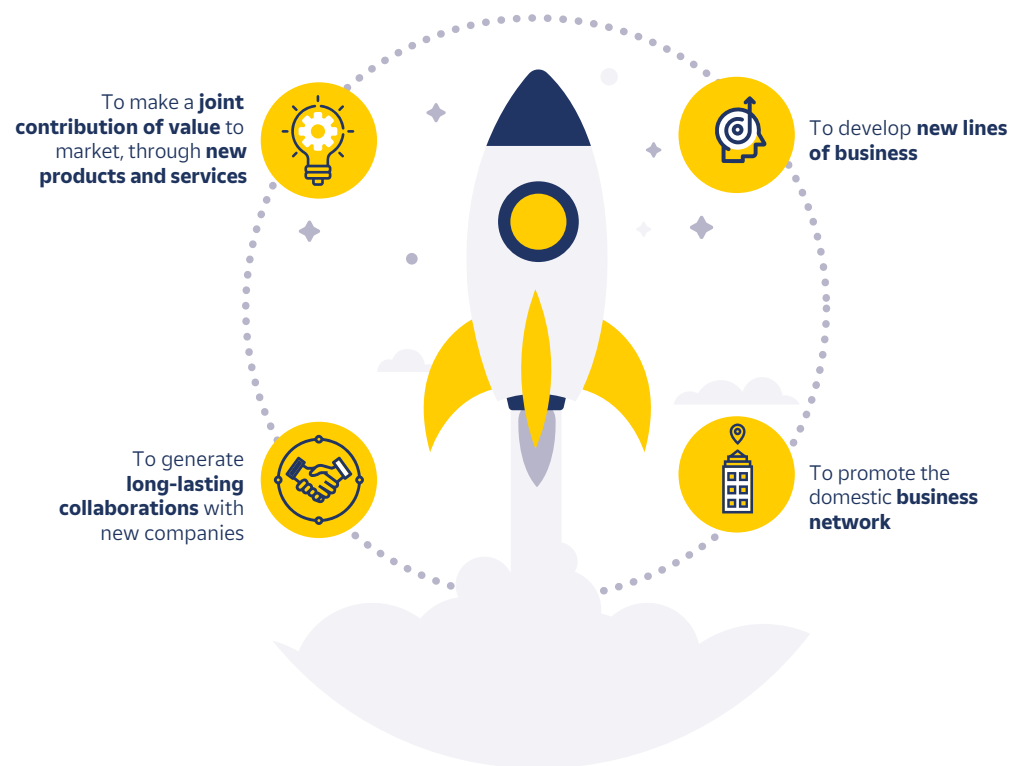
As part of its consolidation process, the company intends to extend this model to the rest of the country by **opening new CorreosLabs offices** to promote the development of innovation ecosystems, strengthen local businesses and promote entrepreneurial projects in rural areas. In the last year, the company agree to locate the first office outside of Madrid in Navarra.

Lehnica Changer Challenge transformation

CorreosLabs is also the cradle of the **Lehnica Changer Challenge**, the company's **start-up acceleration programme**. In 2022, it changed its name and participation model to extend to a larger number of initiatives. Correos demonstrates its commitment, through this programme, to entrepreneurs who bring innovative improvements to logistics or distribution

processes, who incorporate emerging technologies to new products and services or who propose new business opportunities. It also seeks out ideas to help revitalise and promote the transformation of regions affected by Spain's demographic challenge, as well as projects that have a positive impact on the environment.

Lehnica Changer Challenge objectives



The Lehnica Changer Challenge aims not only to find disruptive solutions in the postal and logistics sector, but also to help young Spanish companies grow in a long-term business relationship. As evidence, 25% of winning start-ups of the first three competitions have become collaborating partners of Correos.

The fourth edition of this programme was announced in 2022. **More than 150 start-up projects were submitted within six action areas.** From the entries, eight proposals were chosen to develop pilot schemes lasting six-months together with the company's teams. They were granted 15,000 euros, provided with a mentor, given access to an entrepreneurial ecosystem,

and were allowed to use CorreosLabs workspaces to collaborate in solution design that add value to the company, customers and society. The development of pilot schemes and concept tests began in the final quarter of 2022 and will continue right through to the middle of 2023 to assess the impact and continuity of the schemes.

► Winning companies and projects 2022



Public-private collaboration for innovation

Correos has been part of the *Alianza por la España Nación Emprendedora* [Alliance for an Enterprising Spain] from 2022. It is a partnership that is promoted by the High Commissioner for *Alianza por la España Nación Emprendedora*, sharing the commitment to promote innovation as a lever for economic development in Spain and public-private collaboration.

In terms of R&D&I, Correos continues to work in close collaboration with the University of Alcalá de Henares on the following projects:

- Intelligent System for Autonomous Mailboxes (SIBA) aimed at designing of a prototype sensor for outdoor mailboxes to optimise shipment collections and maintain delivery quality. The prototype was tested out on 20 mailboxes in 2022 with the aim to eventually roll it out nationwide.
- Delivery areas optimisation, using a tool that employs different resolution methods, depending on the delivery unit's workload and available resources for optimal delivery area identification.

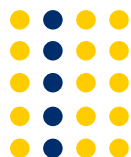
Through Correos's partnership with DELOREAN project (Drones and Egnss for LOw aiRspace urbAN mobility), it evaluates drones' usage in urban environments, implementing operations for parcel transportation and assessing the navigation requirements for these devices.

It also concluded the implementation of drone traffic control system using 5G technology for the use of drones in urban environments. It was part of the second notice promoted by the Ministry of Economic Affairs and Digital Transformation, in collaboration with Telefónica and Red.es.

Correos also participates in FoodRUs, a project funded by the European Union's Horizon 2020 research and innovation programme, to evaluate temperature-controlled transport for food. It is working to make circular solutions for resilient food systems and reduce waste in the supply chain.

Lastly, Correos leads the SENATOR project, a European Union Horizon 2020 research and innovation project, for the development of sustainable urban logistics.





4. Non-financial information statement

- The Correos Group and its business model
- Generated and distributed economic value
- Business environment and market trends
- Materiality analysis and relationship with stakeholders
- Strategy
- Risk and opportunity management
- Contribution to Agenda 2030
- Human team
- Positive impact on businesses and citizens
- Environmental management
- Corporate governance and ethical compliance
- Reporting frameworks and indicators
- External verification of the non-financial information statement
- GRI Content Index, Global Compact Principles and SDG



The Correos Group and its business model

🌐 GRI 2-1, 2-6

The Correos Group is one of the **biggest providers of physical and digital communication and parcel delivery services in Spain**. The Group comprises Correos and its subsidiaries, Correos Express, Correos Express Portugal and Correos Telecom.



Correos is the **leader in the Spanish postal market** and one of the benchmark companies in the **B2C (business-to-consumer) parcel delivery** sector.

As the **operator designated by law to provide universal postal service** throughout Spain, it facilitates postal communications to all citizens, with criteria of sustainability, efficiency, quality and affordability.



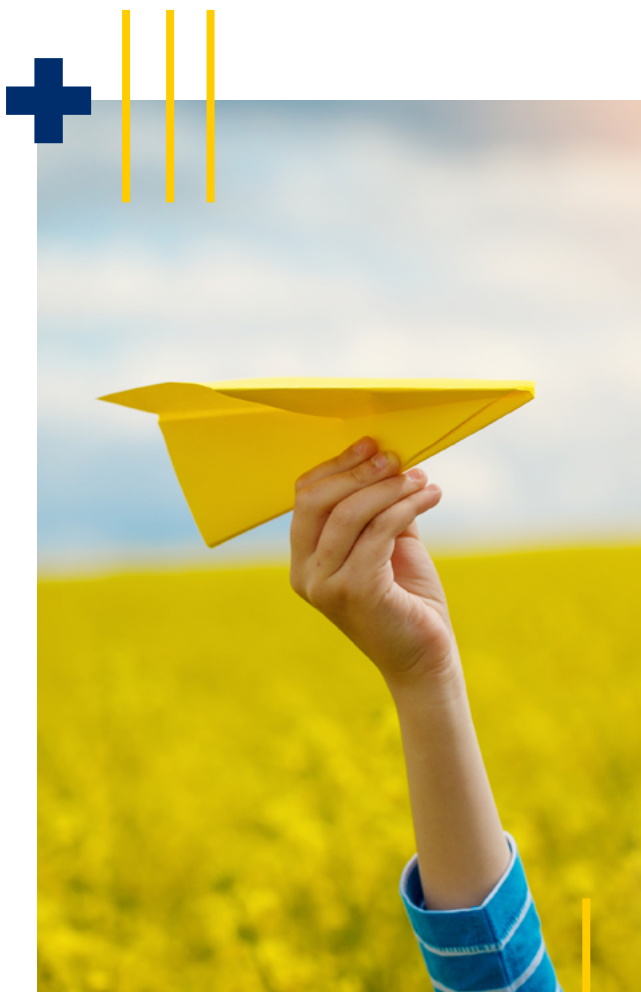
Correos Express also carries out **express services** for the B2B (business-to-business) and B2C (business-to-consumer) segments through a country-wide network of own centres.

Correos Express Portugal, subsidiary of Correos Express, provides **express services in the Portuguese market**.



Correos Telecom is specializing in increasing and marketing of surplus capacity of Correos' **telecommunications infrastructure** network. It also provides technological support to the rest of the Group's companies.



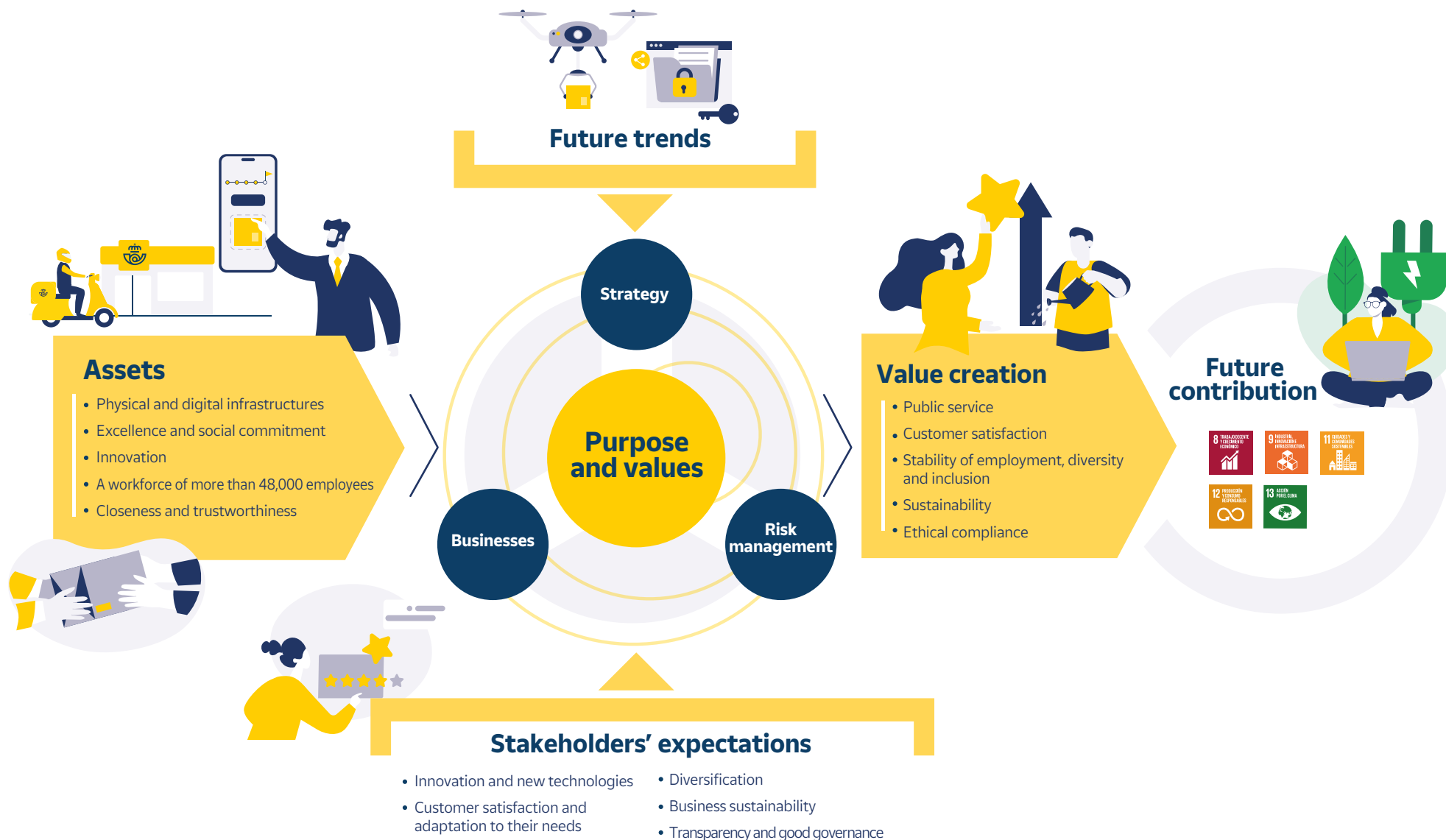


At the end of 2022, the Council of Ministers authorised the takeover of the subsidiary Correos Nexea by Correos, which will integrate into its commercial portfolio the solutions for mass and multichannel communications intended for companies of Correos Nexea. This transaction will allow for a more streamlined and efficient organisational structure, in a context of rising supply costs, while preserving staff stability.

In July 2022, the SEPI Group adopted a resolution regarding the amendment of the Articles of Association of Correos Telecom, specifically Article 2, which refers to the company's corporate purpose, in order to incorporate new business activities related to the telecommunications market (such as cloud computing or edge computing, as well as technological consulting or training services).

Since 2019, Correos also holds a stake in the Chinese companies KCG eCommerce Solutions and K Parcel, jointly with Asian operators Kerry Logistics Network Limited and Global Freight Systems (GFS). These shared companies carry out integral managements services for export parcels originating in China and Hong Kong as part of international e-commerce flows.

Business model



Generated and distributed economic value

🌐 GRI 2-6, 201-1, 201-4

In 2022, the Correos Group reported a revenue of 1,962.4 million euros, only 0.6% lower than the results reported for 2021, against the backdrop of inflationary pressure and trade tensions, which affected customer demand. Despite the efficiency and cost containment policies implemented during the past year, the decline in revenues caused the Group to record a net result of -217.3 million euros. On the other hand, the profit obtained in Portugal by the subsidiary Correos Express Portugal amounted to 0.9 million euros.

In the past financial year, the Group capitalised tax credits in accordance with corporate income tax regulations from tax loss carryforwards generated in previous years, resulting in aggregate tax income for the year of 62.2 million euros.

As part of its participation in EU-level projects for the development of sustainability in the sector, the parent company Correos received subsidies for an amount of 183,258 euros, as well as 105,000 euros in subsidies for the acquisition of electric vehicles to advance the electrification of the fleet and 2,875.72 euros for the installation of recharging points for these means of transport.



Business environment and market trends

🌐 GRI 2-6, 3-2

Impact of the energy and cost of living crisis

If a year ago all forecasts pointed to 2022 as the year in which the expected post-pandemic economic recovery would finally take place, **the invasion of Ukraine and its effects** dramatically altered these forecasts.

The war triggered a **general increase in the cost** of raw materials, which was passed on to energy, transport and finally to consumers' prices in most countries.

Inflation climbed to 10.6% in the euro area in October. In Spain, it reached 10.8% in July, and was gradually reduced over the following months, closing December at 5.7%, almost half the European average, partly thanks to tax aids or to the adjustment mechanism applied to electricity production cost, also known as the 'Iberian exception', which helped to curb the increase in energy prices.

In addition, the National Response Plan to the economic and social consequences of the war in Ukraine, which introduced **fuel price subsidies** in force until December 2022 (extended until June 2023 for road transport professionals and other groups),

also contributed to partially mitigate the impact of the fuel price increase.

In this situation, the Correos Group was not only affected by the **increase in energy and transport costs, but also by the increase in supplies such as paper and envelopes**, with a particular impact on the activity of Correos Nexea, the Group's subsidiary specialising in document management and mass communications for companies. This factor, together with the precarious situation already faced by the industry, as well as the current risks derived from a shrinking demand, advised to conduct a company reorganization. As a result, Correos decided to take over its subsidiary, an operation which was authorised at the end of 2022.



Against an inflationary backdrop, central banks opted to raise interest rates in order to appease the markets, making a U-turn in their most recent monetary policies and leading to a **tightening of financing conditions** for citizens and companies. In the face of rising credit costs, **European recovery funds** once again emerged as an important mechanism for boosting business growth in the coming years.

Moreover, shortages of critical raw materials further aggravated **tensions in supply chains**, with intermittent disruptions to production in certain industries, even though pandemic-related bottlenecks had begun to ease and shipping prices had started to fall.

China's zero-COVID restrictions and the persistent level of dependence on China by European companies further deepened the difficulties for maintaining trade flows, causing some companies to start questioning the resilience of their value chain and to rethink the degree of diversification of their suppliers, including those in logistics.¹

All these factors - worsening inflationary pressures, tightening monetary policies, deteriorating confidence and loss of purchasing power - weighed on consumption, causing **the global and European economies to begin to lose momentum** in the second half of the year.

This sluggish economy is expected to continue in 2023, as the main financial institutions foresee. Thus, forecasts point to a sharp slowdown in global GDP this year, especially in Europe and America, while Asia is expected to remain the motor of whatever weak growth is expected in the coming years². As for Spain, growth is expected to be close to 1%, much lower than in 2022, but higher than the European average.³

Price evolution, the behaviour of external demand and the development of the Ukrainian conflict will determine whether it is ultimately a slowdown in growth or a long-lasting economic recession.



1. https://www.tendencias.kpmg.es/2022/12/8-aprendizajes-empresas-2023/?utm_source=email&utm_medium=CTA&utm_campaign=kpmg-es.

2. <https://www.bancomundial.org/es/news/press-release/2023/01/10/global-economic-prospects>.

3. <https://www.funcas.es/textointegro/previsiones-economicas-para-espana2022-2024>.

Difficulties for the European green transition and progress made in Spain

The relationship between the economy and the environment has never been more evident than in this decade. In 2022, the combination of a climate crisis, a pandemic and an energy crisis created **new challenges for the European Union's plans for a green and just transition plans**. This situation threatened to set back the uptake of renewable energy sources and the shift away from fossil fuels, an issue which still needs to be resolved by 2023.

However, the realisation of the importance of achieving European **energy sovereignty** in order to avoid being dependent on materials from other countries, also reaffirmed the need to continue and even increase the speed of the changes needed in the European Green Deal roadmap, to secure future employment and well-being.

Thus, last year saw the continued implementation of the **Fit for 55** package of measures to **adapt the European legal framework on climate, transport, energy and taxation to the emissions reduction target**, for which the European Union increased its goal for 2030 from 55% to 57%. This was joined by the **RePowerEU** Plan to reduce dependence on

Russian fossil fuels, **diversify supply**, save energy and accelerate a transition to clean energy, which raises targets established for renewable energy sources.

In this framework, the European Parliament and Council also reached provisional agreements to establish a target of a 100% reduction in **CO₂ emissions from new cars and vans** by 2035 and on the review of the **EU Emissions Trading Scheme**.

On the latter, the European institutions agreed to include emissions from maritime transport, to review the rules of this scheme for air transport, including phasing out of free allowances until 2026 and a new support scheme to accelerate the use of sustainable aviation fuels, as well as to establish a new emissions trading scheme for those emissions arising from the use of fossil fuels in road transport and buildings (heating).



In Spain, the Climate Change and Energy Transition Law ⁴ was implemented by means Royal Decree-Law 20/2022 ⁵, which regulates the minimum requirements for **low emission zones** and plans for restricting access, circulation and parking of vehicles according to their polluting potential. It came into force on 1 January 2023 for all towns with a population over 50,000 and those with a population over than 20,000 inhabitants that exceed the limit values set for pollutants, although so far the rhythm of implementation has been slower than expected.

In its aim to improve city air quality, and, in relation to urban freight transport, Spanish climate legislation also establishes that local administrations should promote zero-emission vehicles, cycling and **environmental optimisation solutions for delivery services**.

For years, the **Correos Group** has been **adapting its transport fleet** to these requirements and collaborating with administrations and suppliers in order to evaluate and **continue incorporating new technologies for more sustainable mobility**.

These same aims inspired new municipal plans for sustainable urban mobility, while some large cities considered new uses for spaces such as underground car parks, which optimise distribution or collection of goods in cities and facilitate the recharging of electric vehicles.

In the coming years, an extraordinary **deployment of electric or hydrogen recharging infrastructures** will be required, which entails a number of legal, technical and economic difficulties in order to implement them as quickly as required. In this regard, the entry into force of Royal Decree-Law 29/2021 ⁶ in January 2023 introduced obligations for the availability of recharging points in non-residential private car parks, such as large retail outlets, offices or public buildings. However, economic uncertainty meant that the pace of deployment of the necessary investments slowed down over the past year.

In 2022, the Spanish government also adopted a set of legislative measures aimed at reducing energy consumption in administrations, businesses and households. In this way, the **energy efficiency, decarbonisation and renewable energy supply policies that the Correos Group has been developing** in recent years have become more decisive in guaranteeing its competitiveness.



4. Law 7/2021, of 20 May, of Climate Change and Energy Transition.

5. Royal Decree-Law 20/2022, of 27 December, of response measures to the economic and social consequences of the Ukrainian War and support for the reconstruction of the island of La Palma and other situations of vulnerability.

6. Royal Decree-Law 29/2021, of 21 December, by which urgent measures are adopted in the energy field for the promotion of electric mobility, the self-consumption and the deployment of renewable energies.

Evolution of the postal market

In the Spanish postal market, following the approval in 2021 of the plan for the provision of postal services agreed between Correos and the Ministry of Transport, Mobility and the Urban Agenda, last year it was expected the development of the **contract regulating the universal postal service and the new postal services regulation**, the legal processing of which shall not be completed until 2023.

At the European level, preparatory studies continued for a possible fourth reform of the Postal Services Directive by the European Commission. Based on the results of these studies, the European Commission will assess the extent to which a redefinition of an universal postal service is required in order to address the impact of digitalisation and e-commerce on the evolution of the sector and to promote environmental sustainability.

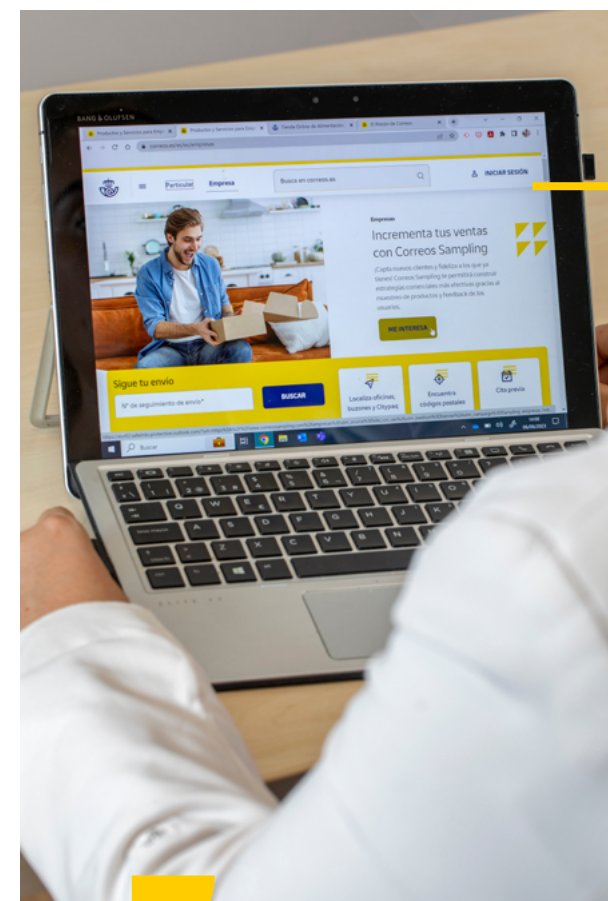
As for the sector's performance in Spain, the shift towards electronic communications and changes in social habits, accelerated by the pandemic, continued to impact on the **decline in postal volumes**. The unfavourable economic context and uncertainty also

pushed companies to reduce costs, with a further impact on the reduction of physical communications. In recent years, mail has declined steadily, losing more than half of its volume since 2013.

Trend shift in the parcel delivery market

In contrast, parcel services continued to grow in 2022, with a steady increase in demand for B2B and B2C delivery, mainly driven by e-commerce.

E-commerce turnover in Spain returned to strong growth last year, with year-on-year increases of 25.3% and 33.2% in the first and second quarters, respectively; such figures were not obtained since the end of 2019. However, **the increase in the number of transactions** (and therefore in the number of deliveries) **was more modest**, in line with the results of 2021, following the record figures of 2020.⁷



7. <https://www.cnmc.es/prensa/ecommerce-2T-20230105>

In terms of the origin of e-commerce volumes, **consumer preference for the use of large marketplaces** continued to increase, but a preference of for **second-hand platforms** was also noticeable as the demand for sustainable and local consumption grew. In this sense, the **Correos Market** marketplace continued to incorporate new sellers and items last year, helping to make Spanish companies' products visible and distribute them.

In **international parcel services**, last year saw a certain degree of stabilisation of volumes from the UK, following a fall in 2021 due to Brexit. In contrast, the trend observed in recent years of **a decline in inbound small-value goods from China** to Europe continued, intensified by the entry into force of the new EU VAT regulations in 2021. This is leading to a significant change in the types of cross-border e-commerce volumes, increasing the percentage of heavier packages.⁸

On the other hand, the **free returns policy** of online retailers had driven the increase in reverse logistics volumes in recent years⁹. This generates higher costs for sellers, which prompted some companies in 2022 to **start charging customers for returns**, introducing

alternatives to collection, such as deposit in shops, parcel lockers or offices of business partners such as the Correos' post office network.

In the coming years, **the revenues of the parcel sector are expected to continue to grow, albeit at a slower pace**, due to the slowdown of the domestic and international economies. This was already evidenced by a lower level of recruitment in the sector during the last Christmas season, and employment forecasts for 2023 are also less ambitious.

Responses to social and demographic challenges

Last year many laws and regulations were enacted in Europe and Spain in areas such as social and labour rights, equal opportunities and diversity, human rights and greater consumer protection.

Thus, one of the goals of Act 4/2022¹⁰ was to reinforce the **protection of vulnerable users** in activities such as e-commerce and financial services, promoting, among other measures, the **role of Correos against financial exclusion** by signing collaboration agreements with banks for access to cash.

Secure and accessible digital services

In 2022, the new geopolitical environment also led to an **increased risk of cyber attacks** against strategic assets of European countries, with logistics chains being particularly vulnerable to these events, due to their digitisation and interconnections.

Cybersecurity therefore continued to be strategic for the sectors in which the Correos Group operates, and even more so for public service providers. In this respect, the development of the obligations derived from its appointment as a critical operator and the adaptation to the new requirements of the National Security Scheme¹¹ were priorities for the Group.

8. IPC. Cross-border e-commerce shopper survey 2022.

9. IPC. Cross-border e-commerce shopper survey 2022.

10. Law 4/2022, of 25 February, of protection of consumers and users in situations of social and economic vulnerability.

11. Royal Decree 311/2022, of 3 May, regulating National Security Scheme.



Last year also **saw the approval of the new general law on telecommunications**¹², which envisages the investment of 4 billion euros over the next few years to **extend digital connectivity to the entire population, boost the development of 5G and promote a secure cyber ecosystem.**

The regulation introduces new measures to encourage investment in the telecommunications sector and to facilitate the **roll-out of very high capacity networks**. These measures include greater flexibility for co-investment agreements between operators and the possibility of deploying small cells (low power base stations), which the subsidiary **Correos Telecom will continue to facilitate by renting space in Correos locations to market operators.**

The two new calls in 2022 of the Generalization of Digital Infrastructures for Cohesion (**UNICO**, as per its Spanish Acronym) programme, financed with funds from the Resilience and Recovery Mechanism, were precisely aimed at extending the **deployment of the ultra-fast broadband network** in Spain, as well as at carrying

out **pilot development projects for 5G technology**. This support for network expansion, mainly in rural environments, stimulated the development of market neutral operators, some of them specialised in providing services in these territorial areas.

In addition, the strategy of extending high-speed digital infrastructures, which was contemplated through the measures of the Plan for Connectivity and Digital Infrastructures, was updated in 2022 with the **launch of the *España Digital 2026* agenda**. One of the strategic axes of this agenda will also be the promotion of 5G technology, for which extensive development is expected in the coming years and which is one of Correos Telecom's lines of business, through the commercialisation of networks and sites for telecommunications equipment.

Future trends

In its business environment, the Correos Group has identified a number of external factors with a potential short, medium or long-term impact on its activity and on the markets in which it operates. These trends can represent both a challenge and an opportunity, depending on the strategic responses adopted by the Group.

12. Law 11/2022, of 28 June, on telecommunications.



Economic challenges

- > Inflationary pressures
- > Rising cost of credit
- > Energy crisis
- > Disappearance of companies
- > Supply crisis
- > Economic recession and reduced consumption
- > Diversification and re-localisation of supply chains
- > European funds as catalysts for growth
- > Public-private partnerships



Climate emergency

- > Decarbonisation of the economy
- > Sustainable logistics and mobility
- > Energy transition
- > Circular economy and sustainable packaging
- > Spain's climate resilience and water management
- > Ecosystem recovery
- > Extreme weather events
- > Biomaterials and nature-based solutions
- > Sustainable policies in the public sector



Demographic and social challenges

- > Ageing of the population
- > Rural depopulation and loss of services in rural areas
- > Sustainable urbanism, population concentration and smart cities
- > Increasing social inequality
- > Digital and financial divide
- > Food crisis and migration
- > Gender gap and inclusion
- > Evolution of the pandemic



Active citizens

- > Increased preference for local and sustainable consumption
- > Increased price sensitivity
- > Activist consumption
- > Questioning of globalisation
- > Revival of a sense of community
- > Increased demand for corporate transparency and sustainability
- > Development of the silver economy



Resilient and responsible companies

- > WFH and remote operations
- > Importance of employee health and safety and well-being
- > Retention of specialised talent
- > Business activism
- > Open Innovation
- > Servification and exchange of assets and services model
- > Sustainable finance
- > Protection of human rights

Geopolitical and regulatory evolution

- > National and international regulatory changes
- > Macroeconomic uncertainty
- > Geopolitical risks and military conflicts
- > Transformation of the European tax and customs framework
- > Economic protectionism
- > Political tensions, polarisation and the strengthening of democracies



Digitalisation of the economy and society

- > Electronic substitution of postal communications
- > Blockchain and Big Data
- > 5G, IoT and digital twins
- > Artificial Intelligence
- > Cloud computing and edge computing
- > Cybersecurity and privacy
- > Quick e-commerce and omnichannel services
- > Metaverse and extended reality
- > Autonomous driving, drones and robotisation
- > 3D printing

Materiality analysis and relationship with stakeholders

🌐 GRI 2-2, 2-3, 2-5, 2-12, 2-14, 3-1, 3-2

The contents of the non-financial information statement (NFI) of the Correos Group are for the year from 1 January to 31 December 2022, covering the main activities of Correos and the subsidiaries Correos Express, Correos Express Portugal and Correos Telecom, as well as Correos Nexea, as the approval of their merge took place in December 2022 and their registration had not been completed at the end of the year.

The non-financial information statement complies with the **information requirements provided by Law 11/2018** ¹³, referring to environmental and social issues, respect for human rights, fight against corruption and bribery, equality, non-discrimination and the inclusion of people with disabilities and universal accessibility.

After review by all management areas of the Correos Group, also in accordance with Law 11/2018, this non-financial information statement is presented for approval, as a separate agenda item, at the Correos General Meeting of Shareholders. Furthermore, its contents are subject to independent external verification, as required by the aforementioned Law.



The determination of material issues and their scope for the preparation of the non-financial information statement is based on a **regular process of internal and external assessment**, with the assistance of an independent external company, to **identify and prioritise the economic, social, environmental and governance issues that have the greatest impact** on the Group's financial performance and stakeholders.



13. Law 11/2018, of 28 December, amending the Commercial Code, the revised Capital Corporations Law approved by Legislative Royal Decree 1/2010, of 2 July, and Law 22/2015, of July 20, of Audit, as regards non-financial information and diversity.

The last of these analyses, completed in January 2023 and conducted for the first time using the **double materiality approach proposed by the recently approved Corporate Sustainability Reporting Directive** ¹⁴, included:

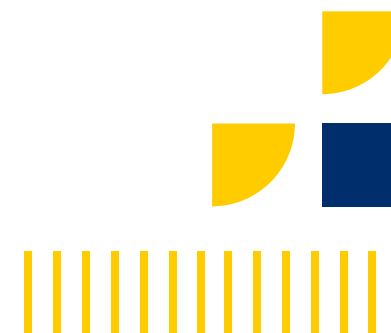
- Identification of trends, legal and voluntary reporting requirements, industry benchmarks and expert opinions, among other sources of information, cross-checked against the corporate risk map and the SDG Alignment Model.
- Consultation with representatives of the Group's senior management, employees, shareholders, the public sector, customers and suppliers to assess externally and internally the Group's main impacts on the issues identified and the actual or potential effects of these issues on the Group's strategy and financial performance. The results of this analysis were presented to and validated by the senior management of the Correos Group.
- The weighting of issues based on the results of these consultations and their reflection in a double materiality matrix.

From this materiality analysis it was concluded that, according to the stakeholders of the Correos Group, **the five issues on which business activities have the greatest impact, positive or negative, on their environment** are transparency, ethics and the fight against corruption; service security and cybersecurity; safety, health and well-being; contribution to the community and local economy; and innovation, new technologies and digital transformation.

The analysis also concluded that the **five issues with the greatest potential to influence the Group's development, performance and financial position** in the short, medium and long term are diversification and internationalisation; business sustainability; response to climate change; energy efficiency and sustainable buildings; and service security and cybersecurity.

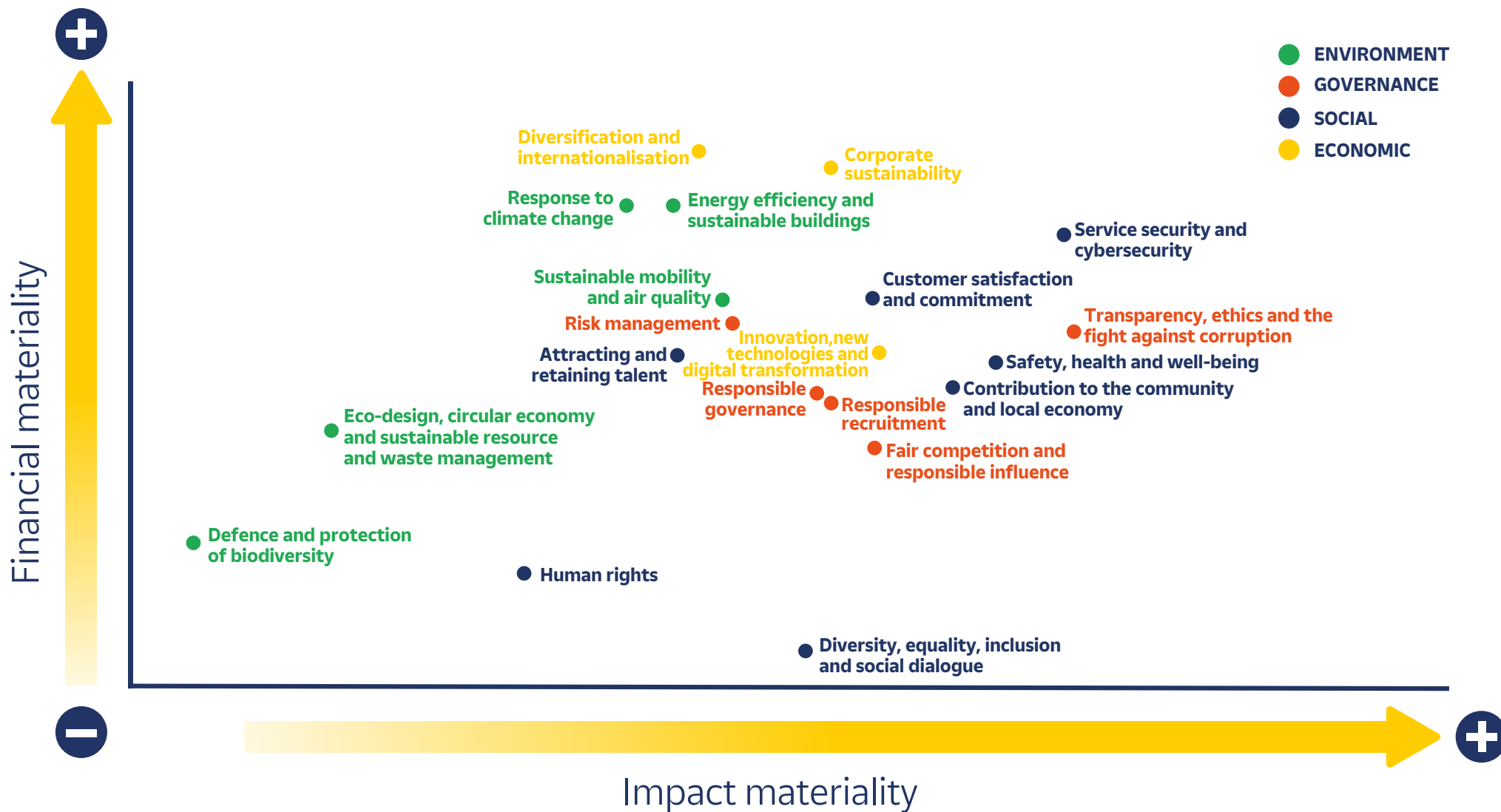
From the joint assessment of the issues with the greatest impact on stakeholders (impact of the business activity on the environment) and those with the greatest influence on the company's financial performance (impact of the environment on the business activity), their **positioning in the materiality matrix** was established. These issues have been incorporated into this non-financial information statement and the Integrated Annual Report 2022, which is expected to be published in June 2023.

The 20 issues that make up the materiality matrix were rated as moderately, medium or highly relevant by all stakeholders, with 13 of them being considered a priority.



14. Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

Double materiality matrix



Addressing the relevant issues

Issue	Chapter	Business or stakeholder impact
Priority issues		
Diversification and internationalisation	Integrated annual report	Highest
Corporate sustainability	Integrated annual report	Highest
Response to climate change	Environmental management	Highest
Energy efficiency and sustainable buildings	Environmental management	Highest
Service security and cybersecurity	Positive impact on businesses and citizens	High
Customer satisfaction and commitment	Positive impact on businesses and citizens	High
Sustainable mobility and air quality	Environmental management	High
Risk management	Risk and opportunity management. Corporate governance and ethical compliance.	High
Transparency, ethics and the fight against corruption	Corporate governance and ethical compliance.	High
Innovation, new technologies and digital transformation	Integrated annual report	High
Attracting and retaining talent	Human team	High
Safety, health and well-being	Human team	High
Contribution to the community and local economy	Positive impact on businesses and citizens	High
Medium relevance issues		
Responsible recruitment	Corporate governance and ethical compliance.	Average
Responsible governance	Corporate governance and ethical compliance.	Average
Eco-design, circular economy and sustainable resource and waste management	Environmental management	Average
Fair competition and responsible influence	Corporate governance and ethical compliance.	Average
Defence and protection of biodiversity	Environmental management	Average
Human rights	Positive impact on businesses and citizens	Moderate
Diversity, equality, inclusion and social dialogue	Human team	Moderate

Relationship with stakeholders

🌐 GRI 2-29

Correos Group maintains a **relationship of trust and transparency** with its stakeholders, based on continuous dialogue, which enables knowledge of their expectations and communication of the achievements made with respect to the commitments undertaken.

Due to the nature, characteristics, dimensions and potential impacts of the Correos Group, its stakeholders are heterogeneous and numerous, the most relevant (and which in turn encompass various subgroups) being its shareholder, employees, customers and other representatives of society, such as citizens, regulators or the third sector. With all of them, the Group's companies maintain different channels of communication.

Stakeholders' views and requirements can be both convergent and divergent. In this interaction, the Group, as a member of the public sector, strives at all times to combine its mission and business objectives with the protection of the community interests.

Correos Group stakeholders



Main communication channels with the Correos Group's stakeholders

SHAREHOLDER

- General Meeting of Shareholders
- Board of Directors
- Annual Operational Plan and Medium Term Plan
- Integrated annual report
- Corporate Intranet/Web
- E-mail
- Meetings
- Partnerships and collaborative projects
- Press releases, reports and interviews

EMPLOYEES

- Integrated annual report
- Corporate Intranet/Web
- E-mail
- SMS and WhatsApp messages
- Personalised letters
- Internal briefing notes
- Meetings
- Informal meetings
- Training actions
- Newsletters and surveys
- Suggestion boxes
- Participation programmes
- Communication and Whistleblowing Channel
- Meetings with the chairman
- Social media
- Representative committees
- Partnerships and collaborative projects
- Press releases, reports and interviews

CUSTOMERS

- Integrated annual report
- Corporate Intranet/Web
- E-mail
- SMS and WhatsApp messages
- Informal meetings
- Newsletters and surveys
- Suggestion boxes
- Social media
- Channels and customer service points
- Fairs, forums and other meetings
- Advertising campaigns and branded content
- Partnerships and collaborative projects
- Press releases, reports and interviews
- Institutional control (Parliament, Ombudsman, Court of Auditors)
- Meetings

SOCIETY

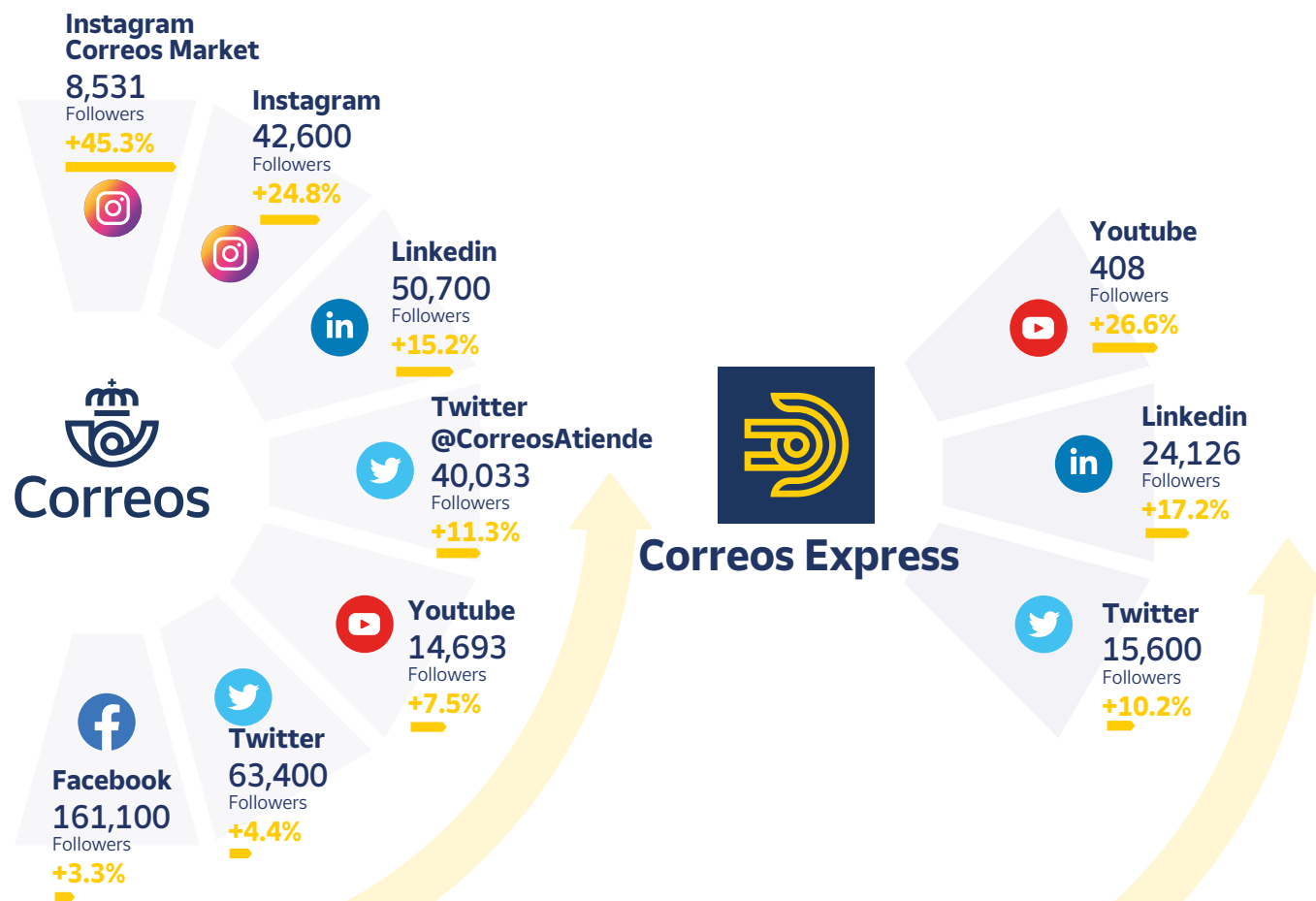
- Integrated annual report
- Corporate Intranet/Web
- Meetings
- Informal meetings
- Social media
- Channels and customer service points
- Fairs, forums and other meetings
- Advertising campaigns and branded content
- Partnerships and collaborative projects
- Press releases, reports and interviews
- Institutional control (Parliament, Ombudsman, Court of Auditors)
- E-mail



Digital communication

Digital channels allow Correos Group to establish a **close and immediate link** and maintain an fluid interaction with its stakeholders. In 2022, **Correos social media followers grew by 8.8%**, to reach 381,057, while the **media followers of Correos Express rose by 14.4%** to 39,726.

Social media presence of Correos and Correos Express



Correos promotional campaigns that achieved the highest visibility, both on social networks and in other physical and digital media, were:


- ▶ • **#CorreosCargo**, which presented the new Correos air freight service, created in response to the increase in parcels due to e-commerce, and
- ▶ • **#CorreosFrío**, which presented the company's new logistics solution for pharmaceutical products or food that require temperature-controlled transport.
- ▶ • **#LaFuerzaDeUnPaís** [TheStrenghtOfACountry] and **#HistoriasDeLoNuestro**, [#StoriesFromHere] which highlighted the fundamental role of SMEs and the self-employed in the development of the Spanish economy and highlighted how the company adds its logistical strength to the strength of an entire country.
- ▶ • **#LasFuerzasLogísticas**, (#LogisticForces) launched to coincide with National Day of Spain, which highlighted the role of Correos in structuring of the country, as its thousands of professionals, vehicles and facilities have a single mission every day: to make life easier for everyone.

- ▶ • **Responsible delivery** which, under the title 'Whoa, humans, whoa', raised the need to slow down and make environmentally responsible decisions regarding express delivery, coinciding with the Black Friday campaign, a time of the year when online shopping and logistics operations soar.
- ▶ • **Despierta España** [Wake Up Spain], which sought to raise awareness of the importance of supporting Spanish companies and backing the national productive fabric as a way of helping and showing support to domestic companies through Correos Market.

- ▶ • The **Department of Extraordinary Deliveries**, a physical and virtual Christmas event where children were able to learn about the process their letters go through from the moment they are written until they reach the hands of Santa Claus and the Three Wise Men.



For the third consecutive year, Correos the **official logistics operator of La Vuelta a España**, taking care of the transport of more than 400 tonnes of material along its 3,280 kilometres and 42 starts and finishes, both in Spain and in the Netherlands. Through a stand in the *Parque Vuelta* leisure space at each stage, the company showcased the products, services and initiatives with which it supports Spanish companies.

For its part, the subsidiary Correos Express publicised its campaign 'life cycle of a parcel' on social media and also collaborated in other campaigns carried out by the Visión y Vida Association to raise awareness of the importance of eye health, such as the one called  [I am not eagle-eyed.](#)

Media presence

In 2022, the number of news items about Correos in the national, regional and local media doubled, with **39,142 pieces of information published** and nearly **5.3 million audience impacts** in the press, radio, television and digital media, 17.8% more than the previous year. **84% had a positive or neutral tone.**

The company issued 100 national press releases, with 2,125 publications, and 1,116 regional press releases on the company's progress in the development of products and services, including financial services (with **Correos Cash and the agreements signed with various entities**, the Correos Prepaid Card and the provision of new **services at home by rural postmen and postwomen**) and its vocation for public service and social commitment, through the elimination of sales commissions in **Correos Market** to support Spanish companies.

Other **topics that aroused great interest** were those related to the **management of the Bono Cultural [Cultural Voucher]** for the Ministry of Culture and Sport, the agreements with various administrations to manage the payment of taxes, the new **Correos Cargo and Correos Frío** services, the commitment to stable and quality employment with the **call for 7,757 operational positions throughout Spain**, the new philatelic issues, the development of postal voting in Andalusia and Castilla y León, and innovation (with the call for the Lehnica Changer Challenge, the new e-mail verification system and the exhibition of drones developed as part of the Delorean project).

In the case of the Group's subsidiaries, they unveiled the **transformation of their corporate image** at the beginning of 2022. Also relevant were the communications from **Correos Express** regarding the presentation of its **strategic plan**, the **specialised services** that offers to sectors such as e-commerce or the dental and eye health sectors, its **sustainable distribution solutions**, as well as job offers and work placements.



Strategy

● GRI 3-3

The Strategic Plan of the Correos Group is based on 9 strategic objectives.

This plan comprises 60 lines of work, with which the Group aims to advance in its objectives of increasing revenues, improving efficiency and positioning the Group as a benchmark operator in the parcel market, through the diversification of the offer, the digitalisation and automation of processes and the strengthening of synergies between Correos and its subsidiaries. By the end of 2022, 87% of the actions included in these 60 lines had been implemented.

Strategic Plan of the Correos Group



Risk and opportunity management

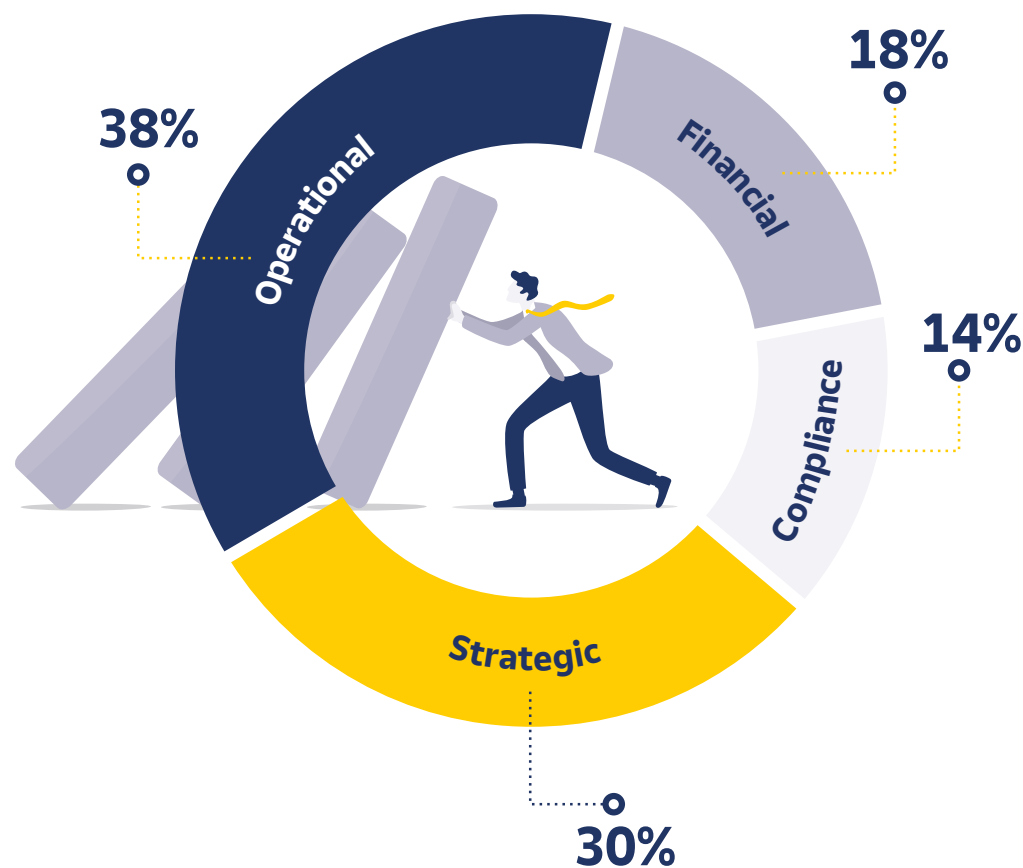
🌐 GRI 2-12, 2-13, 2-23, 2-24, 3-3

The Correos Group has a **risk control and management system**, based on the **international COSO framework**, aimed at identifying, controlling, preventing and guaranteeing an adequate response to the materialisation of risks. The corporate risk map contains a total of 50 risks, of which 15 have been classified as critical for ensuring correct management.

In 2022, the Board of Directors approved a new corporate **Risk Control and Management Policy**, which entails a review and update of the Group's risk map. In addition, a cross-cutting **Risk Committee was created** to monitor and coordinate contingency plans to ensure business continuity, thus reinforcing the corporate governance model.

The company promotes a corporate culture of risk mitigation through a structure of risk managers and risk officers. In 2022, specific training was provided to more than 100 managers.

Correos Group risk types



The activity of the Group's various companies is conditioned both by factors that are common to their sectors and by unique impacts that only affect each of them. The existing risk categories are:

- **Strategic risk:** responds, among other factors, to the progressive decline in postal activity due to the electronic substitution, increased competition, the evolution of the economic environment, the protection and monetisation of innovation, the talent management or the emergence of disruptive technologies that lead to rapid changes in demand.
- **Operational risk:** responds to the structural complexity of the Group, the need for the flexible incorporation of new resources and equipment to increase efficiency in processing and delivery processes, to the speed of adaptation of the production model to new demands, changes in international trade flows or the challenges of personal data management and cybersecurity.
- **Compliance risk:** associated with non-compliance with regulations or codes of good governance and ethics on the part of managers and employees, in terms of hiring, use of funds, accountability, adoption of agreements, use of information or conflicts of interest, among others. In addition to these, there are other risks linked to possible changes in sectoral regulations and the company's own operations.
- **Financial risk:** includes liquidity, default and credit risk, which in turn include interest rate, foreign exchange and other price risks.

Within these four categories there are other dimensions that can materialise in different types of risks, the following being of particular importance:

- **Occupational risk:** linked to the status as one of the country's major employers, the need to maintain a nationwide presence, the difficulties associated with rigid recruitment procedures, occupational health and safety, especially in the current context, or the ability to retain talent.
- **Environmental and climate risk:** due to the impact of the extensive infrastructure network and vehicle fleet, increasing national and international regulation, as well as future requirements arising from the commitments assumed by Spain and the European Union.
- **Reputational risk:** associated with unforeseen changes in the Group's relationships with its various stakeholders and a suitable communication.



Contribution to Agenda 2030

SDG 8, 9, 11, 12, 13

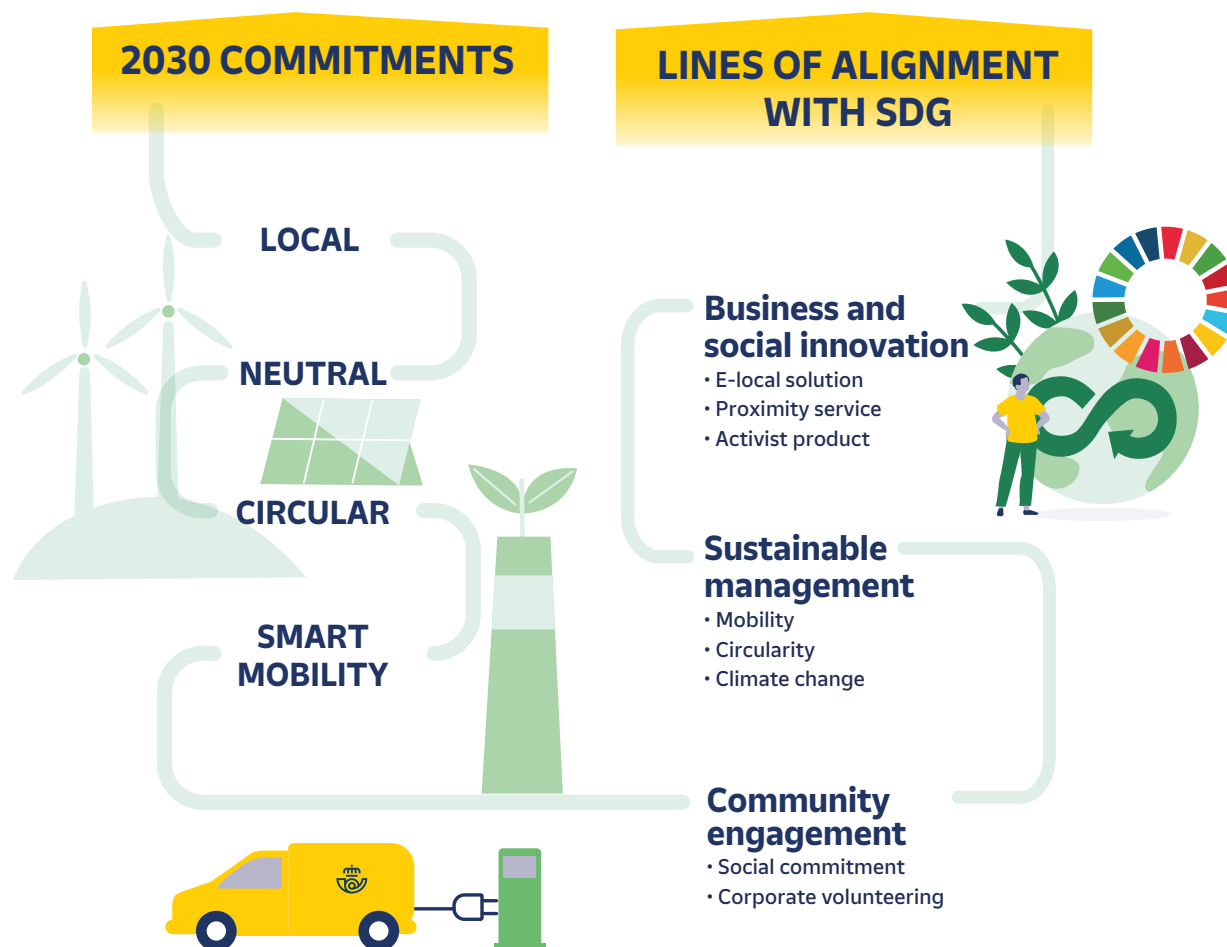
GRI 2-12, 2-17, 2-23, 3-3, 203-2

Correos considers that, as one of the main employers in Spain, a public service provider and the backbone of the territory structuring, it can play a very important role in achieving the 2030 Agenda. In this regard, it has identified its potential contribution to each of the Sustainable Development Goals (SDGs) promoted by the United Nations, in order to **prioritise those in which its actions can have the greatest impact** on accomplishment.

SDG Alignment Model

The **Correos SDG Alignment Model**, approved by the Board of Directors in 2022, integrates the main policies and defines the short and medium-term priorities in the management of environmental, social and governance (ESG) aspects, in response to the transformation of the business model, market evolution, regulatory changes and new emerging risks and opportunities linked to the main challenges facing society and the planet.

SDG Alignment Model



This Model contemplates three priority lines of action, all three interrelated and directly linked to the company's strategy, which act as the main levers to generate greater positive impacts on the different stakeholders and on the achievement of the **Sustainable Development Goals**.

- **Business and social innovation**, to provide transformative products and services that respond to the social and economic needs of businesses and citizens.
- **Sustainable management** of resources to be 'zero waste', promoting the circular economy, optimising energy use and reducing emissions with a fleet of alternative fuel vehicles.
- **Community engagement**, through social and environmental actions with local impact, in collaboration with various associations and entities, and through corporate volunteering.

These three axes have the cross-cutting objective of providing **responses to the country's demographic challenge**, bringing public services closer to citizens, both in urban and rural environments.

2030 Commitments

The policies contemplated in the SDG Alignment Model also contribute to the achievement of the **Correos 2030 Commitments**, assumed by the company in 2019 to mark the Climate Summit held in Madrid, and which seek to multiply business action in the face of climate change and social challenges.

These 2030 goals aim to neutralise emissions from the activity, adopt circularity to be a '**zero waste**' company, to drive **smart mobility** so that 50% of the fleet uses alternative technologies to fossil fuels and to generate **local value**, increasing the diversity of sustainable products and supporting local businesses through e-local solutions.



2030 Commitments



Contribution to the Sustainable Development Goals

Correos is aware of its social impact and the influence that its policies can have on the achievement of the goals on the 2030 Agenda. For this reason, it has identified the priority Sustainable Development Goals, as they are the ones where its contribution can be most relevant:

- **Goal 8** (Decent work and economic growth) and its target 8.2.
- **Goal 9** (Industry, innovation and infrastructure) and its target 9.1.
- **Goal 11** (Sustainable cities and communities) and its targets 11.1 and 11.6.

In addition, because it belongs to the public sector and because of its activity, it considers that it can also favour the achievement of:

- **Goal 12** (Responsible consumption and production) and its target 12.7.
- **Goal 13** (Climate action) and its target 13.2.

Correos' contribution is attained through the actions contemplated in its SDG Alignment Model and the policies implemented to accomplish its 2030 Commitments.



Contribution of the company to the Sustainable Development Goals

Strategic contribution



8.2.
Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

- Creating stable, quality employment
- Training
- Certificate of professionalism in home delivery and collection service
- New working models
- Talent management
- Workplace health and safety



9.1.
Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

- Fostering entrepreneurship: CorreosLabs spaces and Lehnica Changer Challenge
- Infrastructure for international trade
- Territorial capillarity and proximity of public services
- Financial and Administration services in post offices and home in the face of financial exclusion and the digital divide
- Telecommunication services for the digital accessibility of the population



11.1
By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
11.6
By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

- Accessible and secure post offices
- Reliable means of payment
- Electric and alternative fuel vehicles
- Improving urban air quality
- Sustainable mobility
- Sustainability of external land transport routes

Relevant contribution



12.7.
Promote public procurement practices that are sustainable, in accordance with national policies and priorities.

- Circular Economy Action Plan
- Sustainable procurement
- Responsible delivery
- Correos Market
- Responsible consumption: Línea Bosques range of packaging
- Social impact: Rounding Up with Impact programme
- Way of Saint James: Sustainable pilgrimage



13.2.
Integrate climate change measures into national policies, strategies and planning.

- Energy efficiency
- Procurement of 100% renewable energy and self-supply of electric power.
- Correos Compensates programme for GEG emission offsetting
- International Post Corporation's SMMS project to improve sustainability performance
- Raising awareness of climate change



To boost its contribution to the 2030 Agenda, in 2022 the company was one of the participants in the second edition of the **Global Compact's international SDG Ambition accelerator programme**, which will conclude in the first half of 2023, aimed at enabling companies to set ambitious business targets and accelerate the integration of the Sustainable Development Goals into the management of their activities.

Correos was also one of the public companies that met with the Under-Secretary General of the United Nations and executive director of the Global Compact, Sandra Ojiambo, during her visit to Spain last year, on the occasion of the General Assembly of this global initiative in Spain. The meeting addressed the main **challenges and opportunities for public companies in achieving the 2030 Agenda**.

World Post Day, celebrated every 9 October by the Universal Postal Union (the United Nations organisation comprising all postal operators), was dedicated in 2022 to highlighting the **potential of the postal sector to contribute to the Sustainable Development Goals** by providing an infrastructure

that facilitates the development of countries. Likewise, at the end of the year and on the occasion of the last General Assembly of PostEurop (a body comprising European public postal operators), Correos, in its capacity as chairman of the European Affairs Committee, presented the organisation's **Sustainability Vision**.



Human team



SDG 8

GRI 2-7, 3-2, 3-3

Integral people management is one of the essential elements of the strategy of the Correos Group, one of the largest public groups in terms of size and human capital. Its main employment impacts are related to **job quality and stability, training and career development, talent attraction and retention, diversity and inclusion**, as well as **occupational health and safety**.

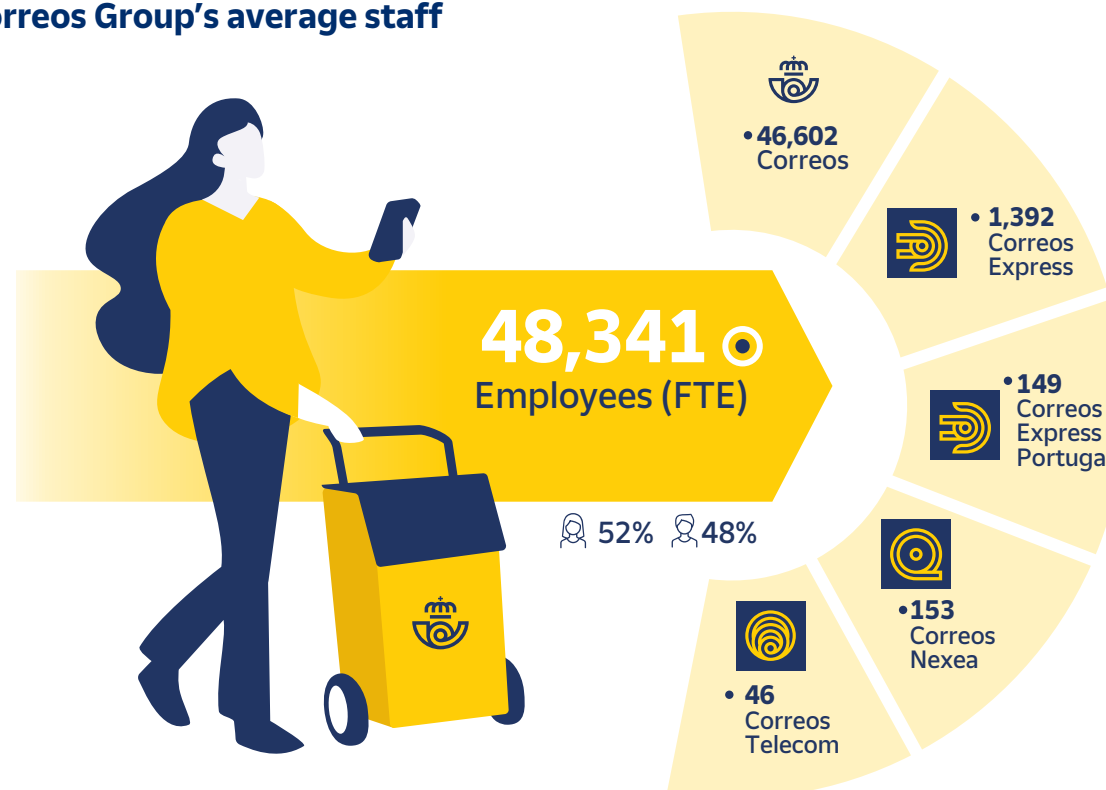
These impacts are managed through a policy, whose lines of action and monitoring indicators are designed in accordance with current labour legislation and in line with the main reference frameworks in the Spanish public sector and in the international postal sector.

Employment generation and job stability

GRI 2-7, 2-30, 203-2, 402-1, 403-4, 413-1

At the end of 2022, **the Correos Group had an average workforce of 48,341 (FTE)**. The parent company, Correos, contributed the largest proportion, 46,602 professionals, 89% of whom were workers under ordinary employment contracts and 11% civil servants.

Correos Group's average staff



With the entry into force in March 2022 of Royal Decree-Law 32/2021 ¹⁵, Correos adapted its management to the new reorganisation of the modalities of employment contracts, with the use of the replacement contract for temporary coverage of a job during the selection or promotion process for its definitive coverage, as well as with the identification and definition of new causes for temporary hiring due to circumstances of production.

Labour consolidation processes

Within the framework of the consolidation processes for permanent employment, in March 2022, **3,381 people** who obtained a position in the selection processes carried out in September 2021 **were incorporated**, going on to perform delivery functions in urban and rural areas, as well as logistical and customer service tasks in post offices throughout the country.

With regard to the call for employment to fill 5,377 jobs, the terms and conditions of which were published at the end of 2021, in May 2022 it was extended to **7,757 positions, the largest public offer of employment at Correos in the last decades**, reaffirming the company's commitment to stable employment.

During the past year, the selection system, the requirements for participation and the merits to be considered, as well as the reference documentation to facilitate the preparation of the tests were made known. Subsequently, the offer and registration period for the selective processes, which will take place on 7 May 2023, was published.

This call for applications represents an **important step forward in the stabilisation of employment and the reduction of temporary employment** and is part of the replacement rates approved for the years 2020 and 2021, in Act 20/2021 ¹⁶ and in the aforementioned Royal Decree-Act 32/2021.

For its part, Correos Express carried out selection processes to fill 450 permanent jobs, while Correos Telecom incorporated 7 people and consolidated another 4 jobs.

Remuneration update

Last year, Correos agreed with the main trade unions to pay, retroactively from 1 January 2022, **salary increases of 3.5%** (2% as established in the General State Budget Law for 2022 and an additional 1.5% increase, in accordance with Royal Decree-Act 18/2022 ¹⁷).

15. Royal Decree-Law 32/2021, of 28 December, of urgent measures for labour reform, the guarantee of employment stability and the transformation of the labour market

16. Act 20/2021, of 28 December, of urgent measures to reduce temporary employment in public employment.

17. Royal Decree-Act 18/2022, of 18 October, approving measures to reinforce the protection of energy consumers and to contribute to the reduction of consumption.



Call for team leaders

In February 2022, tests were held simultaneously in 17 provinces throughout the country to **fill team leader positions** in the areas of distribution, logistics and post offices, and 3,767 people took them.

The 972 professionals selected for the positions offered (434 in distribution, 366 in post offices and 172 in processing centres) joined the company on 1 June 2022. With this process, Correos is strengthening and consolidating its operational management structure, encouraging professional development and internal promotion to positions of greater responsibility.

Internal promotion of civil servants

As a culmination of the **internal promotion process for Correos civil servants** of 2021, in January and March new civil servants were **appointed** to the subgroups A1-Superior Postal Service (20 posts), A2-Postal Management Service (50 posts), C1-Postal Executive Service (300 posts) and C2-Postal Auxiliary Service (22 posts).

Transfer contest

During the past year, Correos continued to organise the contest for relocating as an ongoing process to meet the expectations of **functional or geographical mobility** of a significant number of employees, both civil servants and permanent employees (including

all types of contract), who applied for basic jobs in the field of post offices, delivery units and processing centres.

The first allocation derived from this call made possible the relocation to a new assignment of 1,886 professionals, whose effective incorporation took place in November.

Call for applications for job vacancies

In February 2022, Correos published the new provincial recruitment campaigns, aimed at covering temporary needs in operational positions (distribution, sorting and customer service in post offices), for which nearly 60,000 people were registered. In application of the labour reform, the Central Employment Committee also negotiated the adaptation of its operating criteria to the new regulations.



Partial early retirement and voluntary incentive leave

In February 2022, the call for early partial retirement was resolved and 310 employees took early partial retirement. This programme made it possible to reconcile the reduction in work activity with the pension recognised by the Social Security. In the same month, the call for incentivised voluntary leave for civil servants was published, with criteria similar to those of the partial early retirement programme, and 72 leaves of absence were granted.

Development of electoral processes

On the occasion of the regional elections to the Castilla y León Parliament and the Andalusian Parliament, Correos adopted the necessary organisational measures to facilitate **the correct development of activities related to the management of postal voting**, both in delivery and in post office service.

These actions included the extension of post office hours, the provision of additional computer terminals for the admission or collection of votes by mail carriers, the installation of dedicated counters for elections or the incorporation of additional routes were aimed at ensuring the fulfilment of the public service obligations entrusted.

At the same time, Correos continued applying preventive measures of an organisational, collective and individual protection nature, according to the instructions of health authorities, in order to offer professionals and voters all the health guarantees when carrying out the different procedures.

Thus, the company once again made it easier for citizens to vote by post with the delivery of more than 48,000 envelopes to polling stations in Castilla y León and more than 162,000 votes in Andalusia (in the latter case, an increase of 96% compared to the last similar voting process, in 2018).

Organisation of social dialogue

Correos has a 'Framework Agreement on Labour Relations', in force since March 2000, which establishes, among other things, the essential criteria for permanent dialogue between trade unions and the company. This agreement regulates the levels of dialogue at the state level, with the trade union sections of the trade unions established throughout the country, through their general secretaries and state executive bodies and, at the more local level, through the provincial secretaries and executive bodies, in addition to the unitary bodies (Works Councils and Staff Boards).

The Agreement also sets out the composition of the highest levels of employee workers' representative bodies; the Negotiating Committee, comprising 12 company representatives and 12 union representatives; and for the civil servants, the Sectoral Committee, comprising 18 company representatives and 18 union representatives.

For its part, the collective agreement for workers under ordinary employment contracts sets out the general principles of trade union participation and collective bargaining and the functions of the central (of central employment, social action, training, equality, working time, transfer contest and occupational health) and provincial (employment and working time commissions, together with provincial health and safety committees) joint committees.

The agreement contains a specific section on health, safety and occupational risk prevention policy, the company's own prevention plan and service, the prevention delegates and the rights to information and consultation in this area (channelled through the state occupational health commission and provincial health and safety committees, with equal representation of the company and trade unions).

At Correos, the entire workforce and civil servants have trade union representation, which translates into 898 elected delegates from the workforce and 381 delegates from the civil servants. In some provinces, this representation takes the form of unitary bodies (Company Committees and Staff Committees).

During the past year, Correos launched a new period of social dialogue with trade union organisations in order to address labour issues of major interest to employees, as well as new lines of business and future projects for business competitiveness.

Throughout the year, more than 50 meetings of the different negotiating tables were held to address issues such as partial early retirement, voluntary incentive leave, training plans, the terms and conditions of the call for applications for permanent operational staff, the transfer contest, pay increases and recruitment campaigns, among others. Likewise, the Second Equality Plan was signed with the trade union organisations CSIF and Sindicato Libre, as well as the FEDAP 2022 Agreement with the trade unions CSIF and CIG.

Besides, at Correos Express there are 45 centres with legal worker representation, of which 7 are constituted as works councils. In the rest, dialogue takes place through 104 staff delegates. In the area of occupational risk prevention, 45 workplaces

have prevention delegates, with a health and safety committee in 7 of them.

98.2% of employees are represented by union representatives. The main issue discussed last year by the subsidiary with the various trade unions was the call for selective employment processes.

The collective bargaining agreements applicable to Correos Express are those for road freight transport in the provinces where the company's centres are located (48 at present), as well as the 2nd General Agreement for road freight transport companies at state level.

For its part, in the operational centres of Correos Nexea, trade union representation is constituted through a company council, and the sectoral agreement for the graphic arts applies¹⁸. 95.4% of professionals are represented by union representatives.

At Correos Telecom and Correos Express Portugal, employees have not promoted their union representation and company-employee relations are channelled directly through the area managers, who receive proposals. At Correos Express Portugal, the collective agreement for road freight transport in Portugal applies.

In 2022, the percentage of Correos employees **covered by collective bargaining agreements** was 88%, 100% for Correos Express and Correos Express Portugal, 95% for Correos Nexea, while Correos Telecom does not apply any collective bargaining agreement.

The small number of employees who are not covered by collective bargaining agreements shall abide by the provisions of Royal Legislative Decree 2/2015, of 23 October, which approves the revised text of the Workers' Statute Law.

Organisation and flexibility of working hours

A wide **variety of working hours** coexist within Correos, due to the heterogeneous nature of the services provided. Insofar as the organisation of work and the obligations of public service provision allow, the company makes it possible to work a continuous working day, from Monday to Friday in morning, afternoon or evening shifts, with the majority of employees working this type of working day.

In order to achieve a good work-life balance and efficient working practices, the collective agreement provides for the negotiation, participation and information powers of the working time committee. Similarly, any substantial modification of working days, working hours and/or shifts is subject to review by

18. Sectoral agreement for the graphic arts, paper handling, cardboard handling, publishing and auxiliary industries.

the central employment committee or the provincial employment committees.

At Correos Express and Correos Nexea, operational staff work round the clock in morning, afternoon and evening shifts, while management and supervisory staff work split shifts. In the subsidiary Correos Telecom, the working day is flexible, as the organisation of working time is oriented towards project management. At Correos Express Portugal the working day is split according to national legislation.

Following the situation resulting from the COVID-19 pandemic, during 2022 the company maintained a **hybrid work model** in those positions where it was possible to apply it, as a preventive measure in face of the pandemics and, at the same time, favouring work-life balance, contributing to the energy saving targets promoted in the public sector throughout the most recent regulations and promoting a culture of co-responsibility, flexibility and trust.

The criteria and conditions for establishing a remote work programme, as well as policies relating to the right to digital disconnection, will be negotiated with the legal representation of workers, as provided for in Royal Decree-Law 28/2020¹⁹ and in accordance with the instructions applicable to it as a public company.

Talent support and professional development

🌐 GRI 3-3,404-3,405-1

The Correos Group has a **policy aimed at identifying and developing talent**, both internal and external, ensuring the coverage of essential functions, in order to meet its strategic needs and the professional development of its employees.

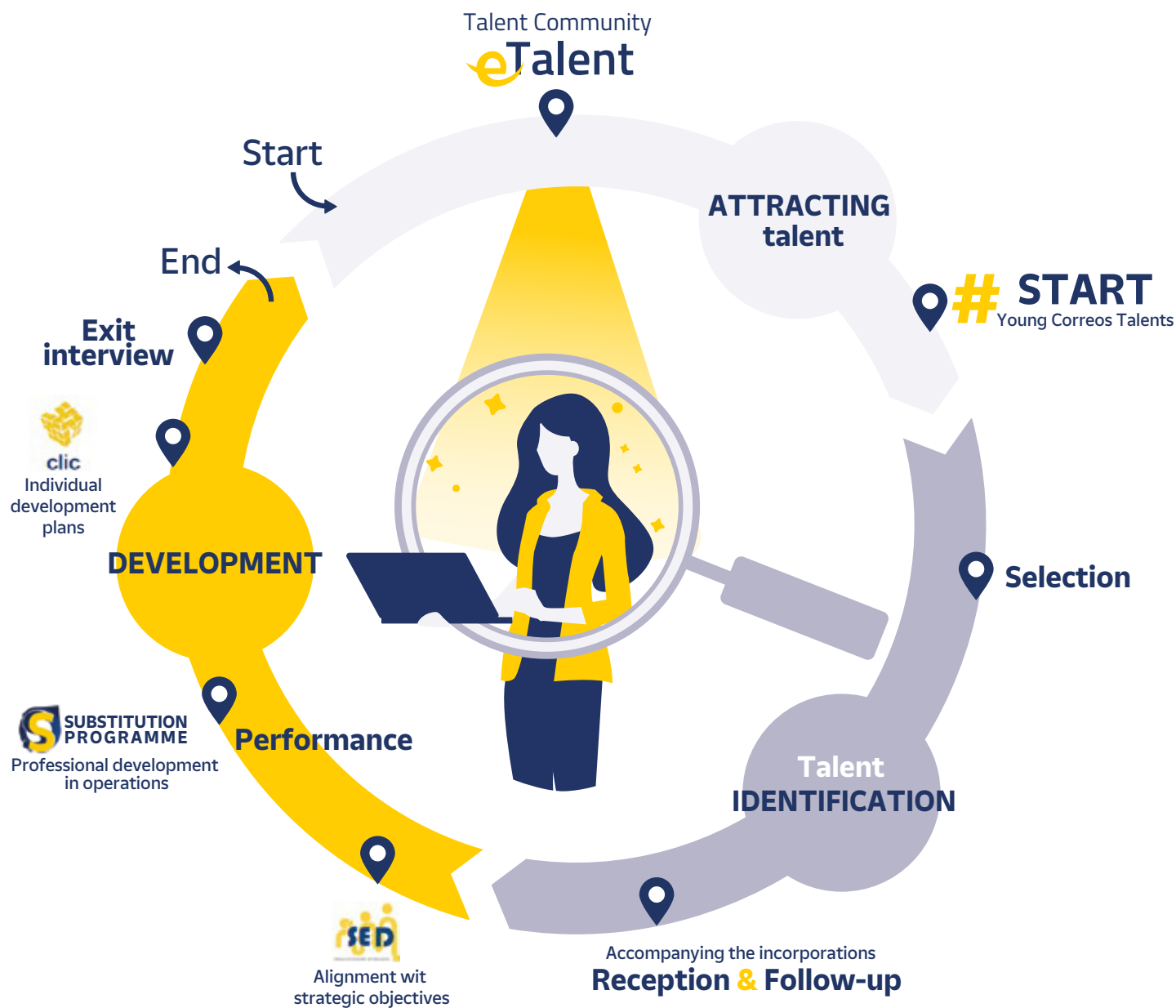
This talent management policy is based on the performance evaluation system, the 'Clic' programme for professional and personal development, the 'Young Talent' internship programme, the Talent Community space on the corporate website, the internal eTalent portal, the substitution programme, the 'Women of Correos' project and other actions to manage the employee experience throughout their life cycle in the company.

These actions enabled Correos to **once again be recognised as one of the 100 best companies to work for** by university and vocational training students and employees, and the **first in the freight transport sector**, according to the latest Merco Talento Universitario and Merco Talento reports.



19. Order PCM/466/2022, of 25 May, which publishes the Agreement of the Council of Ministers, of May 24, 2022, which approves the plan of energy savings and efficiency measures of the General Administration of the State and the entities of the state institutional public sector.

Employee experience



Performance appraisal system

The performance appraisal system enables to identify needs through a competences and potential assessment, as well as the **alignment of individual performance with organisational goals**, through management by objectives. This tool also enables more **effective selection, promotion, training and career development plans**.

As part of this programme, several meetings were held last year to present the strategic goals for the year and to support the managers in **defining the goals** of their teams, as well as follow-up meetings to share the milestones achieved in the past and to be achieved in the future. These onboarding or performance monitoring meetings foster internal communication and enable employees to receive **regular feedback to further their professional development**.

In addition, **exit interviews** were conducted with professionals who were part of the performance appraisal system to identify the main talent loss risk factors and possible improvement actions.

The subsidiaries also have performance appraisal systems that are governed by the Group's appraisal model. The system applies to all managers in **Correos Nexea**, to a large part of the professionals with

responsibility for **Correos Express** and, in the case of **Correos Telecom**, to the entire workforce.

'Clic' development programme

The **'Clic' programme** allows employees to voluntarily participate in the **definition of their professional and personal development path**, taking part in the activities associated with each of the defined professional development paths ('Start', 'Grow', 'Boost' and 'Transform'), in accordance with the strategic business objectives and their professional expectations.

Last year, around 60 employees took part in **internal mentoring programmes** and more than 120 employees benefited from an individual **coaching process** (in addition to two systematic coaching programmes for newly created or transforming strategic teams).

The **+Close to Business** initiative enabled people in technical and administrative positions to take part in immersive days in post offices, processing centres or units and to learn in depth about their daily activity and the interconnection of their responsibilities. A total of 82 employees from the company's headquarters took part in the two editions.

During the year, 8 **Talent Meetings** were held, dynamic and interactive sessions given by experts in certain competencies, which enable the incorporation of micro-habits for self-development. The average number of participants per event was close to 100 people, with a recommendation rating of 9 out of 10.

In addition, three virtual workshops on mindfulness were held, which were attended by 90 people in online and face-to-face sessions. The personal stress trainer programme also promoted the improvement of stress management, both in the personal and professional environment.

Finally, the professionals who carried out some of the development initiatives of the 'Clic' programme were invited to participate in the significant experience **'360° Evolution'**, which had as its main milestone a 360° feedback process. Through a subsequent personal report, they assessed their evolution in the competences under development during the cycle and identified new development opportunities. More than 300 people participated voluntarily, rating the experience with a satisfaction index of 8.7 and a recommendation index of 8.8 out of 10.

'Young Talent' business internship programme

The **'Young Talent' programme, the tenth edition of which was held in 2020**, is aimed at university students who wish to complement their education with practical work experience. This initiative aims to **increase their employability**, while allowing Group companies to **enrich themselves with new knowledge and ideas**, as well as diverse cultural perspectives.

The company's professionals tutor the students, accompanying and guiding them during their internships, ensuring the suitability of their functions and the direct relationship with their academic career. In addition, they were able to complement their training project with intergenerational meetings, conferences of leading people from the company, guided visits to work centres and workshops.

In 2022, more than 90 students joined the programme, thanks to the 30 collaboration agreements in force with different academic and university institutions.

Correos Express and Correos Telecom also have 'Young Talent' integration programmes, through agreements with universities or vocational training centres (in the case of Correos Express, in the administrative, logistics

or commercial fields), in which 12 and 2 students participated, respectively.

Women of Correos

As part of Women of Correos programme, focused on **making female talent visible and creating female figures of reference**, the following initiatives were carried out:

- The holding of five **virtual awareness-raising sessions** on topics such as leadership and gender, new masculinities and co-responsibility. In addition,

on the occasion of International Women's Week, the meeting 'Transformation and Talent: Women as figures of reference' was organised, in which four outstanding professionals from the company shared their personal and professional experiences.

- Motivational lectures at public universities by female employees in the field of technology or engineering within the framework of the **'STEM lectures'** project (*Science, Technology, Engineering, Mathematics*).



- Mentoring by 28 women in the positions of post office manager or head of their centres or units. In addition, several professionals from Correos took part in a **cross-mentoring** programme with male and female mentors from different companies.

Encouraging internal promotion

The Correos Group considers internal promotion as one of the mechanisms for **boosting and using talent**, prioritising the filling of vacant positions with internal candidates who fit the required profile. Thus, in 2022, **most of the posts of the posts offered were filled through internal promotion**, with a focus on diversity and promoting parity between women and men selected.

In addition, the **substitution programme** offers the opportunity to train professionals who wish to temporarily take on positions of greater responsibility in the areas of products and services, distribution and centres.

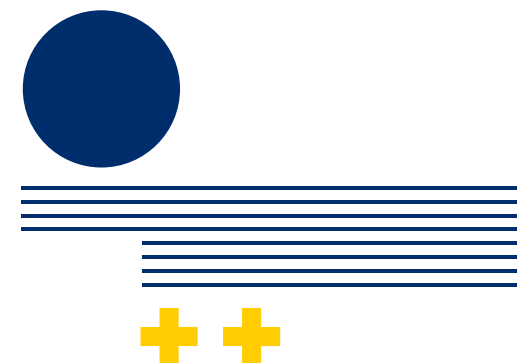
Last year, 124,441 hours of training were given to the professionals who passed the 2021 selection process,

in order to train them comprehensively to fill these posts.

These staff are evaluated on their performance during substitutions.

A new call was launched at the end of the year, which will end in the first quarter of 2023, to cover the new needs in the different fields and geographical areas.

Correos also provides an **onboarding and follow-up programme** to accompany the person who joins or changes position within the company for six months, assessing their degree of satisfaction with the process, their adaptation to the work team and the adequate provision of resources, as well as possible obstacles during the trial period. It also continuously monitors the 'voices of the employees', analysing the feedback received through different channels and throughout the employee's life cycle in the company, thus improving their experience and engagement.



Training for new strategic challenges

🌐 GRI 3-3, 205-2, 403-5, 404-1

The Correos Group's training policy is aimed at responding to the strategic needs of the business and the professional development of its employees. Thus, the 2022 training plan focused on training all professionals to contribute to the strengthening of the public service, diversification and international expansion, applying **new digital training methodologies and robotisation** in its management.

Last year saw a new record of participation, with **432,766 attendees** at 351 training actions and **2.3 million teaching hours**, representing an average of 39.6 hours per person. The degree of satisfaction with the training received increased to 8.02 out of 10.

61% of the attendees took these courses online, which accounted for 82% of the training hours. In the context of the pandemic, the company continued to prioritise the **replacement of face-to-face training with remote training**, as well as **the consolidation of m-learning**, through portable digital devices (PDAs) used by delivery and sorting staff.

The training provided related to the employment cycle included courses that could be assessed for the transfer competition (682,100 hours), with more than 11,900 participants, or for the employment

consolidation process, made up of training actions on Office 365, customs management, processes in post offices and centres or products and services, given to 18,956 people (409,500 hours).

The actions, open to all groups, aimed at supporting the development and training of professionals outside the working day, covered topics such as the 5S work methodology (two courses, attended by 25,283 persons over 152,830 hours), the initiatives of Correos in rural areas (carried out by 13,838 participants, who invested 41,500 hours), emotional well-being or basic concepts of first aid (with 20,000 places offered each).

Within the framework of the **'Let's go digital'** project, two new calls for applications were made, with 12,953 people registered, and Correos was once again the Spanish company with the most participants in this programme, developed by the Ministry of Education and Vocational Training with European Next Generation EU funds.

Specific training was also given to **support the development of the business**, such as the new CORE application on Personal Digital Assistant (PDAs) for delivery, which trained almost 24,000 operational professionals and their managers; the new Correos Frío line, where more than 41,000 employees were trained; and customs management, which was attended by 33,762 professionals. An ad-hoc training programme

was designed for the commercial network and will continue through 2023.

In the area of **criminal risk prevention**, training continued on the most relevant principles and content of criminal compliance and on the General Code of Conduct, which was given to more than 8,700 people in 2022. Besides, training actions on risk control and management within the COSO framework was also for 110 managers and technicians.

Likewise, the **training plan on personal data protection and information security and privacy** was extended to more than 12,900 postal workers.

With regard to the Group's subsidiaries, Correos Express provided training on subjects such as the UNE-ISO 28001:2008 standard, the new National Security Scheme, customer service, leadership and team management, occupational risk prevention, carbon footprint, risk control and management, supplier assessment, foreign trade and customs, mindfulness and stress management, data protection and information security, among others. In addition, all new recruits received courses on the proper use of social networks and cybersecurity.

For its part, Correos Telecom provided training in occupational risk prevention, new technologies, 5G mobile networks and advanced Wi-Fi or cybersecurity

in communications and networks. Correos Express Portugal also offered courses on occupational risk prevention and languages, while Correos Nexea trained its professionals in the use of various IT tools, as well as in occupational risk prevention, information security, personal data protection, quality and the environment. 86 % of the participants in the training provided by Correos Nexea gave a high or very high rating.

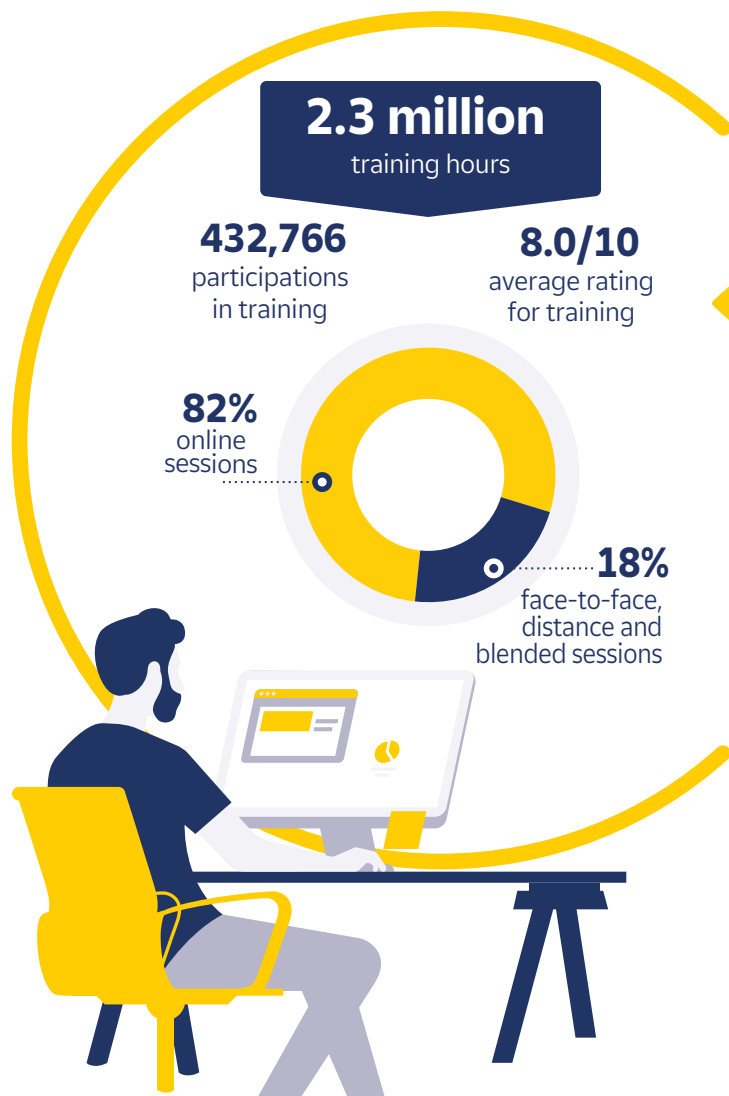
Finally, Royal Decree 748/2022²⁰ last year approved the certificate of professionalism 'Home delivery and collection service', which guarantees the skills to distribute and collect products at home, make associated collections and attend to customers. With this official qualification, which is added to those of sales activities and auxiliary warehouse activities, distribution professionals will be able to certify their professional qualification and thus improve their training.

This new certificate is the result of the collaboration established in 2019 between the company and the Spanish National Institute of Qualifications (INCUAL) of the Ministry of Education and Vocational Training. In addition, the Community of Madrid accredited the Correos automated processing centre in the Spanish capital as a vocational training centre for employment.



20. Royal Decree 748/2022, of September 13, which establishes a certificate of professionalism for home delivery and delivery services, from the Commerce and Marketing professional family, which is included in the National portfolio of professional certificates.

Training



- **43.0**
training hours per female employee
- **35.7**
training hours per male employee
- **13,838**
people trained on compliance and ethical commitment
- **12,900**
people trained on privacy and information security

- **5,690**
attendances at training on prevention of money laundering
- **20,000**
professionals trained on customer satisfaction
- **68,464**
training hours on the prevention of risks at work

Product School

Virtual self-learning space, through a collaborative environment, training units on the commercial offering and video tutorials for the post office network

Mentoring programme on post offices, logistics and distribution

Promotes the adoption of best practices in management and knowledge transfer

Leadership School

Offers tools and resources to middle managers to improve people management in their units

Sales School

Focused on the training of commercial managers

Trainers' School

Facilitates the training of company professionals to lead internal training actions

Management environment

Platform with academic content on management, personal development, skills and strategy from renowned authors and business schools



Channels of corporate culture

Correos' internal communication channels are a tool to inform its employees about the company's purpose, values and achievements, helping to drive the transformation of the business model in which the company is currently immersed. During 2022, around 600 pieces of content were published through the various online and offline channels.

Online channels

The '**Correos informa**' e-mail box disseminates relevant information about the company, including the main commercial campaigns, new products and services, agreements with companies, institutions and administrations, improvements in infrastructures, recognitions, as well as solidarity or sustainable initiatives. Last year, 334 communications were sent through this channel.

The corporate intranet, **Conecta**, is the **communication channel of reference** for employees. This is the space where information on the company's management, new plans and projects and corporate processes can be consulted and shared.

It is also a two-way communication channel that allows employees to express their opinions and suggestions through comments on published news items. One of the improvements introduced in 2022 to this tool was

the possibility of attaching documents or audiovisual files to the forms of opinion queries.

Offline channels

In 2022, a new communication channel was launched through the 1,472 **screens** located in post offices and facilities throughout the country, which play videos and images with the most relevant corporate information. Since its implementation, 461 internal communication contents have been projected, some of them exclusively for this channel, such as campaigns for recommendations against heat or cold weather episodes, prevention of occupational hazards regarding handling loads, fire or road safety, or promotions for employees.

These communications are complemented by the information disseminated via the **notice boards** located in the different work centres, with more than 107 items published last year.

In 2022, the company organised **nation-wide programmes for recognition** and continuous improvement for its staff, with the Excellence Award, the Artemis Award for improving customer experience, the Environmental Commitment Award, the Sharing Solidarity Award and the Athena Award for people and their best practices. In addition to these, there are other **participation campaigns aimed at professionals** or their families, such as the children's

drawing contest or various external events open to employees.

The Group's subsidiaries also have suggestion boxes and other communication channels, such as regular meetings with managers, notice boards, personalised letters, SMS or e-mails. Besides,, Correos Telecom has an employee portal, where news of interest is published (in addition to being disseminated by e-mail) and contributions and proposals made by employees are collected.



Diverse and inclusive management

🌐 GRI 3-3, 401-2, 405-1

In 2022, Correos employed **24,798 women, representing 53 % of its total workforce** (52 % in the Correos Group).

In January 2022, **the Second Correos Equality Plan** was signed, in accordance with the regulations in force. This document was positively reported by the Commission for the Monitoring of Collective Bargaining of Public Enterprises (CSNCEP) on 8 July 2022, as well as by the Secretary of State for Budget and Expenditure and the Secretary of State for the Civil Service. Subsequently, it was authorised by the Management Committee of the Sociedad Estatal de Participaciones Industriales (SEPI). The plan is available at the Register and Deposit of Collective Agreements, Collective Labour Agreements and Equality Plans.

On the other hand, Correos has a **protocol against sexual harassment**, gender-based harassment, and moral or work-related harassment, which aims to prevent and resolve situations of this type that may arise. On the occasion of the diagnosis carried out for the Second Equality Plan, the protocol was updated to incorporate measures such as promoting its dissemination or adapting it to other gender identities and to changes in the most recent regulations.

For its part, the **Correos Express Equality Plan** includes specific lines of action to ensure equal opportunities in the selection, promotion and professional development processes; to offer specific training on equality; to facilitate the reconciliation of work and family life; to offer protection measures for female workers in situations of gender violence; and to adapt internal and external communication to ensure its gender neutrality. This plan is currently under review and is expected to be

approved in the first quarter of 2023. The subsidiary also has its own protocol against sexual and gender-based harassment.



Correos Nexea also has an Equality Plan (which integrates the protocol against sexual and workplace harassment that it had in place previously), approved in 2020 and which proposes measures applicable to promotion processes, reconciliation of work and family life or the extension of leave. Correos Express Portugal and Correos Telecom, as they are not included in the scope of application of this regulation, do not have specific plans, although they promote management that fosters equal opportunities.

In addition, the general Code of Conduct to which all Group companies subscribe establishes measures to prevent any type of discrimination or harassment and to guarantee equal treatment and opportunities.

Work-life balance

The company encourages **personal and professional life-work balance** through training and awareness-raising activities, the availability of remote work in those positions that allow it, as well as through measures included in internal regulations. The latter, applicable to all employees regardless of gender, in many cases provide for **improvements with respect to current labour legislation** (extension of breastfeeding leave, reduction of working hours to care for a family member or minor with a serious illness, leave of absence, etc.).

Likewise, in the field of training, the use of online methodology and virtual tools is promoted, which, in addition to access to courses, favours work-life balance.

Correos also contemplates specific policies for the assistance and **protection of victims of domestic violence**, favouring swift treatment that guarantees confidentiality, with measures such as reduced working hours and special consideration of the victim's absences, leave of absence due to violence against women or guaranteed job transfers.

In this area, the company is a member of the 'Network of companies for a society free of violence against women', promoted by the Government Delegation to eradicate Violence against Women. On the occasion of the International Day for the Elimination of Violence against Women, it also contributes annually to raising social awareness with information campaigns.

Diversity and inclusion agenda

Correos actively promotes an inclusive work environment through diversity and aims to foster a management model and leadership style among its professionals that favours a plurality of ideas and perspectives. As a public company, it aims to reflect an increasingly diverse, heterogeneous, global and inclusive society, promoting equal treatment and opportunities for all people.



Diversity agenda



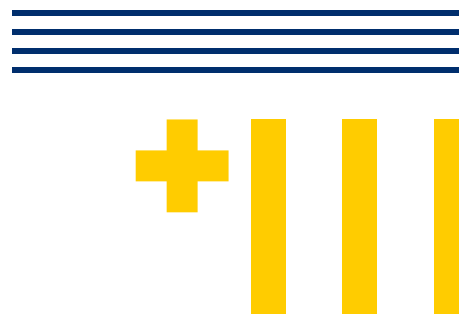
The company has a diversity and inclusion agenda, which complements the measures contained in the collective bargaining agreement, the General Agreement for civil servants and the Equality Plan. Through this roadmap, it acts on five dimensions (gender, generational, functional, cultural and LGBTIQ+ diversity), in turn supported by seven work axes:

- **Career development**, to identify and address possible inequalities. In 2022, areas of under-representation of both sexes were identified in order to incorporate corrective measures.
- **Diversity training**. During the year, resources related to diversity, inclusion and women's empowerment were expanded on the Correos virtual campus and an updated 'Diverse with our own stamp' course was made available to all employees.
- **Promoting talent 'without labels'**, through the 'Clic' or 'Young talent' programmes.
- Fostering an **inclusive and diverse culture**, based on respect.
- Promoting **sustainability**, as well as the achievement of the 2030 Agenda, the promotion of women and solutions to the demographic challenge.
- Promoting a **healthy environment**, committing to becoming a 'healthy company'. Last year an information campaign on breast cancer was carried

out, raising awareness of the importance of early detection.

- Internal and external **communication and awareness-raising** through specific content on the corporate intranet, gender, LGBTIQ+ or cultural inclusive language guides, as well as campaigns such as #8Mtodoel año (#IWDEveryDay), generational diversity, European month of diversity, month of LGBTIQ+ history, rural women, people with disabilities and against violence against women, among other initiatives.

The diversity and inclusion agenda is characterised by being global (acting on several dimensions), transversal (impacting all areas of the company), social and committed to internal and external initiatives that support diversity and inclusion.



Last year Correos received the following awards in the area of diversity and inclusion:

- Diversity Leading Company Seal, as one of the leading companies in this area, and Empowering Women's Talent Seal, for its commitment to female talent, awarded by Equipos&Talento.
- Third position in the Intrama Top LGBTIQ+ Diversity Company Award for the global practice 'LGBTIQ+ Visibility' and certification as a TOP DIVERSITY COMPANY, both awarded by Intrama.
- Randstad Awards Employer Brand Research 2022 as the most attractive company to work for in the logistics sector.
- Inclusion in the Intrama's VariableD'23 Report, which lists the TOP40 Companies in Spain with best practices in Diversity and Inclusion.
- Top 5 in Red Acoge's Diversity and Inclusion Index.
- Inclusion in the IE and Fundación Diversidad Innodiversity Index with an advanced level.
- Company signatory to the Diversity Charter of the Fundación Diversidad and the Observatorio Generación & Talento's Code of Principles on Generational Diversity.

The company renewed its adhesion to the European Diversity Charter, a code of conduct whose signatories commit to respect social differences, and to the Business Network for LGBTIQ+ Diversity and Inclusion (REDI), the first public company to assume the objective of promoting the management of diversity and inclusion of this group in the workplace.

Likewise, in homage to the LGTBI+ community, Correos installed the first letterbox permanently painted in the colours of the rainbow flag in the *Pasaje Begoña* in Torremolinos (Malaga). This Passage was declared a 'Place of Historical Memory and Cradle of LGTBI rights and freedoms' in 2019.

The company also took part in the Target Gender Equality accelerator programme, an initiative of the United Nations Global Compact, which aims to help companies achieve ambitious targets for women's representation and leadership at all levels. Additionally, it also continued to participate and share best practices in the *Red Acoge* and *Intrama Top 30*, which recognised Correos as one of the 10 companies most committed to diversity and inclusion.

Besides, it also continued its collaboration with the Generacciona observatory, for research and training in generational diversity, and with the IE University's Observatory of Demography and Generational Diversity.

In 2022, the Group's companies integrated **1,121 people with functional diversity** in their workforce collaborating, as a measure contemplated by the regulations ²¹, with Foundations, Special Employment Centres and Occupational Centres, which promote their full integration into the workplace.

Social benefits for employees

Correos' social action programme aims to promote the personal and occupational well-being of its employees. The **13,661 grants awarded in 2022** were intended to meet the different needs of professionals and their families, referring to health treatment, school materials, children's education, university studies, care for children with disabilities or due to death. Advances and interest-free loans were also available to permanent staff.

Employees also benefit from a preferential offer of **life and accident insurance policies**, as well as a **web platform for promotions and discounts** on leisure, culture, health, sports equipment and consumer goods products and services.

Finally, Correos and Correos Telecom have a **pension plan** for their employees. However, since 2012, in compliance with Royal Decree-Law 20/2011 ²², no contributions have been made to this plan, although employees may make them voluntarily. The Group's other subsidiaries do not have pension plans.

21. Royal Legislative Decree 1/2013, of November 29, which approves the Consolidated Text of the General Law on the rights of people with disabilities and their social inclusion.

22. Royal Decree-Law 20/2011, of December 30, on urgent budgetary, tax and financial measures to correct the public deficit.



Safe and healthy working environment

🌐 GRI 3-3, 403-1, 403-2, 403-5, 403-6

Risk prevention and occupational health constitute a fundamental element of the corporate risk management policy, prioritising the integration of a **preventive culture model** at all levels of the organisation, through information, upskilling and ongoing professional training.

Correos applies an internal preventive management policy, with its **own occupational risk prevention service**, with a central and peripheral structure in each of the company's territorial areas, which is permanently involved in identifying any risk situation that may affect the health and safety of workers and customers.

Correos contributes to occupational health from an integral approach, which considers not only the provision of a healthy and safe working environment, but also all aspects relating to **overall well-being**, through three lines of action: physical well-being, emotional well-being and health and safety of workers.

Within the **'Healthy Company' project**, lifestyle habits are promoted that contribute to improving the health of professionals, with a multidisciplinary perspective. As part of this initiative, a telephone **counselling service** was launched to coincide with World Mental Health Day. In addition, two courses on 'First Aid Training' and 'Emotional Well-being' were included in the open training calls.

Pandemic management

In accordance with the evolution of the pandemic, the specific risk assessment for exposure to SARS-COV-2, the document of organisational and preventive measures, as well as the protocol for action in the event of possible cases of COVID-19 in Correos were updated in 2022, in accordance with the regulations in force issued by the competent authorities.

The company continued to manage the situation of **particularly vulnerable workers**, as well as the study and management of confirmed cases and contacts, in accordance with the indications of the Ministry of Health and its document 'Action Procedure for Occupational Risk Prevention Services'. Likewise, the professionals continued to be provided with **personal protective equipment**, informing them about its correct use, fitting and removal (hand sanitizer, masks

and disinfectant products), as well as the application of preventive measures. Similarly, hand sanitizer was made available at customer service points for hand hygiene.

In 2022 Correos, Correos Express, Correos Nexea and Correos Telecom obtained the **safe space certificate** issued by Bureau Veritas, continuing the certifications by AENOR obtained in previous years, which recognises that the preventive measures, procedures and action protocols implemented **against the risk of COVID-19** comply with the instructions of the competent health authorities in this area. Correos is also certified as a Healthy Company, valid until 2023.

These certifications demonstrate commitment to the overall health of employees and to the safety of customers, suppliers, collaborators and, in general, the citizens who place their trust in the Correos Group on a daily basis.

Efficient preventive management

In the area of **occupational risk prevention**, Correos continued to develop other actions such as:

- **Specific training in occupational risk prevention**, which was attended by more than 27,974 employees, with 68,464 teaching hours. This included the training of 1,781 middle managers and 12 members of provincial occupational health committees at the basic level of risk prevention. In response to the pandemic, more than 11,320 workers continued to receive risk prevention training.
- **The delivery of 107,386 health and safety sheets** to 35,560 employees, including specific information broken down by job and work centre on risks, preventive measures and protocols for emergency situations.
- **Risk assessment** in 450 centres, as well as 172 psychosocial risk assessments, 35 specific studies, 236 specific studies and 446 emergency plans.
- The **updating of procedures and protocols** related to training, the establishment of preventive activity objectives, the improvement of preventive processes and the carrying out of disinsection, rat extermination and disinfection campaigns.



- The application of the procedure for assessing the effectiveness of integration, which in 2022 focused on training, management of personal protective equipment, emergency plans and coordination of business activities.
- The implementation of **preventive measures against the risks arising from exposure to high and low temperatures**, in addition to those already in place. In the current context of climate change and extreme weather events, and in an abnormally hot year, measures were adopted such as interrupting of the delivery service in the central hours of the day in those days and geographical areas where high temperature alerts are recorded or taking 5 to 10 minute breaks for every hour of work, in situations of exposure to high temperature. These measures were reflected in the revision of the protocol for action in adverse weather conditions, together with the provision of protective sunscreen for distribution staff and the extension of the provision of protective caps to vehicle delivery employees (in addition to the foot delivery staff, who were already receiving them), as elements of protection against ultraviolet radiation.
- Collaboration in the **safety assessment of various vehicle prototypes** (assisted delivery trolley, 3-wheeled electric bicycle and others).

- The renovation and expansion of the number of semi-automatic **defibrillators** in Correos centres, bringing the total number of equipment in operation to 43.
- **11,309 medical examinations for health surveillance**, adapted to the different positions and personal circumstances, as well as the development of the annual flu vaccination campaign.
- Collaboration with the Biomechanics Institute of Valencia, to promote occupational health and well-being of workers, in the field of research and dissemination.
- The implementation of automatic emergency call functionality from the personal digital assistants (PDAs) of the delivery staff, to provide them with greater protection during their working day.
- The extension of **information and training** to employees through internal communication channels (updating the contents available in Conecta) and participation in the 'Atenea Award' for persons and practices, in the category of occupational risk prevention.

The Group's subsidiaries have their own occupational risk prevention systems, the management of which is integrated at all organisational levels. In the case of Correos Telecom, its occupational risk prevention plan extends to its suppliers, **maintaining a zero**

workplace accident rate in recent years. The subsidiary continued to carry out voluntary medical check-ups for its employees and to provide regular information on healthy habits and providing training on health and safety issues.

In this area, Correos Express implemented a new computer tool for the management of the health and safety system and applied measures to reduce occupational risks due to handling loads (such as process automation and job rotation), travel (with training on road safety) or thermal stress (with the adaptation of facilities and clothing), as well as various COVID-19 preventive actions.

Workplace health and safety

WORKPLACE RISK PREVENTION

- Review and update of prevention plan procedures
- Covid-19 health crisis management
- Own prevention service with 4 specialities

Health monitoring

- Periodic medical check-ups
- Health care and first aid
- Job adaptation for vulnerable and pregnant workers

Safety, hygiene, ergonomics and applied psychosociology

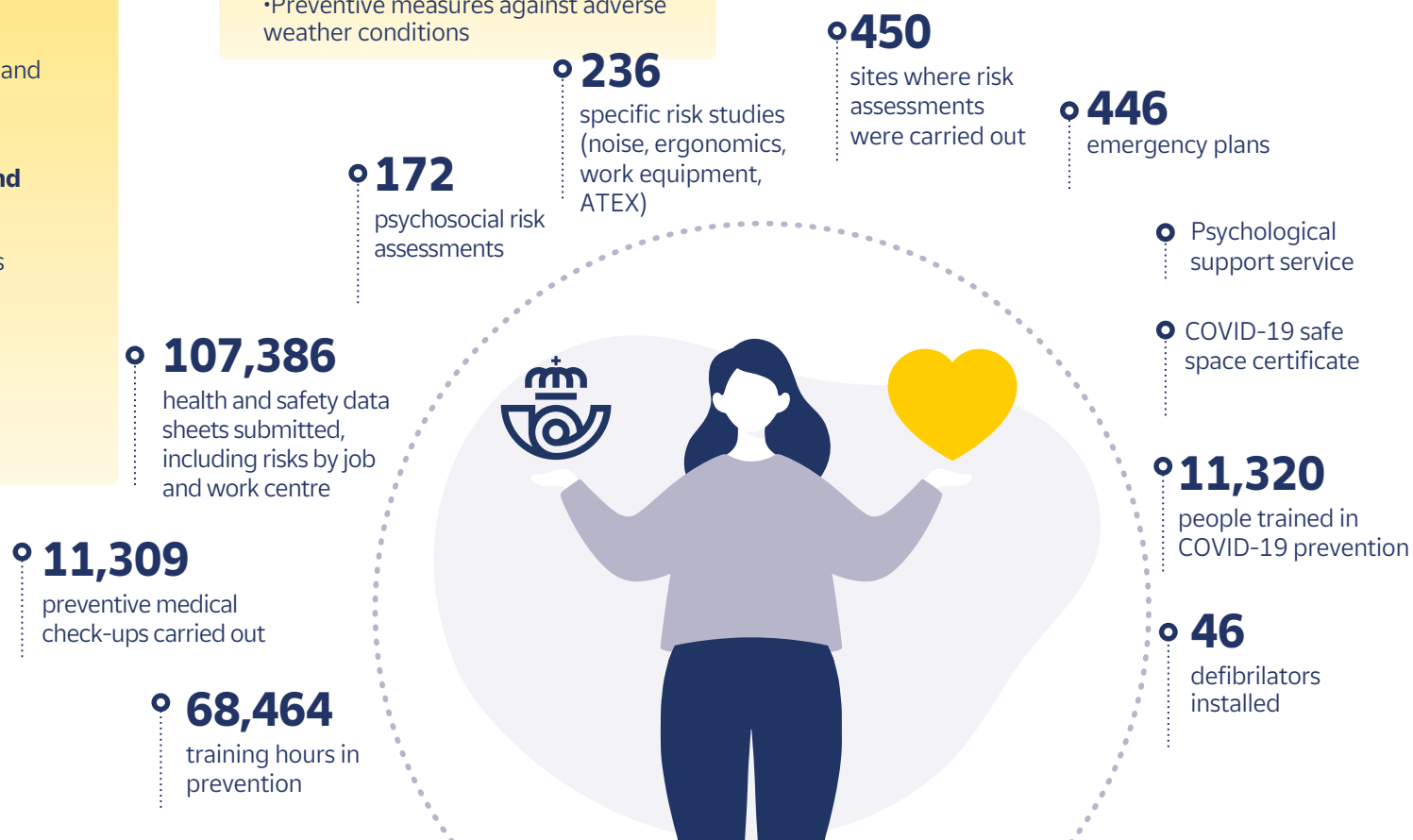
- Occupational risk assessments
- Emergency plans
- Training, communication and awareness-raising

PHYSICAL WELL-BEING

- Annual flu vaccination campaign
- Healthy eating
- Physical activity and postural hygiene
- Management of temporary incapacity
- Women's health: breast cancer prevention
- Preventive measures against adverse weather conditions

EMOTIONAL WELL-BEING

- Positive attitude
- Self-knowledge
- Positive change management
- Managing emotions



Labour indicators

🌐 GRI 2-7, 401-2, 401-3, 403-9, 403-10, 404-1, 405-1, 405-2

	Correos ¹		Correos Express ¹		Correos Express Portugal ^{1,2}		Correos Nexea ¹		Correos Telecom ¹	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Employees by gender										
Women	24,798	25,459	424	431	45	42	58	72	11	11
Men	21,804	22,987	968	1,020	105	93	94	103	34	31
Employees by age										
Until 35	4,362	5,120	276	314	52	42	11	23	7	5
From 36 to 45	11,282	11,458	373	396	43	48	53	70	11	13
From 46 to 60	27,024	28,229	669	684	49	42	78	73	27	23
More than 61	3,934	3,638	73	58	5	4	10	9	1	1
Employees by nationality										
National	46,433	48,277	1,292	1,314	143	127	NA	NA	46	42
Other nationalities	168	169	100	137	6	8	NA	NA	0	0
Employees by professional category ²³										
Management and non-management staff	142	141	22	24	4	3	7	6	1	1
Senior technical staff and managers	468	466	26	25	34	29	6	6	5	5
Mid-level technical and managerial staff	786	798	483	504	59	58	35	45	38	35
Middle management staff	5,685	5,777	198	199	-	-	-	-	-	-
Operational staff	39,465	41,197	657	693	53	45	102	116	2	1
General services staff	56	66	6	7	-	-	2	2	-	-

¹ In some cases, the sum of the employment figures of all the companies is altered by the decimals.

² In Correos Express Portugal, the category Senior technical staff and managers includes middle management staff.

³ In this breakdown, 45.78 average staff are included in the corresponding equivalent category as a result of the subrogation of the Forwarding Warehouse activity.

	Correos ¹		Correos Express ¹		Correos Express Portugal		Correos Nexea ¹		Correos Telecom ¹	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Employees by contract type and gender										
Permanent staff										
Women	19,144	18,777	348	336	45	42	51	53	10	9
Men	16,797	16,827	799	787	105	93	90	89	31	27
Temporary staff										
Women	5,654	6,682	75	95	0	0	7	19	1	2
Men	5,007	6,160	168	233	0	0	5	15	3	3
Employees by type of work day and gender										
Full-time										
Women	22,752	23,275	340	335	45	42	57	71	11	11
Men	20,602	21,618	878	896	100	93	94	103	34	31
Part-time										
Women	2,046	2,184	84	96	0	0	1	1	0	0
Men	1,203	1,369	90	124	4	0	0	0	0	0

¹ In some cases, the sum of the employment figures of Correos, Correos Express, Correos Nexea and Correos Telecom is altered by the decimals.

	Correos ¹		Correos Express ¹		Correos Express Portugal ¹		Correos Nexea ¹		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Employees by contract type and age										
Permanent staff										
Until 35	2,110	1,898	159	145	52	42	9	11	5	3
From 36 to 45	8,070	7,632	314	313	43	48	48	61	11	11
From 46 to 60	22,434	22,924	604	609	49	42	74	60	25	22
More than 61	3,327	3,150	72	56	5	4	10	9	1	1
Temporary staff										
Until 35	2,252	3,222	118	169	0	0	2	13	2	2
From 36 to 45	3,213	3,826	59	83	0	0	5	9	1	2
From 46 to 60	4,591	5,305	66	75	0	0	4	13	1	1
More than 61	606	488	1	2	0	0	0	0	0	0
Employees by type of work day and age										
Full-time										
Until 35	3,576	4,010	228	240	51	42	11	23	7	5
From 36 to 45	10,271	10,425	318	326	42	48	53	70	11	13
From 46 to 60	25,725	26,955	606	615	47	42	77	72	27	23
More than 61	3,781	3,504	66	50	5	4	10	9	1	1
Part-time										
Until 35	786	1,111	48	74	0	0	0	0	0	0
From 36 to 45	1,012	1,034	55	70	1	0	0	0	0	0
From 46 to 60	1,299	1,274	63	68	3	0	1	1	0	0
More than 61	152	134	7	7	0	0	0	0	0	0

¹ In some cases, the sum of the employment figures of Correos, Correos Express, Correos Nexea and Correos Telecom is altered by the decimals.

	Correos ¹		Correos Express ¹		Correos Express Portugal ²		Correos Nexea ¹		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Employees by contract type and professional category										
Permanent staff										
Management and non-management staff	141	139	22	23	4	3	7	6	1	1
Senior technical staff and managers	460	452	21	18	34	29	6	6	5	5
Mid-level technical and managerial staff	767	774	412	419	59	58	30	31	34	30
Middle management staff	5,642	5,712	186	185	-	-	-	-	-	-
Operational staff	28,896	28,484	501	475	53	45	96	96	2	1
General services staff	35	43	5	4	-	-	2	2	-	-
Temporary staff										
Management and non-management staff	2	2	0	1	0	0	0	0	0	0
Senior technical staff and managers	7	14	5	7	0	0	0	0	0	0
Mid-level technical and managerial staff	19	25	70	85	0	0	5	14	4	5
Middle management staff	44	64	11	14	-	-	-	-	-	-
Operational staff	10,569	12,713	156	218	0	0	7	20	0	0
General services staff	21	24	1	3	-	-	0	0	-	-
Employees by type of working day and professional category										
Full-time										
Management and non-management staff	142	140	22	23	4	3	7	6	1	1
Senior technical staff and managers	467	466	25	23	34	29	6	6	5	5
Mid-level technical and managerial staff	786	798	421	432	59	58	34	44	38	35
Middle management staff	5,685	5,776	193	194	-	-	-	-	-	-
Operational staff	36,233	37,664	551	552	49	45	102	116	2	1
General services staff	41	50	6	7	-	-	2	2	-	-
Part-time										
Management and non-management staff	1	1	0	0	0	0	0	0	0	0

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Senior technical staff and managers	1	1	1	2	0	0	0	0	0	0
Mid-level technical and managerial staff	0	0	62	72	1	0	1	1	0	0
Middle management staff	1	1	5	5	-	-	-	-	-	-
Operational staff	3,231	3,534	106	141	4	0	0	0	0	0
General services staff	15	16	0	0	-	-	0	0	-	-

1. In some cases, the sum of the employment figures of Correos, Correos Express, Correos Express Portugal, Correos Nexea and Correos Telecom is altered by the decimals.

2. In Correos Express Portugal, the category Senior technical staff and managers includes middle management staff.

	Correos		Correos Express		Correos Express Portugal ²		Correos Nexea		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Dismissals by gender (%) ¹										
Women	0.04	0.05	0.24	0.93	24.44	14.29	1.71	2.78	0.00	0.00
Men	0.11	0.10	1.86	0.98	23.08	16.13	0.00	2.90	0.00	100.0
Dismissals by age (%)										
Until 35	0.07	0.04	2.53	1.27	32.69	9.50	0.00	0.00	0.00	0.00
From 36 to 45	0.05	0.05	1.61	1.52	27.91	23.12	1.88	2.84	0.00	0.00
From 46 to 60	0.09	0.09	0.75	0.58	12.24	9.50	0.00	1.37	0.00	100.0
More than 61	0.00	0.11	1.40	0.00	0.00	54.55	0.00	22.86	0.00	0.00
Dismissals by professional category (%) ²										
Management and non-management staff	3.51	2.84	0.00	0.00	25.00	33.33	0.00	32.84	0.00	100.0
Senior technical staff and managers	0.64	1.29	0.00	7.95	16.67	20.69	0.00	0.00	0.00	0.00
Mid-level technical and managerial staff	0.25	0.13	9.93	0.40	28.57	17.12	2.84	6.71	0.00	0.00
Middle management staff	0.07	0.12	0.00	1.51	-	-	-	-	-	-
Operational staff	0.05	0.04	2.39	1.01	23.40	8.89	0.00	0.00	0.00	0.00
General services staff	0.00	0.00	0.00	0.00	-	-	0.00	0.00	-	-

1. Dismissals= number of dismissals of (women, men) / collective total (women, men)

2. In Correos Express Portugal, the category Senior technical staff and managers includes middle management staff.

Correos	2022		
Average remuneration by professional category and gender (euros) ¹²			
Regular labour employees	Men	Women	Female wage gap (%)
Managerial	107,013	137,219	-28
Deputy Director	102,151	83,286	18
Unit Manager	80,092	-	2
Territorial Management	69,406	71,979	-4
Area Manager	63,633	57,532	10
Senior Technician 1	48,770	50,376	-3
Senior Technician 2	43,413	41,438	5
Senior Technician 3	42,937	41,649	3
Senior Technician 4	34,339	35,050	-2
Medium Technician 1	41,127	30,662	25
Medium Technician 2	35,038	34,612	1
Medium Technician 3	35,158	34,046	3
Medium Technician 4	31,588	30,202	4
Head of Network Sector 1	-	-	-
Head of Network Sector 2	-	-	-
Head of Network Sector 3	-	-	-
Head of Network Sector 4	36,632	37,004	-1
Corporate Support Officer 1	-	-	-
Corporate Support Officer 2	46,267	-	20
Corporate Support Officer 3	40,672	41,375	-2
Corporate Support Officer 4	54,322	-	33
Corporate Support Officer 5	37,850	-	-
Sales Coordinator 1	-	-	-
Sales Coordinator 2	43,753	46,122	-5
Sales Coordinator 3	38,489	41,428	-8
Sales Coordinator 4	28,874	36,095	-25
Head of Sector Distribution/Centres 1	-	-	-
Head of Sector Distribution/Centres 2	-	47,474	-26

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Head of Sector Distribution/Centres 3	43,145	-	-5
Head of Sector Distribution/Centres 4	40,380	20,855	48
Head of Sector Distribution/Centres 5	37,166	37,244	0
Head of Administrative Unit 1	22,055	29,517	-34
Head of Administrative Unit 2	31,225	34,697	-11
Head of Administrative Unit 3	32,508	30,341	7
Head of Administrative Unit 4	29,826	28,257	5
Head of Administrative Unit 5	-	-	-
Sales Management 1	-	39,758	5
Sales Management 2	-	-	-
Sales Management 3	32,361	33,046	-2
Deputy Office Manager 1	39,722	44,342	-12
Deputy Office Manager 2	35,948	34,785	3
Deputy Office Manager 3	31,858	31,318	2
Deputy Office Manager 4	29,625	29,115	2
Deputy Office Manager 5	28,543	27,977	2
Deputy Office Manager 6	26,362	26,220	1
Banking Management 1	-	-	-
Banking Management 2	-	-	-
Head of Distribution Unit/Centres 1	33,189	33,527	-1
Head of Distribution Unit/Centres 2	29,725	32,650	-10
Head of Distribution Unit/Centres 3	29,337	28,987	1
Head of Distribution Unit/Centres 4	28,390	28,814	-1
Head of Distribution Unit/Centres 5	-	-	-
Team Leader 1	23,199	22,125	5
Team Leader 2	25,675	25,219	2
Team Leader 3	-	-	-

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Corporate Support Manager 1	25,282	26,939	-7
Corporate Support Manager 2	24,739	25,231	-2
Corporate Support Manager 3	25,327	24,966	1
Customer Service 1	-	-	-
Customer Service 2	12,284	13,076	-6
Administration 1	-	697	-14
Administration 2	22,416	21,551	4
Delivery 1	15,066	15,519	-3
Delivery 2	15,845	16,535	-4
Agent/Sorting 1	10,470	9,572	9
Agent/Sorting 2	10,247	11,516	-12
Labourer	-	-	-8
Cleaner	-	14,661	-

Correos	2022		
Average remuneration by professional category and gender (euros) ¹²			
Civil servants employees	Men	Women	Female wage gap (%)
Senior Technician 1	60,663	58,927	3
Senior Technician 2	54,347	43,416	20
Senior Technician 3	42,353	-	-20
Senior Technician 4	49,983	38,941	22
Medium Technician 1	46,746	-	-
Medium Technician 2	40,028	-	-13
Medium Technician 3	39,761	30,704	23
Medium Technician 4	34,971	32,340	8
Head of Network Sector 1	-	-	-
Head of Network Sector 2	-	-	-
Head of Network Sector 3	47,331	-	-
Head of Network Sector 4	36,641	34,555	6
Corporate Support Officer 1	-	-	-
Corporate Support Officer 2	47,114	-	2
Corporate Support Officer 3	-	-	-
Corporate Support Officer 4	-	-	-
Corporate Support Officer 5	39,694	34,188	14
Sales Coordinator 1	-	-	-

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Sales Coordinator 2	50,111	-	-
Sales Coordinator 3	40,124	35,785	11
Sales Coordinator 4	38,059	-	-
Head of Sector Distribution/Centres 1	-	-	-
Head of Sector Distribution/Centres 2	37,944	-	-30
Head of Sector Distribution/Centres 3	43,513	-	3
Head of Sector Distribution/Centres 4	-	-	2
Head of Sector Distribution/Centres 5	35,878	31,310	13
Head of Administrative Unit 1	33,092	36,131	-9
Head of Administrative Unit 2	24,635	36,224	-47
Head of Administrative Unit 3	32,514	29,114	10
Head of Administrative Unit 4	23,657	-	-47
Head of Administrative Unit 5	-	-	-
Sales Management 1	40,706	-	1
Sales Management 2	-	-	-
Sales Management 3	29,629	28,070	5
Deputy Office Manager 1	-	36,317	-252
Deputy Office Manager 2	37,070	30,210	19
Deputy Office Manager 3	31,163	29,953	4
Deputy Office Manager 4	29,717	27,046	9
Deputy Office Manager 5	27,986	27,988	0
Deputy Office Manager 6	24,416	26,156	-7
Banking Management 1	-	-	-
Banking Management 2	-	-	-
Head of Distribution Unit/Centres 1	-	-	-
Head of Distribution Unit/Centres 2	30,642	-	-4

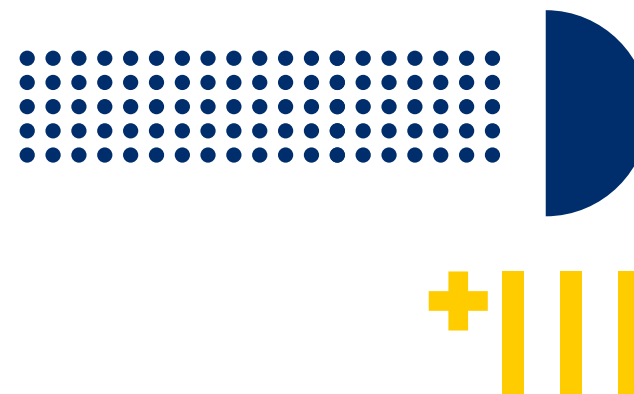
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Head of Distribution Unit/Centres 3	28,904	26,975	7
Head of Distribution Unit/Centres 4	26,709	26,336	1
Head of Distribution Unit/Centres 5	-	-	-
Team Leader 1	-	-	-
Team Leader 2	24,716	24,273	2
Team Leader 3	-	-	-
Corporate Support Manager 1	30,524	21,476	30
Corporate Support Manager 2	27,872	28,804	-3
Corporate Support Manager 3	24,314	23,567	3
Customer Service 1	-	-	-
Customer Service 2	22,440	21,767	3
Administration 1	-	-	-
Administration 2	18,380	19,504	-6
Delivery 1	22,750	24,051	-6
Delivery 2	20,134	20,213	0
Agent/Sorting 1	20,685	-	26
Agent/Sorting 2	20,947	19,932	5
Deputy Director	91,437	-	1
Area Manager	66,315	68,586	-3

1. The cases in which data is not provided are due to the impossibility of breaking down remuneration by gender, due to the low proportion of women or men in these professional categories, so that they could be clearly identifiable, not allowing their personal data to be preserved, in accordance with current legislation.
2. The compensation records has been prepared using a new methodology, so the data are not comparable to those reported for the 2021 financial year.

The compensation records were prepared based on the data on actual salaries received during the 2022 financial year for the entire company, including senior management, analysing separately the employees hired under the regular labour legal framework and those that are civil servants. The tables show the final average values of the analysis, for each occupational group, stating the pay gap between men and women for the different positions of equal value, expressed as a percentage.

Taking into account values exceeding a 20% excess (gap in favour of male employees) or -20 % (gap in favour of female employees), data have been analysed and construed to detect the origin of these percentage differences. The gaps identified are due to different reasons such as differences in the average number of working employees during 2022, seniority, productivity or the characteristics of specific positions. No cases of gender pay gap or gender-based discrimination have been detected, so the conclusions of the pay gap study are that Correos there is pay equality between men and women who form the entire workforce.



Correos Express	2022			2021		
Average remuneration by professional category and gender (euros) ¹²						
	Men	Women	Female wage gap (%)	Men	Women	Female wage gap (%)
Management and non-management staff	60,251	65,301	-8.38	62,322	57,917	7.07
Senior technical staff and managers	29,422	33,215	-12.89	30,181	30,033	0.49
Mid-level technical and managerial staff	26,046	25,145	3.46	27,799	25,901	6.83
Middle management staff	29,769	31,951	-7.33	29,212	29,312	-0.34
Operational staff	20,546	19,324	5.95	21,770	20,707	4.89
General services staff	27,101	24,906	8.10	29,148	27,321	6.27
Average remuneration by age and gender (euros) ¹						
Until 35	19,895	20,647	-3.78	21,093	22,738	-7.80
From 36 to 45	22,995	23,034	-0.17	24,431	24,005	1.74
From 46 to 60	25,681	25,691	-0.04	27,048	26,016	3.82
More than 61	29,714	26,130	12.06	23,254	21,830	6.12

1. The pay gap study concludes that there is no pay gap between women and men in Correos Express' workforce for the year 2022.

Correos Express Portugal	2022			2021		
Average remuneration by professional category and gender (euros) ¹²						
	Men	Women	Female wage gap (%)	Men	Women	Female wage gap (%)
Management and non-management staff	29,581	19,851	32.89	34,391	19,275	43.95
Senior technical staff and managers	23,648	26,950	-13.96	26,348	25,326	3.88
Mid-level technical and managerial staff	11,307	11,159	1.31	10,332	10,542	-2.03
Middle management staff	-	-	-	-	-	-
Operational staff	10,717	10,010	6.60	10,318	9,450	8.41
General services staff	-	-	-	-	-	-
Average remuneration by age and gender (euros) ¹						
Until 35	11,995	11,894	0.84	12,478	13,954	-11.83
From 36 to 45	14,174	15,519	-9.49	13,805	13,803	0.01
From 46 to 60	16,277	18,710	-14.95	14,719	16,862	-14.56
More than 61	11,424	-	-	19,208	-	-

1. The cases in which data is not provided are due to the impossibility of breaking down remuneration by gender, due to the low proportion of women or men in these professional categories, so that they could be clearly identifiable, not allowing their personal data to be preserved, in accordance with current legislation.

2. In Correos Express Portugal, the category Senior technical staff and managers includes middle management staff.

Correos Nexea	2022		
Average remuneration by professional category and gender (euros) ¹²³			
	Men	Women	Female wage gap (%)
Project Manager	53,167	-	-
Technical Analyst/Project Manager	39,767	30,248	24
Qualified Technician	32,140	32,272	0
Specialist Technician	24,420	24,078	1
Technical Assistant	21,263	23,079	-9
Head of Administration	-	59,666	-
Qualified Administration Officer	13,119	35,874	-173
Specialist Administration Officer	26,104	32,593	-25
Administrative Assistant	-	20,189	-
Commercial Manager	50,667	-	-
Commercial		31,423	-
Warehouse Manager	28,109	-	-
Storekeeper	24,674	-	-
Forklift Operator	21,732	-	-
Workshop Assistant	18,306	20,146	-10
Team Leader	41,036	-	-
Qualified Digital Printing Officer	31,320	-	-
Digital Printing Officer	23,819	22,772	4
Management Staff	85,093	75,691	11

1. The cases in which data is not provided are due to the impossibility of breaking down remuneration by gender, due to the low proportion of women or men in these professional categories, so that they could be clearly identifiable, not allowing their personal data to be preserved, in accordance with current legislation.
2. The compensation records has been prepared using a new methodology, so the data are not comparable to those reported for the 2021 financial year.
3. The pay gap study concludes that there is no pay gap between women and men in Correos Nexea' workforce for the year 2022. The gaps identified are due to different reasons such as differences in the average number of working employees during 2022, seniority, productivity or the characteristics of specific positions

Correos Telecom	2022		
Average remuneration by professional category and gender (euros) ¹²³			
	Men	Women	Female wage gap (%)
Managerial	-	-	-
Area Manager	67,773	53,643	21
Team Leader	-	-	-
Project Manager	46,934	44,917	4
Account Management	-	-	-
Engineer	-	-	-
Technician	32,427	28,645	12
Administrative	-	24,167	-

1. The cases in which data is not provided are due to the impossibility of breaking down remuneration by gender, due to the low proportion of women or men in these professional categories, so that they could be clearly identifiable, not allowing their personal data to be preserved, in accordance with current legislation.
2. The compensation records has been prepared using a new methodology, so the data are not comparable to those reported for the 2021 financial year.
3. The pay gap study concludes that there is no pay gap between women and men in Correos Telecom's workforce for the year 2022.

	Correos		Correos Express		Correos Express Portugal		Correos Nexea		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Average training hours by professional category										
Management and non-management staff	40.1	60.6	6.8	11.4	2.4	10.5	13.6	0.0	1.0	3.0
Senior technical staff and managers	26.3	42.2	30.8	18.7	11.5	30.8	14.0	5.0	15.4	26.4
Mid-level technical and managerial staff	22.5	33.4	6.4	6.5	11.5	28.7	14.0	5.0	32.7	30.9
Middle management staff	49.6	17.5	4.7	4.9	-	-	-	-	-	-
Operational staff	38.9	27.8	2.5	4.3	14.77	10.5	15.1	5.2	17.6	17.4
General services staff	2.2	2.2	31.2	6.6	-	-	12.3	0.0	-	-
Average training hours by gender										
Women	43.0	29.7	21.9	27.4	10.3	31.7	1.8	4.3	25.4	26.2
Men	35.7	20.5	15.0	29.4	12.2	23.8	1.7	7.1	27.5	30.6

	Correos		Correos Express		Correos Express Portugal		Correos Nexea		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Paternity or maternity leave by gender¹²										
Women	265	246	12	7	4	1	2	1	0	1
Men ²	511	531	37	29	5	4	1	0	2	1

1. 100% of employees who took paternity/maternity leave returned to work at the end of their leave, except in the case of Correos Express Portugal.

2. Includes both paternity leave and assignment of maternity leave.

	Correos		Correos Express		Correos Express Portugal		Correos Nexea		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Workplace accident frequency index ¹	28.7	29.2	15.8	18.4	3.2	16.2	0.07	14.6	0.0	0.0
Workplace accident severity index ²	2.0	2.2	0.3	0.4	0.1	3.1	1.2	0.2	0.0	0.0
Absenteeism (thousands of days) ³⁴	1,355.1	1,319.3	26.5	23.2	0.74	0.55	2.6	2.9	0.0	0.0

1. IF = [Number of accidents with sick leave (excluding in itinere and relapses) / Number of effective hours worked]*106.

2. IG= [Number of days lost due to occupational accidents within the working day (including 'Aggravating factors due to death/permanent disability of the worker') / Number of effective hours worked]*103.

3. Actual days lost due to medical absenteeism (common illness + occupational accident) / 1000

4. Correos Nexea figures do not include sick leave due to COVID-19.

	Correos		Correos Express		Correos Express Portugal		Correos Nexea		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Occupational accident by gender¹²										
Women										
Deaths	0	1	0	0	0	0	0	0	0	0
Very serious accidents	0	0	0	0	0	1	0	0	0	0
Serious accidents	2	2	0	0	0	0	0	0	0	0
Minor accidents	1,726	1,871	12	13	0	0	1	3	0	0
Accidents with sick leave	1,728	1,874	12	13	0	1	1	3	0	0
Men										
Deaths	1	0	0	0	0	0	0	0	0	0
Very serious accidents	0	1	0	0	0	1	0	0	0	0
Serious accidents	7	2	0	0	1	2	0	0	0	0
Minor accidents	1,430	1,592	34	46	2	0	3	4	0	0
Accidents with sick leave	1,438	1,595	34	46	3	3	3	4	0	0

1. Number of accidents with sick leave (in day + in itinere)

2. In 2022, Correos Group companies did not register any cases of occupational disease.

3. In 2022 a death occurred in Correos due to an accident in itinere (on the way to work) due to a non-traumatic pathology.

Positive impact on businesses and citizens

SDG 9, 11, 12, 13, 15

GRI 2-25, 3-3



The companies of the Correos Group permanently offer customers **commercial advice and specialised service** through different channels, including the commercial and after-sales network, the post office network, the telephone channel, mobile applications for customers, the corporate website and social media platforms.

The Group has widely accessible procedures in place to exercise the right to submit complaints as well as to make enquiries on any matter relating to the provision of services.

In addition to their electronic forms for customer service, post offices make available to users the official consumer complaints forms of the respective Autonomous Communities.

The Correos customer service system distinguishes between:

- Service claims, which include information queries and complaints relating to delivery or service in post offices.
- Product claims, relating to delays, damage, loss or other incidents involving any product, which are eligible for compensation.

During the past year, the number of **service claims** handled by Correos **dropped by 57.1% to 38,831**, while **product claims fell by 12.4% to 350,882**, with 17% of the latter being resolved with compensation, a similar percentage to that of 2021.

The Group's subsidiaries operate their own customer service systems and complaints and grievance procedures. In 2022 **Correos Express Portugal, Correos Nexea and Correos Telecom also recorded a drop in the total number of complaints and claims**. The Group companies' management indicators in this area are as follows:

	Correos		Correos Express		Correos Express Portugal		Correos Nexea		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Complaints and claims	389,713	491,002	953,301	835,903	7,223	7,509	104	156	1	2
Complaints (Service claims)	38,831	90,541	1,713	1,426	2,654	2,121	100	144	1	2
Claims (Product claims)	350,882	400,461	951,588	834,477	4,569	5,388	4	12	0	0
Claims resolved with compensation (%)	17	17	5	7	33	43	1	6	0	0

Development of customer service channels

Last year, the **post office network** received nearly **88 million visits**. **75% of these customers expressed satisfaction** with the service they received.²³

 During the year, the website www.correos.es received more than 200 million visits. Through this channel and e-mail, **508,020 requests for information** were accepted, along with **2.3 million telephone enquiries**.

As part of the website upgrade, My Office, the new online procurement portal for products and services, was created with a more user-friendly interface. In addition, improvements were made to the consultation form and the virtual assistant, the latter incorporating the possibility of replying in other languages which are

official in Spain, other than Spanish (Catalan, Valencia, Basque and Galician) and in English.

Correos **adapted its commercial structure** in order to establish specialised teams for the different lines of business, both at central and regional level. In the process of **reorganising the after-sales service**, the handling of complaints from stamp collector customers and Citypaq customers was taken over internally, thus improving the quality of service. A unit was also created to deal with requests from bodies such as the Municipal Consumer Information Offices, the Ministries of Transport, Mobility and Urban Agenda or Industry, the National Markets and Competition Commission or SEPI.

Over the last financial year, **all the call centre services of the Group's companies were grouped** under a single contract awarded to a new supplier, which will also promote employment inclusion through this

service. In addition, from 2022, the quality of customer service, in all its channels, will be externally audited.

Evaluation of customer satisfaction

The Correos Group also prepares an annual **Net Recommendation Index** by conducting periodic surveys of contract customers, post office users and addressees (at home, in post offices or Citypaq lockers), in order to ascertain their experience with the service provided. The study aims to determine the level of recommendation of different types of customers by obtaining the ratings based on the percentage difference between users who give 9 and 10 points out of 10 (promoters) and those who give less than 6 points (detractors).

Over the last year, **Correos' overall rating improved**, with a **recommendation rating of 14.9**.

23. Spanish National Commission on Markets and Competition (2022). CNMC Household Panel. First semester 2022. Postal Sector.

The rating given to post offices also increased by one point, while the rating for company professionals remained positive, but slightly below the previous year's values.

Although contract customers were the only group with a negative recommendation rate, in all three customer segments surveyed, the rating remained the same or improved compared to 2021.

With regard to the evaluation of the Group's subsidiaries, Correos Express obtained, for the first time, a negative rating (-1.9), due to the decrease in the percentage of customers with ratings between 9 and 10. On the other hand, Correos Nexea (27.3) and Correos Telecom (25.0) achieved remarkable ratings, thanks to 39.4 % and 37.5 % of prescribers, respectively.

In addition, **the customer satisfaction index** for Correos recorded a rating of 7.0 out of 10, and for Correos Nexea, 7.7.

Correos Express Portugal was also recognised as a recommended brand by users of the Portuguese consumer social network Queixa, reaching second place in the ranking of express service companies, with 89.5 % customer recommendation.

Managing excellence in operations

The Correos Group has a **quality management system based on the UNE-EN ISO 9001:2015 standard**, with which it applies the continuous improvement cycle to all activities and processes.

In the case of Correos, both the post office network and the customer service and 22 operational centres of various types are certified in accordance with this standard. Similarly, last year all Correos Express and Correos Nexea facilities renewed their quality management certification, as did Correos Telecom's fibre optic infrastructure business.

Correos also has implemented the **League of Excellence**, a tool that carries out a monthly assessment of the performance of operational units in the efficient use of their resources, the proper use of information and the correct execution of their processes. This information, available through the corporate intranet, allows them to be aware of their individual contribution to the improvement of service quality and the achievement of the company's objectives. The results of this assessment are used also as a reference to grant the Excellence Award, an

internal award granted every year to the employees of the units that report the best results.

Finally, the company has implemented the **LEAN continuous improvement system** in order to achieve maximum efficiency in processes to offer maximum value to customers.

Certifications of Correos Group

ISO 27001

INFORMATION SECURITY



Information systems for the services provided through the Correos website



Information systems for the personalised document management solutions provided by Correos Nexea

ISO 27701

INFORMATION PRIVACY



Correos Nexea

Management system of Correos Nexea's information security

ISO 28001

SECURITY IN THE SUPPLY CHAIN



Correos Express

Security management systems for the supply chain

ISO 14001

ENVIRONMENTAL MANAGEMENT



18 automated processing centres and the integrated logistics centre (CLI) of Barcelona

1 mass admission centre

2 international processing centres



16 main post offices



Correos Express

6 operating centres of Correos Express



Correos Nexea

1 operating centre of Correos Nexea
FSC and PEFC certificates of Correos Nexea

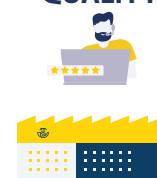


Correos Telecom

Commercialisation and maintenance of Correos Telecom's network of optic fibre infrastructure

ISO 9001

QUALITY MANAGEMENT



Customer service

18 automated processing centres and the integrated logistics centre (CLI) of Barcelona

1 mass admission centre

3 international processing centres



2,082 post offices



Correos Express

58 operating centres of Correos Express



Correos Nexea

1 operating centre of Correos Nexea



Correos Telecom

Integral management of Correos Telecom's communication network



Operational and customer security

🌐 GRI 418-1, 3-3

Correos has an **operational security centre**, which receives signals and/or images from the systems installed in post offices and centres throughout the national territory, effectively contributing to the security of people (customers and employees) and goods. It also regularly carries out scanner checks on items of correspondence subject to inspection. A review of the protocols of this operational centre, as well as of internal procedures and general security protocols, was undertaken in 2022.

The company maintains **permanent collaboration with national Law Enforcement Agencies**, for example, through the Blue Network of the National Police Force, the Coopera website operated by the Guardia Civil or the Xarxa de Col·laboració of the Mossos d'Esquadra, as well as with judicial bodies for the exercise of their functions. It also participates in areas such as the postal security groups of the Universal Postal Union and UPAEP.

Correos is a critical operator designated by the Ministry of the Interior, through the National Centre for Critical Infrastructure Protection (CNPIC). Thus, **seven of its operational and administrative centres in Madrid and Barcelona** were recognised as **'critical infrastructures'** in the sense that they provide essential services to citizens and whose functioning is irreplaceable. During 2022, an Operator

Security Plan (OSP) was developed, as well as specific security plans (SSPs) for these seven facilities. In addition, Security Delegates, an Information Security Officer and the Security and a Liaison Officer, as well as their alternates, were appointed, as required by Law 8/2011²⁴



24. Law 8/2011, of April 28, establishing measures for the protection of critical infrastructures

The company has also the **status of certified operator in five of its operational centres** to admit, process and transport securely, as air mail, certain **hazardous goods** in the terms and conditions provided by Order FOM/456/2014.

For its part, Correos Express holds the **Authorised Economic Operator Certification for Customs Simplification** (OEAC), which aims to guarantee the reliability and security of the movement of goods for import and export. In order to strengthen process security, in 2022 the subsidiary certified its activity in accordance with the UNE-ISO 28001:2008 standard 'Security management systems for the supply chain'.

Protection of privacy

The Correos Group has a **data protection area**, whose function is to **inform and advise all units** that process personal data on their obligations in this area. It also participates in the initial phases of the definition and modification of corporate policies, contracts or products and services, in order to effectively apply the principles of data protection and **integrate the necessary safeguards in the processing**. It also **assesses the risks** inherent to the Group's companies and/or its suppliers, dealing with potential claims and the exercise of the rights of interested parties in this area.

During the last year, 7 security breaches were managed (5 corresponding to Correos Express and 1 to Correos Nexea) and 14 claims processed through the Spanish Data Protection Agency, related to Correos and Correos Express. In addition, 9 burglaries or thefts of property or vehicles were addressed, with an impact on the protection of personal data.

Cybersecurity

The digitisation of activities, products and services entails an increase in cybersecurity risks for people and operations. The Correos Group manages these threats by prioritising the ability to anticipate and respond quickly to potential attacks, as well as promoting a corporate culture that helps to minimise risk and generate safe habits in the use of technology.

Correos has an **Information Security Committee** responsible for guaranteeing adequate risk management and the necessary procedures to preserve the information and its supporting systems. These include technical and organisational measures, by design and by default, through solutions that guarantee the confidentiality, integrity and availability of information, regardless of its location and operation.

As part of the **specific plan** implemented last year to deal with **ransomware** threats, Correos provided

informative materials from INCIBE, the National Institute on Cybersecurity, to prevent this type of attack, as well as **phishing** attacks, to which the company is particularly exposed due to its activity.

Correos promotes a **cybersecurity culture** through the implementation and maintenance of protection mechanisms (equipment encryption, two-factor authentication, blocking of malicious attachments, etc.), as well as ongoing training and awareness-raising for the secure use of digital tools. The actions carried out last year included a survey of employees to assess their knowledge of cybersecurity, the publication of a decalogue with 10 tips for better protection of corporate information and setting e-mail programmes to facilitate automated reporting of phishing.

In addition, professionals have permanent access via the corporate intranet to various communications, security alerts, briefings and monthly reports on blocked cybersecurity threats.

The company develops an **annual training plan on information security**, adapted to the different job positions, which in 2022 also included content on personal data protection. As part of this training, a 'cybersecurity quiz', a playful self-learning format, was organised for the second year, with 481 participants.

New employees also receive specific training in this area through the welcome and follow-up programme (ABACO).

Furthermore, since last year, the Correos Group has been participating in a **forum on cybersecurity**, together with the other companies that make up the **SEPI Group**.

to customers via the website www.correos.es, allowing them to confirm the authenticity of communications received from the company. In addition, the management of commercial messages is encouraged to be carried out through the Correos app, the most secure environment for interacting with customers.

It also became the **first Spanish company to have a fleet of electric delivery motorbikes with a cybersecurity certificate**, audited by AENOR in accordance with the requirements of the UNECE/R155 standard. The 1,000 NUUK CargoPro motorbikes managed by the company have passed the EUROCYPBAR test, which proves that they have effective means to minimise the risk of a cyberattack against the privacy and the lives of the people on

board, as well as against the integrity of the vehicle's systems. These electric vehicles also include telemetry and geolocation services.

Finally, Correos holds the UNE-ISO/IEC 27001:2013 certification for the information systems that support the operational processes of the websites www.correos.es and www.correos.com and the online bureaufax and digitally certified letter contracting services. Last year its scope was extended **by incorporating the electronic postal vote application process**. In addition, the company began its adaptation to the **National Security Scheme** (ENS, as per its Spanish acronym), the security regulatory framework promoted by the National Cryptologic Centre (CCN, as per its Spanish acronym), in order to obtain its certification as of 2023.

Correos Nexea holds the UNE-ISO/IEC 27001:2014 certification for its information systems and the ISO/IEC 27701:2019 certification for its information privacy management system, which support customised document management solutions for mass communication between companies and their customers.


Relationship to the value chain

● GRI 2-6, 2-8, 2-23, 2-24, 3-3, 203-2, 204-1, 205-2, 308-1, 308-2, 414-1

As a public sector entity, the procurement of goods, services and supplies by the Correos Group is subject to the principles of publicity, competition, transparency, confidentiality, equality and non-discrimination, guaranteeing compliance with the applicable procurement regulations, as well as with its internal procurement instructions and asset procurement rules.

In order to increase guarantees of fairness and transparency, all tenders and awarded contracts, with the exceptions provided for by law and internal procurement regulations, are published in the Contractor Profile and on the Public Sector Procurement Platform. In addition, depending on the amount involved, they are also advertised in the Official Journal of the European Union, where appropriate, and information is regularly sent to the Court of Auditors and to the Public Sector Contracts Register.

The **Investment and Contracting Committee** is the body that approves contracts with an estimated value of up to 5 million euros and submits contracts with an estimated value exceeding this amount to the Board of Directors for approval.

With the aim of moving towards more sustainable procurement, last year the Correos Board of Directors  approved the [Framework of Criteria for Responsible Procurement in the Correos Group](#), which describes the ethical, social and environmental principles applicable to supplier relations, based on the General Code of Conduct and the SDG Alignment Model.

This document, which aims to promote the principles of sustainability throughout the supply chain, served as a reference for the preparation of a list of responsible public procurement criteria, which will be available to the managing bodies, coinciding with the entry into force of the new models of technical specifications to be used in procurement.

This **comprehensive revision of the models for technical specifications** in 2022 also involved:

- The implementation of a new process for the control of the justification of low bids.
- The implementation of measures (relating to the division of contracts into lots) to ensure that there is no restriction of competition for SMEs.
- The development of an informative guide for managers, which allows to establish objective criteria for technical assessment.



Last year also saw the introduction of the **new procedure for the management of penalties** in contracting through the internal e-tendering platform, which improved the control of the execution of contracts.

The use of **dynamic purchasing systems** (DPS, as per its Spanish acronym) continued to enable the procurement of **sustainable vehicle transport routes for Correos and Correos Express** through various suppliers, contributing to the decarbonisation objectives of both companies.

Finally, as part of the project for the progressive automation of contracting, the **automatization of the processes** of filling in documents, requesting orders, requesting documentation from successful bidders and filling in contracts was initiated, facilitating greater efficiency and agility in the entire processing and awarding cycle.

Good practice in the supply chain

Participants in procurement procedures by Correos Group must ensure compliance with the principles of the UN Global Compact. In all cases, **successful bidders must** also be **aware of and accept** the principles contained in **the General Code of Conduct**.

In addition, **all tender documents regarding technical specifications include clauses on environmental, social or gender equality criteria**. These considerations are included in the form of core or special conditions of execution that are binding for all bidders as technical specifications, solvency requirements or criteria for the evaluation or appreciation of bids, in accordance with Act 9/2017. It also includes the obligation to comply with tax, labour and environmental regulations. Compliance with these criteria was assessed in all procurement files over the past year.

The Correos Group contributes to the Spanish economy by sourcing **99% from national suppliers**. Due to the size and heterogeneity of the activities carried out by the Group's companies, they collaborate with a large number of suppliers from various sectors, at all stages of the supply chain.

In 2020, Correos awarded 496.2 million euros, which were executed by 6,157 suppliers (of which 198 million were investments and 5,959 million euros corresponded to expenditure), mainly in transport, cleaning, building maintenance or systems and works, all of which are labour-intensive sectors.

In turn, the subsidiaries made awards worth 392.4 million euros. Correos Express contracted 1,709 suppliers and Correos Express Portugal another 681, mostly for transport. Correos Nexea contracted 143 suppliers of paper, envelopes and equipment maintenance services; and Correos Telecom contracted 114 companies providing general and equipment services and telecommunication services.




Respect for human rights

🌐 GRI 3-3, 408-1, 409-1

Since 2002, Correos has been a **signatory to the United Nations Global Compact**, committing itself to adoption and promotion of the Ten Principles established by the Compact in relation to respect for human rights, the elimination of all forms of forced labour, the eradication of child labour, the abolition of discrimination in employment and occupation, and freedom of association and collective bargaining. This set of values has been assumed by the company as an integral part of the business strategy.

Likewise, the 'Criminal Risk Prevention Programme' of the Group includes the obligation to scrupulously respect fundamental rights and public freedoms.

 In 2022, the Board of Directors of Correos approved the **Human Rights Policy of the Correos Group**, based on the rights recognised in the International Bill of Human Rights, the Convention on the Rights of the Child and other United Nations human rights treaties and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

The document contains a commitment to avoid causing or actively contributing to any form of adverse impact on the human rights of people involved in its

direct operations and global value chain (employees, customers, suppliers, users, communities and society), and to address such impacts through remediation.

This takes into consideration the main international guidelines, such as the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the International Labour Organisation's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

This policy, by which the employees of the companies making up the Correos Group and its value chain must abide, lays the foundations for the development of a specific due diligence plan on human rights and sustainability by establishing the procedures for analysing and managing risks, the persons in charge, any remedial procedures, as well as channels for reporting, dissemination and communication with stakeholders.

In 2022, no human rights violations were observed in the Group's companies, nor are any of its main suppliers considered to present a significant risk of non-compliance, due to their geographic scope and the nature of their activity.

Business and social innovation

🌐 GRI 203-2, 304-3, 413-1

The Correos **SDG Alignment Model** includes, among its three lines of action, the **generation of business and social innovation**, through the commercialisation of proximity services, e-local solutions and circular, neutral and activist products.

The company aims to develop activities with a high **positive social and environmental impact**, not only in order to meet the communication and business needs of citizens and companies, but also to provide innovative responses to major social and environmental challenges, such as climate change, financial exclusion, the digital divide, depopulation and the reducing services in rural areas.

Local services

Correos promotes the **proximity of public services** in rural areas in order to **make public administrations more accessible to citizens**, and on equal terms with urban areas through its rural services and post offices and provides its technological, logistical and distribution capacity to the local businesses. In this way, it contributes to economic development, territorial cohesion, the **creation and maintenance of employment and allowing new residents to settle** in 'emptied Spain'.

Rural delivery staff **deliver most of the products and services available in the post offices to people's homes**, saving them from having to travel. This offer includes payment and acceptance of mail and parcels; payment of regional or local taxes and company bills; sale of train tickets, tickets to shows and services of various companies; the sale of environmental badges issued by the General Directorate for Traffic and electronic banking solutions (Correos Cash, Correos Prepaid Cards and Correos Pay).

Last year, the personal digital assistant (PDA) used by the delivery professionals incorporated new functionalities, which allowed them to provide additional services in rural areas, such as the sale of lottery tickets and collection stamps, the management of returns, postal vote requests, notifications or the

acceptance of mail and parcels for international destinations.

At the end of the year, a new **foreign exchange** solution was also added through an alliance with Global Exchange. Thus, customers can reserve and obtain their currency both in the post office network and at home, through rural postal workers.

Another of the actions carried out to promote rural development is the incorporation of **new administrative services** to the services portfolio provided by post offices. In this way, Correos aims to become the **'one-stop shop'** that **connects local, regional and state administrations with the public**, in order to stop depopulation and attract new inhabitants to rural areas, boosting the local economy and access to public services.

In this regard, at the end of the year Correos had **collaboration agreements with 187 public bodies**, such as the Tax Agencies of the Autonomous Communities of Andalusia, Catalonia, Valencia, Castilla La Mancha and Galicia; the Provincial Councils of Almería, Ávila, Cáceres, A Coruña, Lugo, Ourense, Pontevedra, Girona, Huesca, Zaragoza, Palencia, Seville, Soria and Valencia; 68 City Councils and 28 companies in charge of tax management of different local entities throughout Spain, as well as a multi-



party agreement with the Autonomous Community of Aragon, Extremadura and La Rioja, among others.

By virtue of these agreements, the company facilitates, among other procedures, the payment of taxes, fees and duties at post offices or through rural postal workers, using the **Correos Pay** solution, which can also be used to pay utility bills. In 2022, nearly 20 million euros were collected for governments through more than 390,000 transactions with Correos Pay.

Besides, the **Correos Cash** service **enables basic banking transactions** such as cash deposits and withdrawals **to be made at post offices or through postal workers** at any address in Spain. The aim is to ensure that all citizens have access to those services, regardless of their age and place of residence, with as little travel as possible. Customers can carry out these transactions using their bank card or bank book, for those banks that are members members, or a QR code generated by their financial institution.

In 2022, a collaboration agreement was reached with the banking associations AEB, CECA and UNACC to **extend the reach of Correos Cash** to its members and thus improve access to basic financial services in rural areas throughout the country. In the framework of this agreement, two other financial institutions (BBVA and Banco Sabadell) joined at the end of the

year. In the year as a whole, operations carried out through Correos Cash increased by 30 % compared to the previous year.

The **Correos Prepaid Cards** are also available to citizens, in both physical and virtual formats, both as a secure means of payment and for withdrawing cash at ATMs and post offices, collecting salaries or pensions, paying utility bills and taxes, or making national or international transfers.

Another of the actions developed to reduce financial exclusion is the installation of **ATMs** in different locations, 20 of which were chosen in collaboration with the Government Commissioner for the Demographic Challenge. By the end of 2022, Correos had ATMs in 46 of the 52 Spanish provinces.

The network of post offices also offers the **Virtual Registry Office for Entities (ORVE) service**, which allows for the telematic sending of documentation to the registries of any member public administration, including city councils, universities, Autonomous Communities or the Social Security. In 2022, transactions linked to this service grew by 1 % year-on-year.

Likewise, the collaboration agreement with the General Directorate for Traffic allows for the

acquisition of environmental labels or the management of duplicate circulation licences, among other procedures.

In 2022 Correos also reached an agreement with the Ministry of Culture and Sport to facilitate the **application for the Cultural Voucher in post offices** for those who had difficulties to do it digitally.

Finally, the company signed an **agreement with the Tragsa group to promote rural development and territorial connectivity** through social actions and open training programmes.

E-local solutions

E-local solutions are aimed at curbing rural depopulation and generating new business opportunities in rural environments, such as the **Correos Market** marketplace, which ensures that the products of Spanish companies can reach any buyer in Spain and Portugal.

In 2022 this solution was extended, not only to local artisans and producers, but to all types of Spanish companies, regardless of the business sector, that need to grow their business in the digital environment and have an optimal logistics solution.


Likewise, in order to **support the Spanish productive sector in the current context**, the company removed commissions on the sale of products, charging only for its logistics and parcel services, thus favouring access to e-commerce for SMEs.

With the same purpose, new agreements were reached with institutions and entities such as the Federation of Rural Women's Associations (FADEMUR), to help market the products of its members or, in the context of Xacobeo 2021-2022, with the Asociación de Concellos do Camiño Inglés and the Mancomunidad de Concellos Galegos do Camiño Francés, both associations of a series of towns along two of the routes of the Way of St. James, with the purposes to enable the digitalisation of small businesses located along these Xacobeo Routes.

Other agreements were aimed at mobilising funds for projects aimed at children, such as the collaboration with the Fundación Juegaterapia and the Spanish National Football Team, in the sale of 'baldie baby' toys; or with the NGOs Aldeas Infantiles SOS, Educo, Plan International, Save the Children, UNICEF Spain and World Vision for the *Muchoyó* project, a pun on the Pocoyó character, through the marketing of T-shirts with the slogan '*Yo soy mucho*' ('I am enough') through Correos Market.

Correos also promotes, together with its line of **services for the Way of St. James' pilgrims**, initiatives that foster preservation of the environment along the Jacobean Routes of the Way of St. James, the promotion of rural areas and local commerce, as measures to tackle rural depopulation and protect the natural heritage.



 The company develops the **#CaminoSostenible (#TheSustainableWay) initiative**, which encourages pilgrims to adopt more sustainable habits towards the personal, artistic and natural heritage of the Way of St. James, in line with Agenda 2030. Within the scope of this permanent project, the campaign to raise awareness about the environmental preservation of the Way of St. James was repeated for the second year in 2022. Thus, the 150 post offices present in the different routes distributed, both to employees and pilgrims, cloth bags so that they can collect plastics and waste during their stages, coinciding with the World Day without plastic bags.


The company also collaborated with international university students, supported by Helsinki España Organization - Dimensión Humana and, the Autonomous Government of Galicia, to assess projects on sustainable tourism and on the value of human rights on the Way of St. James. Correos made available, free of charge, the left-luggage service at the main office in Santiago de Compostela and its luggage transport service for pilgrims, Paq Mochila.

Social innovation is another instrument considered particularly useful for promoting rural development. Correos' programme for entrepreneurs, rebranded as the **Lehnica Changer Challenge** in 2022, has a social category, aimed at identifying and financially

supporting projects that contribute to the revitalisation of rural areas, helping new population to settle in 'empty Spain' and boosting its transformation.

 This business acceleration programme has its headquarters at CorreosLabs the company's space devoted to innovation, a branch of which was opened in 2022 in Navarre, marking the first CorreosLabs point located outside Madrid. This new knowledge exchange centre will focus on developing **innovative projects in the field of sustainability and circular economy**; both in the conceptual design and execution of the space (use of recycled and sustainable materials), as well as in the themes it will work on (electric mobility, last-mile and sustainable cold logistics, and circularity, among others).

Circular, neutral and activist products

 The **Línea Bosques** range of packaging, marketed across the post office network, offers customers a responsible consumption alternative, as it is made from **fully recycled, biodegradable and certified sustainable management materials**.

These packages offer an environmentally friendly design, with minimal ink used (and those used are water-based, and non-toxic) and using less cardboard, while minimising waste during manufacture. The envelopes in this line also have **FSC and PEFC**

certification, as well as the European ECOLABEL distinctive, and the material used to manufacture the window is of vegetable origin, so it does not generate microplastics.

The Línea Bosques range of packaging is also **carbon neutral** thanks to the offsetting of emissions created during manufacturing through reforestation projects.

These packages also contribute to the financing of **reforestation, fire prevention and biodiversity preservation projects** in order to mitigate the effects of climate change and contribute to the improvement of air quality and the ecosystem protection.

During 2022, contributions were made to a forest restoration project, carried out by WWF Spain, in an area in Campoo de Yuso (Cantabria) affected by a wildfire. Through this action, four hectares were restored, introducing 4,000 seedlings of native species, with the collaboration of professional forestry teams and local staff.

Línea Bosques SROI

For every euro invested in Línea Bosques products, 20 euros of socio-environmental return are obtained

Since 2001, thanks to the *Bosques de Correos* initiative...

- 21 *Bosques de Correos* forests and 102,500 trees of native species have been planted.
- 253 hectares of land (a surface equivalent to more than 350 football pitches) have been reforested throughout Spain.
- This has enabled achieving the goal of protecting native flora and fauna, as well as raising awareness about the reforestation of degraded areas.

Distribution of socio-environmental value generated in 30 years

13.3 M€
Value of vegetation

4.6 M€
Value of fixed CO₂

1.8 M€
Value of regenerated land



SROI is an approach based on principles of measuring extra-financial value, i.e. the environmental, social and economic value, that is currently not included in conventional financial accounting, in relation to the resources invested in an organisation, project or initiative.

Reducing CO₂ emissions is the main goal of Correos in order to comply with its pledge of being carbon neutral by 2030. However, faster progress towards this goal is achieved by means of emissions offsetting programmes, by purchasing carbon credits on the voluntary emissions market.

Thus, **Correos Compensa** enables Correos to **offset its CO₂ emissions** arising from any items sent by customers from the post offices, as well as all Responsible Delivery. The projects chosen for the emission credit purchase programme seek **a triple impact - environmental, economic and social** -in the communities in which they are developed, such as the reforestation project in Arzadegos (Ourense), aimed at the natural recovery of this environment after it was partially destroyed by a wildfire in 2005.

Correos offers the option of choosing the **Responsible Delivery** on its website. This type of non-urgent delivery allows delivery routes to be optimised by waiting until the vehicle is full, which helps to reduce emissions, and those that cannot be prevented will also be offset.

During the last Black Friday shopping campaign, when thousands of e-commerce volumes are generated, the company again invited citizens to reflect on the impact of express parcels on the environment.

In this way, with a more conscious and responsible use of the parcel service, it is possible to optimise the routes of the different means of transport, especially especially for the last mile,, for which Correos is incorporating sustainable vehicles to minimise the impact on the environment. Algorithmic route planning also enables savings in time and resources (fuel/energy), reduction of urban traffic, reduction of kilometres travelled and consequently of associated emissions, and improvements in air quality, especially in urban environments.

Rounding up with an impact

Within the range of circular, neutral and activist products, the company has the **Redondeo con impacto** (Rounding Up with Impact) programme, which offers customers of the post office network the possibility of rounding up the final amount of their purchase made with a bank card, to allocate micro-donations to various initiatives aimed at obtaining a positive social and/or environmental impact.

The more than 640,000 contributions received in 2022, totalling 185,000 euros, helped to fund the following projects:

- The project of the **Spanish Federation of Parents of Children with Cancer** to help families facing a diagnosis of cancer for their children.

- UNICEF's campaign to meet the basic needs of the displaced population and especially **the children who are suffering from the emergency situation in Ukraine**. The funds raised were used for coordinating the efforts and covering the costs of transporting drinking water and emergency supplies to the affected areas and for providing psychological and social support.
- The Spanish Association Against Cancer's initiative to help **breast cancer female patients in rural areas**, where it is more difficult for them to access medical care or psychological support services, as they are far from hospitals.

Community engagement

🌐 GRI 203-2, 413-1

Correos, with a **daily presence throughout the country** through its delivery and post office staff, meets the communication needs of all citizens, regardless of their place of residence or income, with an efficient and quality service.

The company also maintains channels of communication with local and regional administrations, professional and consumer associations, academic institutions and citizen platforms, among other entities, in order to understand their needs and **explore possible areas of collaboration.**

Correos continued to support various projects throughout 2022, collaborating **with associations, foundations and other third sector entities**, which have a significant local impact and which have goals that are focused on four areas of action:

- **Education and childhood**, through the sale of articles in the benefit of various NGOs or collaborations with the 'INICIA2' programme of the Fundación Rafael del Pino and Global Compact and the '4º de la ESO+Empresa' school-enterprise collaboration programme implemented by the Autonomous Region of Madrid.



- **Diversity and inclusion**, with initiatives especially aimed at women and the LGTBI community, such as the renewal of the commitment to join the 'Network of companies for a society free of violence against women', promoted by the Government Delegation to eradicate Violence against Women, or the participation, on the occasion of International Women's Day, in the *#8MTodoElAño* (*#IWDEveryDay*) campaign for women's rights.

- **Raising awareness of climate change**, through Green Postal Day, organised by the International Post Corporation (IPC), or the issuance of stamps, such as the *#DífcilesDeVer* (*#HardToSee*) collection.

- **Encouragement of volunteering** among Correos Group employees, with environmental actions ('clean-up days' intended to remove for invasive animal species in nature reserves, taking part of reforestation and cleaning of some stages of the Way of St. James), as well as social activities (providing telephone support for the elderly, tutoring for primary school pupils with reading difficulties, collaborating in the transport of humanitarian material to Ukraine through Correos Cargo, collecting food for food banks in different provinces and taking part in the Great Food Collection, as well as participating in blood donation days and the collection of letters written by children in hospital to the Three Wise Men, among others).

As part of its participation in the Fundación SERES, the company took part in workshops and laboratories on

diversity and inclusion or the demographic challenge, among other topics. In addition, it continued to collaborate with the Instituto HERMES foundation to develop the project 'Interconnectivity, logistics and digital citizenship, with special attention to most depopulated areas in Spain', the aim of which was to develop a pilot centre specialising in remote digital work in rural areas.

Finally, for years the company has been promoting the 'Correos con el arte' ('Correos with Art') initiative, which aims to bring art closer to the public who visit the post offices every day, as well as to support local artists by giving them a space to exhibit their work. Last year, free exhibitions of painting, sculpture, photography and mail art were organised in different cities.

Contributions to not-for profit corporations or foundations

In compliance with Act 22/2021, of 28 December, on the General State Budget for the year 2022, last year Correos did not make any financial contributions to foundations and non-profit organisations in the form of agreements or sponsorships. The company only made three collaboration agreements with non-profit organisations, which did not involve any financial contributions, and allocated around 56,000 euros as part of its membership of various associations and organisations, which provide advisory services

on issues relating to social, environmental or good governance matters.

The Group's other subsidiaries did not sponsor or make other types of financial contributions to non-profit organisations.

Correos, on the other hand, carried out other types of collaboration with associations and organisations, through the **commercialisation of its solidarity products or the assignment of space in its post offices network**:

- The sale of items in the post offices network and in Correos Market, was carried out in cooperation with UNICEF, the Spanish Red Cross, the Fundación Prodis and Ayuda en acción.
- As a collaborating company in the campaign '*Un juguete, una ilusión*' ('One toy, one dream'), promoted by the Fundación Crecer Jugando and Radio Nacional de España, it marketed solidarity pens, whose purpose is to fight for the fundamental right of all children to play.
- Helped to make the work of SOS Children's Villages and the Spanish Red Cross more visible by providing post office space.
- Through its post office in Zaragoza, it collaborated in the acceptance of donations for a

Toy Flea Market, for the benefit of Oxfam Intermón, destined to alleviate to the food crisis in Africa.

In response to the extraordinary humanitarian emergency in Europe, the Correos Group provided support to the people affected by the war in Ukraine, through:

- Free money transfer services to Ukraine from post offices and free calls and SMS to Ukraine for Correos Telecom customers in the first weeks of the war.
- The donation of funds contributed by customers through the **Redondeo con Impacto** (Rounding Up with Impact) programme.
- The and air transport of more than 40 tonnes of material and 25 tonnes of food for the kitchens of the World Central Kitchen NGO, run by chef José Andrés, to whom the company also dedicated a stamp in gratitude for his extensive humanitarian work around the world, with which Correos has been cooperating since 2020.
- Collaboration with ICOM Spain, the Spanish National Committee of the International Council of Museums, and its initiative 'Professionals and Museums with Ukraine', providing them with three trucks with boxes and materials for the conservation and protection of Ukrainian artistic heritage.

Finally, Correos Express has an agreement with the Spanish Federation of Optical Sector Associations (FEDAO), through information, awareness and prevention activities in the field of visual health developed by the Visión y Vida association.

Universal accessibility

Correos also contributed to the **integral development of people with disabilities**, through the purchase of goods and services from 28 special employment and occupational centres.

With the same aim, the company cooperates since 2010 with the 'Incorpora' Programme of Fundación La Caixa for the integration of this group of people and work placements.

In 2022, an agreement was also signed with the Grupo Social ONCE to encourage the social inclusion of people with disabilities through measures that promote employment, training and universal accessibility to spaces and services.

The subsidiary Correos Express, for its part, procures services from special employment centres (such as the call centre service service provided through an agreement with Ilunion).

With regard to universal accessibility to the services provided, all new post offices are adapted to avoid the existence of architectural barriers. A large number of these establishments also have hearing aids available for those who require them.



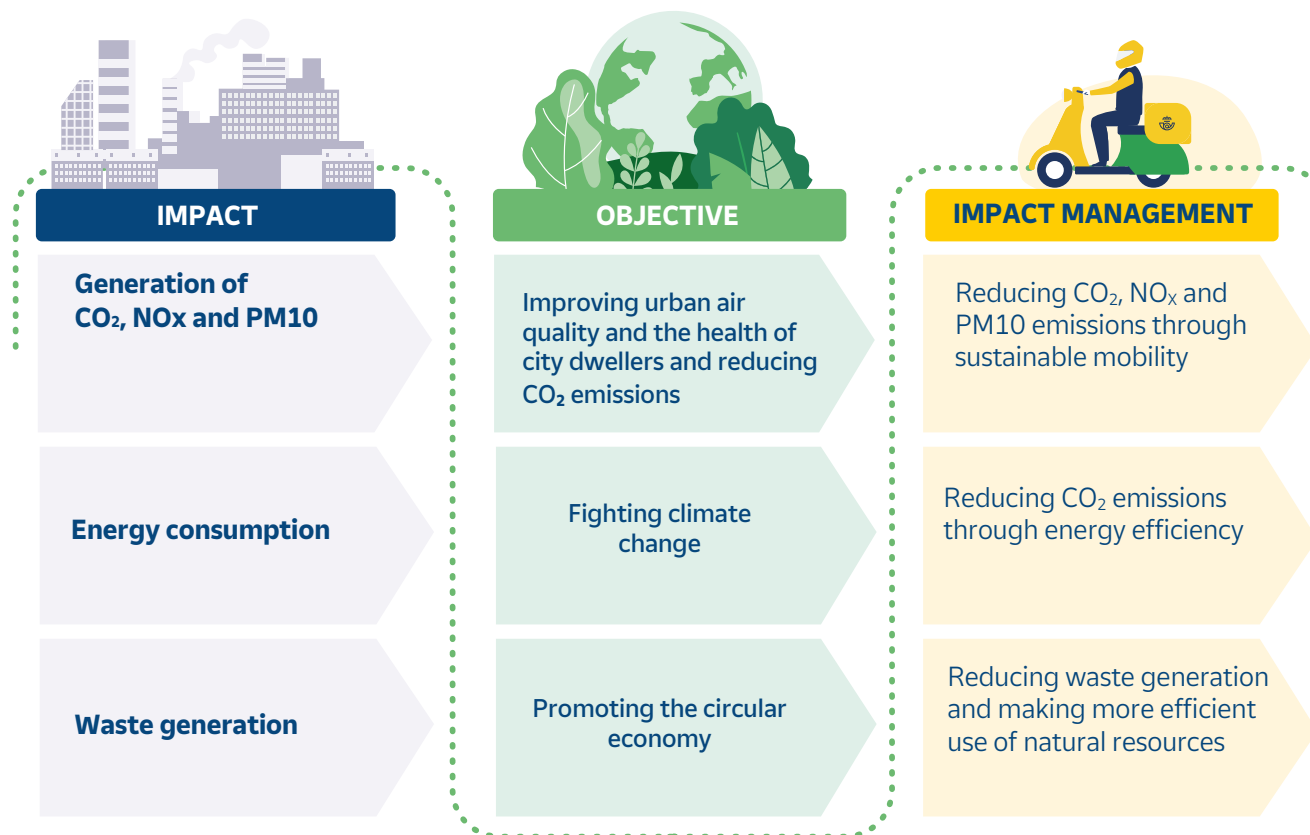
Environmental management

SDG 11, 12, 13, 15

GRI 2-23, 2-24, 3-2, 3-3, 203-2, 301-1, 302-4, 305-5, 305-7, 308-2

Transport activities are responsible for 25% of total greenhouse gas emissions in Spain and almost 40% of diffuse sector emissions.²⁵ The 2021-2030 National Integrated Energy and Climate Plan states that the main lever for the decarbonisation of the sector should be modal shift, through a greater presence of renewable energies in transport, the use of advanced biofuels and the adaptation of urban mobility, with the configuration of low-emission zones in all cities with more than 50,000 inhabitants.

Therefore, smart mobility, carbon neutralisation to tackle climate change, together with the adoption of a circular model, constitute the three basic components of sustainable management, one of the three areas covered by Correos' SDG Alignment Model. These policies are also aimed at mitigating the **company's main impacts** on the environment:



25. Ministry for the Ecological Transition and the Demographic Challenge.

These impacts are assessed annually and compared with the main international reference frameworks (Paris Agreement, Sustainable Development Goals, European Green Pact, Fit for 55, etc.) and national ones (regulations, recommendations, initiatives and business partnerships).

This way, Correos' policies and investments in this area are geared towards those initiatives that are likely to allow for greater risk mitigation, thus maximising the precautionary principle.

The Group's subsidiaries have their own environmental management systems aimed at assessing, preventing or mitigating the **most significant impacts** on their respective areas of activity:

- The consumption of natural resources, as well as the generation of waste and emissions in their workplaces in the case of Correos Express and Correos Express Portugal.
- The use of natural resources (mainly paper) and the generation of waste by Correos Nexea.
- Fuel consumption, CO₂ emissions and noise (linked to travel in commercial and operational activities), as well as waste generation in works carried out, for Correos Telecom.

In 2022, none of the Group's companies faced significant fines or penalties for non-compliance with environmental regulations.

Environmental assessment and certification procedures

Environmental management systems of the companies in the Correos Group enable the planning, prioritisation and monitoring of action plans to be developed, as well as the surveillance and assessment of risks and opportunities in this area. These systems have been **certified in accordance with the standard UNE-EN ISO 14001:2015** 'Environmental management systems':

- At [37 sorting centres and post offices of Correos](#).
- At [6 Correos Express operational centres](#).
- At one of the Correos Nexea centres, which also holds [PEFC](#) and [FSC](#) certificates, which ensure the correct traceability of the paper and cardboard of sustainable origin used in its printing, enveloping and handling of mass communications.
- At Correos Telecom, applied to the business of marketing, design, operation and maintenance of the fibre optic [telecommunications infrastructure network](#).

The **monitoring of CO₂ emission reduction measures** is also supported by:

- Verification of the results of CO₂ emissions management in accordance with the UNE-EN ISO 14064 standard: 2019 'Greenhouse gases', both from Correos and Correos Express.
- Registration in the 'Registry of carbon footprint, offsetting and carbon dioxide absorption projects' of the Ministry for Ecological Transition and the Demographic Challenge for Correos, Correos Express and Correos Nexea.
- Voluntary reporting of emissions to [CDP](#), the international framework for measuring climate performance, in which Correos maintained its B category.
- The use of the Universal Postal Union's Online Solution for Carbon Analysis and Reporting (OSCAR) environmental monitoring and diagnostic tool.
- Collaboration in the GECV (Spanish Group for Green Growth), in areas such as climate change mitigation and adaptation, decarbonisation of the economy and the promotion of a circular economy.

- Participation in the UN Global Compact's Climate Ambition Accelerator programme, which aims to enable a 50 % reduction in global emissions by 2030 and achieve net zero by 2050 by setting science-based targets.

Sustainable performance of the postal sector

Correos is a member of the **Sustainability Measurement and Management System (SMMS)** programme, promoted by the International Post Corporation, the organisation that brings together the main companies in the global postal sector. This initiative aims to improve the sustainability performance of postal operators through annual assessment in seven areas of action:

- Workplace health and safety
- Professional development and learning.
- Efficient use of resources.
- Climate change management.
- Air quality.
- Circular economy
- Sustainable procurement.

The areas monitored are, in turn, **aligned with the five Sustainable Development Goals most relevant to**

the postal sector (SDG 8 Decent work and economic growth, SDG 9 Industry, innovation and infrastructure, SDG 11 Sustainable cities and communities, SDG 12 Responsible consumption and production and SDG 13 Climate action).

Postal companies participating in the SMMS programme **have made the following pledges for 2030:**

- **Cut by half** their collective annual CO₂ emissions of Scopes 1 and 2 (with respect to 2019).
- 75% of the energy consumed in own buildings to be generated from **renewable sources**.
- 50% of **packaging** sold to be **reusable, recyclable or compostable**.
- To have 50% of its **fleet** made up of **alternative fuel** vehicles (up from 22 % in 2020), of which 25% will be electric vehicles.
- To have 75% of its **waste recycled or reused**.

The SMMS programme is the evolution of the Environmental Measurement and Monitoring System (EMMS) project, in which Correos and the other participating operators made a commitment to reduce CO₂ emissions (achieved in 2018), which was the **first sectoral target to be recognised by Science-Based Target as science-based**, to help

avoid global warming by more than 2 °C by the year 2100.

In the framework of the SMMS programme, Correos improved its overall performance last year, scoring above average with respect to other postal companies in the qualitative aspects of sustainability management competence, with outstanding scores in the areas of 'Learning and development' and 'Climate change'. Its measures relating to the purchase of electricity from renewable sources in buildings or the reduction of Scope 1 and 2 emissions were other actions highlighted by SMMS.

The company's commitment to sustainability is also evident in the continued growth of its fleet of vehicles powered by alternative technologies to fossil fuels. As part of this programme, in the coming years Correos will focus its efforts on extending the use of renewable energy to vehicles, as well as on improving waste sorting.

Last year, the company once again joined in the **Green Postal Day** celebrations, promoted by the International Post Corporation to acknowledge and celebrate the progress made by postal operators in reducing the carbon footprint of their activity.

Sustainable mobility and air quality

🌐 GRI 305-5, 305-7

One of the main impacts of Correos lies in the transport and delivery of mail and parcels in the last mile, which involves the emission of CO₂, NO_x and particulate matter into the atmosphere. This activity also represents a growing challenge for mobility in cities, exacerbated by the rise of e-commerce.

Since 1996, the company has evaluated and incorporated means of transport using **alternative fuels and technologies to petroleum derivatives**. At the same time, it develops other types of mitigation measures, such as reducing the number of **kilometres travelled and the number of trips** during delivery, via:

- The incorporation of systems that facilitate effective delivery at the first attempt, such as the Correos Modify delivery management app
- The expansion of the Citypaq locker network, for delivery to alternative delivery points, in addition to the post office network
- Route optimization by using predictive and geolocation technologies

Correos is also the Spanish company that travels the most kilometres on foot to make deliveries (**zero-emission deliveries**), thanks to its team of postal workers.

Last year, 400 new electric motorbikes, two-and three-wheelers, were added to the leasing fleet, so that at year-end the company had **2,395 electric vehicles (17% of the total)** and more than 300 hybrids. The company is thus making progress towards its 2030 target of using alternative technologies to oil in 50%

of its means of transport, with at least 25% electric vehicles, and is currently **one of the largest zero-emission fleets in the distribution sector in Spain**.

The use of electric motorbikes makes it possible to guarantee the provision of the service in urban areas throughout the country, including the towns where low-emission zones will be implemented from 2023.



For the same purpose, last year a pilot project was developed in several Spanish cities **for the use of electric motor-assisted delivery carts** to facilitate **distribution tasks on foot**. These zero-emission devices use two different mobility solutions, designed by MOOEVO and Scoobic (winners of the 'Lehnica Challenge', Correos' entrepreneurship programme), to power the trolley's movement and reduce the human effort required. From 2023, these assisted delivery trolleys, designed for use in urban areas with a low concentration of deliveries, will start to be incorporated into the distribution network.

Tests were also carried out on new models of **three-wheeler motorbikes**, both electric and combustion, which can carry larger cargo boots (allowing for less trips) without affecting the vehicle's stability or manoeuvrability. Following these tests, 100 electric units and 100 combustion units were procured, which will replace larger, more polluting vehicles. These motorbikes also make it easier to use them in cramped environments or those with limited parking space, such as historic city centres.

In this way, Correos is adapting its operations to make efficient delivery services compatible with a lower environmental impact. To this end, the company is developing a project that will enable it **to design the 'delivery fleet of the future'**, in response to changes

in the business environment and demand, in the regulatory framework (such as the aforementioned regulation of low-emission zones or the disappearance of combustion vehicles from 2035), current and future technological availability and existing financing frameworks.

In this sense, the Company also assesses **alternative fuels**, such as liquefied petroleum gas (LPG) or compressed natural gas (CNG), for both the long-haul and last-mile delivery fleets. As an example of this, last year it initiated a collaboration with truck manufacturer Tevva to test prototype zero-emission trucks, with a range of 400-500 km, powered by **hydrogen**. This type of cooperation allows for the examination of other technological alternatives to fossil fuel transport and at the same time offers suppliers the possibility to test their solutions in demanding networks such as the Correos network, which is present throughout the country.

The company also prioritises **sustainability in the selection** of land **transport routes** contracted through the Dynamic Procurement System, so that almost all of the routes awarded to suppliers are carried out with vehicles with ECO labels.

The subsidiary Correos Express also promotes the contracting of sustainable routes with suppliers and the use of alternative means (motorbikes and electric scooters, bicycles, delivery on foot) in its centres in Madrid CTM, Madrid CTC and Getafe, as well as in Sant Boi and Santa Perpetua (Barcelona). Last year it also renewed **the calculation of the carbon footprint** for its activity (facilities and vehicles of the trawling and supplier distribution network), in accordance with the UNE-EN ISO 14064-1 standard: 2019 'Greenhouse gases'.

The adoption of an eco-efficient fleet is reinforced by other measures, such as the **purchase of 100% renewable energy** for the electricity supply of buildings, operational centres and delivery units, thus contributing to the creation of low-emission delivery areas. Besides, efficient driving is a key factor in reducing energy consumption, extending the life of vehicles while reducing accident rates. In this area, Correos continued to collaborate with initiatives such as the Autonomous Ready Spain project, promoted by the General Directorate for Traffic and the Barcelona City Council, for the implementation of advanced driving assistance systems (ADAS).

New logistics model for more liveable cities

The growing demand for home delivery of online purchases poses an additional challenge to the sustainability of cities, where traffic congestion, inefficient overlapping distribution networks and the atomisation of the sector into different distribution companies are common problems.

 In the face of this reality, from 2020 to 2024, Correos will lead the **international project SENATOR** (Smart Network Operator Platform enabling Shared, Integrated and more Sustainable Urban Freight Logistics), funded by the European Horizon 2020 framework, which aims to create a **new, more sustainable urban logistics model**.

This programme aims to develop a platform that enables planning, integrating and optimising all urban logistics operations. Its actions focus on four areas: route and network optimisation, load balancing between operators, information on urban infrastructure and flexible fleets and multimodality.

In October 2022, the company hosted the annual follow-up meeting at its headquarters in Madrid, attended by the 10 partners of this initiative, which includes, among others, the city councils of Zaragoza and Dublin and the University of Deusto.

Correos also brought the SENATOR project to the first edition of the Global Mobility Call, organised by IFEMA MADRID and the Ministry of Transport, Mobility and the Urban Agenda, to promote collaboration between companies and generate public-private alliances that contribute to the development of sustainable mobility in cities and rural areas.

Adaptation to and mitigation of climate change

🌐 GRI 302-1, 302-4, 303-5

The European Green Deal aims to make the European Union the world's first net zero carbon economy by 2050. Together with the National Integrated Plan of Energy and Climate and the Law of Change Climate in Spain, constitute the main lines of action against climate change, in which Correos has based its risk climate change risk management model.

The company has identified the risks and opportunities arising from climate change in its value chain, both physical (adaptation) and transitional (mitigation). **Physical risks** are those directly caused by meteorological or climatic elements, such as extreme temperatures or heavy rainfall, which can affect people (both customers and employees), means of transport or the company's operational and customer service infrastructures.

Transition risks are those arising from changes in the regulatory, technological or market context and affect transport, technological systems and the products and services offered, as well as the perception of the company among its stakeholders.

The assessment of these risks has been carried out taking into account the climate projections for Spain established according to the **RCP 8.5 baseline scenario** of the Intergovernmental Panel on Climate Change (IPCC).

This climate scenario assumes a steady increase in greenhouse gas emissions and represents the most pessimistic model of those considered by the latest IPCC report. The choice of this scenario is based on the search for long-term sustainability, so that Correos develops strategies that can be effective and long-lasting in any climate change environment.

Based on this scenario, average temperature increases of between 3.8°C and 6.0°C are expected in the Mediterranean region by 2100, rainfalls shall decrease (more pronounced in the south of the region) of between 12% and 24% and, at the same time, an increase in extreme storm events is expected, in addition to a rise in sea level of about 1 metre. Spain is already one of the European countries most exposed to droughts and extreme weather events.

In this context, it is not only essential to implement policies to reduce carbon emissions, but also measures to adapt to the foreseeable effects of climate change on people and assets.

The **decarbonisation levers** identified by the Correos Group in its value chain are related to the energy efficiency of its buildings and sustainable mobility, through:

- The electrification of the transport fleet and the assessment of alternatives for combustion engine vehicles (such as hydrogen).
- Delivery efficiency through digitalisation, route optimization and reduction of movements of polluting vehicles, through the post office network, Citypaq lockers or the postmen who deliver on foot or with emissions-free means.

These policies contribute to both mitigating and adapting to climate change, in line with Correos' commitment to neutralise emissions from its activity by 2030, prioritising their reduction.

Energy efficiency

Due to their capillarity and size, the companies of the Correos Group have work centres throughout the country. Therefore, optimising the energy needs of these buildings is essential to reduce the carbon

footprint. Thus, for years, 100 % of the Group's electric power has been purchased from fully **renewable energy sources** with a guarantee of origin.

Last year, **energy audits** were carried out in the 119 buildings with the highest energy consumption. In addition, an energy diagnosis was carried out in 483 centres, with the aim of making an inventory of most-consuming equipment and identifying measures to improve energy efficiency.

A pilot test was also carried out with a **remote energy consumption management platform** in post office 7 of Monte Alto (A Coruña), which will subsequently be deployed in another 1,000 post offices.

On the other hand, to meet the requirements of the Correos's electric fleet, the maintenance and **installation of new recharging points** in logistics centres and distribution units was contracted. This contract has made it possible to improve the monitoring of energy consumption and optimise recharging schedules for this type of means of transport. At the end of 2022, there were 1,524 parking spaces equipped with electric charging infrastructure (531 for four-wheeled vehicles and 993 for motorbikes) throughout Spain.

Photovoltaic self-consumption

In 2021 Correos began installing **solar photovoltaic plants** for generating electrical power intended for self-consumption in its main operational centres, through a pioneering contracting model in the public administration. At the end of last year, this technology was operational in 4 infrastructures:

- The automated processing centre in Madrid, the largest centre of the entire network, with 960 high-efficiency solar panels supplying 20% of its energy demand.
- The Rampa 7 international centre, next to Adolfo Suárez Madrid-Barajas Airport.
- The delivery unit 34 in Madrid.
- One of the two post offices in San Cristóbal de La Laguna (Santa Cruz de Tenerife).

The company plans to extend this model to other large centres in the coming years.

The Correos Group also applies other energy efficiency measures including:

- The promotion of a **sustainable procurement** policy, especially for energy and transport supplies (in line with the [Framework of Criteria for Responsible Procurement in the Correos Group](#), approved by the Board of Directors in 2022).

- The replacement of the centres' **lighting systems** with LED technology and air conditioning systems, as well as the implementation of other energy efficiency equipment in the Correos, Correos Express and Correos Nexea offices and centres.

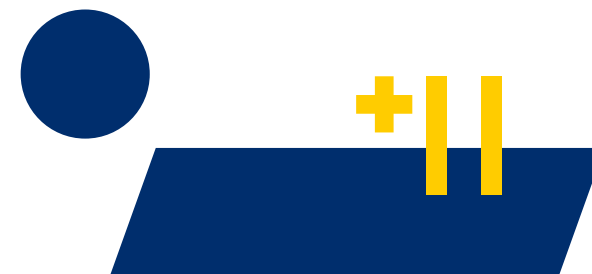


• **Awareness-raising among employees** by means of:

- > The annual Environmental Commitment Award to identify best practices in energy efficiency in the company's buildings.
- > Dissemination of the consumption reports of the main work centres, via the company intranet, for individualised monitoring of the progress achieved.
- > Dissemination of the Energy Saving and Efficiency Guide, available on the company intranet, and raising environmental awareness through internal communication channels.

The Group's subsidiaries also have **resource efficiency policies** (water and energy) at their operating centres. Thus, Correos Express has a manual of good environmental practices, disseminated through training and awareness programmes, information leaflets and posters in all centres with UNE-EN ISO 14001:2015 certification.

In addition, Correos Nexea and Correos Telecom carry out regular awareness-raising activities for their employees to promote the reduction of energy consumption, as well as the correct identification and segregation of waste and the responsible consumption of water.

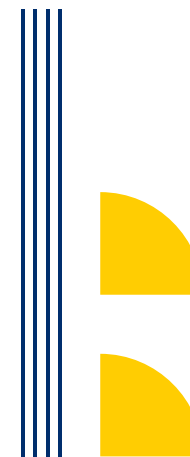


Circular economy and resource efficiency

🌐 GRI 306-2

Correos' **Circular Economy Action Plan** aims to promote a circular model that maximises the value of materials for as long as possible, encouraging recycling and reuse of waste, and, as far as possible, avoiding the final destination of waste to landfill, in line with the commitment to be a **zero waste company by 2030**.

The new framework agreement, in force from 2022, for the **centralised management of waste** generated in all Correos and Correos Express post offices, units, administrative buildings and logistics centres led to an improvement in the treatment and recovery of material flows. In addition, within the framework of the heritage standards, materials such as paper, cardboard and plastic were enhanced, promoting their new uses. In order to maximise the reuse of resources, Correos also **donated part of the declared abandoned items** (as required by Act 15/2009²⁶) to various NGOs, achieving a social purpose while providing a second life for these goods. Correos Express also donated a portion of the goods abandoned by customers, subject to regulations.



26. Law 15/2009, of November 11, on the Land transport contract for goods

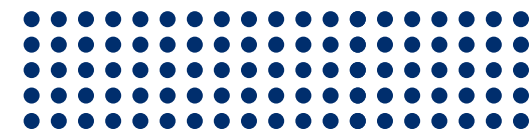
Last year, a **supply chain re-engineering project** was launched, which involved a review of postal materials and equipment located in large centres and delivery units and the appointment of asset managers, with the aim of centralising storage and management, optimising procurement, increasing their use and thus reducing waste generation. The model, which is expected to be completed in 2023, will allow for greater visibility of the rotation of procured items throughout the supply chain and their entire life cycle.

In the parcel delivery sector, product packaging accounts for a high percentage of the carbon footprint of shipments, with excessive use of plastic being one of the main contributors to increased waste. For this reason, Correos markets in its post offices the **Línea Bosques packaging line, made of completely recycled, biodegradable and certified sustainable management materials**, and no longer acquiring those materials whose main raw material was plastic.

The contracting of this packaging values the criteria of biodegradation and the accreditation of the compensation of carbon emissions from manufacturing, such as the registration of the supplier in the 'Registry of carbon footprint, compensation and carbon dioxide absorption projects' of the Ministry for Ecological Transition and the Demographic Challenge.

In addition, the **packaging with plastic materials removed from the post offices** was destined for internal logistics services, in order to promote reuse until the end of its useful life, avoiding its destruction.

The company also encourages a **shift from a linear to a circular business model** by prioritising pay-as-you-go systems rather than purchasing assets (known as a leasing models). Such is the case of the fleet of vehicles, the screens in post offices for the marketing of advertising space or the packaging for the temperature-controlled express transport of Correos Frío, whose ownership is retained by the supplier, extending the duration and intensity of its use.



Circular Economy Action Plan

Adopte circular economy to achieve 'zero waste'



Correos Express also prioritises the efficient use of natural resources in the manufacture of commercial and promotional materials, using recycled cardboard and sustainable inks in its customer welcome packs. The Correos subsidiary also promotes the awareness of its employees through an annual awareness-raising and training campaign, in which they received sustainable bags together with a reusable water bottle, to help reduce plastic consumption.

Correos Nexea, for its part, uses paper (its main raw material) of sustainable origin, **with FSC and PEFC certificates**, in the provision of its printing and enveloping services. These materials are increasingly in demand by customers to reduce the environmental footprint of their own processes. The company also continuously monitors the volumes of waste it generates through authorised waste managers in order to adapt its environmental management.


Defence and protection of biodiversity

🌐 GRI 304-3

The impact on biodiversity of the operational centres of the Correos Group companies is limited and does not generally affect protected areas.

In the case of Correos Telecom, one of the objectives of its environmental management policy is the efficient use of natural resources and the appropriate management of the waste generated by its activity, promoting environmental control of the work carried out by its suppliers, so as to minimise the impact on the landscape and biodiversity.

The actions carried out through **Correos' Línea Bosques** range of packaging are also aimed at promoting restoration across Spain and raising awareness of the importance of preserving natural values and biodiversity. Customers that use this renewable packaging help finance reforestation projects, fire prevention and the protection of the environment and terrestrial and aquatic ecosystems.

Also, on the World Environment Day, Correos  launched the **#DifícilesDeVer (#HardToSee) stamp collection**, with the aim of highlighting the alarming numbers of animal species in danger of extinction and raising awareness in order to prevent more species from becoming endangered. This broadcast was presented through an exhibition at the Real Jardín Botánico de Madrid, especially aimed at children.



Environmental indicators

🌐 GRI 2-4, 301-1, 302-1, 303-5, 305-1, 305-2, 305-3, 305-7, 306-3

	Correos		Correos Express ¹		Correos Express Portugal ²		Correos Nexea ³		Correos Telecom ⁴	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Greenhouse gas emissions (tCO ₂)										
Direct (Scope 1)	35,444	37,887	9	12	ND	ND	ND	ND	28	30
Indirect (Scope 2)	979	979	22	11	ND	ND	ND	ND	NA	NA
Other indirect emissions (Scope 3)	117,843	121,932	42,522	37,565	ND	ND	ND	ND	ND	ND

Emissions with official data and emission factors (MITECO and Red Eléctrica de España) available at the closing date of this report. CO₂ emissions are calculated using the GHG Protocol. Once the verification of the 2022 financial year has been completed, in accordance with the UNE-EN ISO 14064-1:2019 'Greenhouse gases' standard, the data will be updated, if applicable, in the Statement of non-financial information for the following financial year.

1. Although vehicle emissions are not a material issue for Correos Express, as it does not have its own fleet, they are measured as part of the carbon footprint calculation.

2. Emissions from vehicles are not a material issue for Correos Express Portugal, as it does not have its own fleet.

3. Greenhouse gas emissions do not constitute a significant impact for Correos Nexea.

4. Correos Telecom does not generate its own Scope 2 emissions as it shares its buildings with the parent company. The 2021 figure for Correos Telecom's Scope 1 emissions has been updated.

	Correos		Correos Express ¹		Correos Express Portugal		Correos Nexea ²		Correos Telecom ²	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Other atmospheric emissions (kg)										
SOx	209	203	NA	NA	NA	NA	NA	NA	NA	NA
NOx	141,130	131,098	NA	NA	NA	NA	NA	NA	NA	NA
Particulates	12,651	11,654	NA	NA	NA	NA	NA	NA	NA	NA

Emissions are calculated using the CORINAIR methodology based on billed consumptions

1. Correos Express does not generate SOx, NOx and particulate emissions as it does not have its own fleet of vehicles and the air-conditioning systems at its operating centres are electric.

2. Emissions of SOx, NOx and particulate matter are not a significant impact for Correos Express Portugal, Correos Nexea and Correos Telecom.

	Correos ¹		Correos Express		Correos Express Portugal		Correos Nexea		Correos Telecom ²	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Raw materials consumption										
Water (m³)	315,765	313,914	12,687	14,020	ND	ND	889	1,021	NA	NA
Paper (kg)³	829,375	542,993	44,291	51,617	ND	ND	2,267,851	3,685,692	20	ND
Ink (units)	9,583	10,717	714	989	ND	ND	1,214	1,153	0	ND

Consumptions are calculated from the billing amount.

1. Estimated consumption data of Correos.

2. Correos Telecom does not measure water consumption, since it shares its buildings with Correos.

3. Correos' paper consumption figures reflect increased paper procurement during the year, influenced by raw material market conditions, rather than actual consumption.

	Correos ¹		Correos Express ¹		Correos Express Portugal		Correos Nexea ²		Correos Telecom ³	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Energy consumption (Gj)										
Electricity	111,851	117,999	5,597	6,568	ND	ND	1,894	1,805	1,405	916
Natural gas	16,852	17,720	NA	NA	ND	ND	NA	NA	NA	NA
Gasoil C	11,792	13,653	NA	NA	ND	ND	NA	NA	NA	NA
Automotive diesel	93,935	97,459	NA	NA	ND	ND	NA	NA	112	368
Petrol	11,814	14,283	NA	NA	ND	ND	NA	NA	NA	NA
Others (carbon, butane and propane)	133	167	NA	NA	ND	ND	NA	NA	NA	NA

Consumptions are calculated from the billing amount and the certificates that guarantee renewable origin. From 2022 data is expressed in MWh, so the 2021 data has been restated for comparability.

1. Correos Express does not consume fossil fuels as it does not have its own fleet of vehicles.

2. Since 2021, Correos Nexea has not consume natural gas.

3. Correos Telecom's electricity consumption corresponds to the marketed sites.

	Correos		Correos Express		Correos Express Portugal		Correos Nexea		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Wasted generated (kg)										
Non dangerous	6,608,802	ND	1,026,090	2,520,900	ND	ND	199,701	273,877	455	NA
Waste sent to the landfill	2,476,811	ND	ND	ND	ND	ND	0	ND	0	NA
Wastes not sent to the landfill	4,131,991	ND	ND	ND	ND	ND	199,701	ND	455	NA
Dangerous	2,367	ND	158	173	ND	ND	300	242	NA	NA
Waste sent to the landfill	2,367	ND	ND	ND	ND	ND	0	ND	NA	NA
Wastes not sent to the landfill	0	ND	ND	ND	ND	ND	300	ND	NA	NA

	Correos		Correos Express		Correos Express Portugal		Correos Nexea		Correos Telecom	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Resources for the prevention of environmental hazards (thousands of euros) ¹										
Expenses	4,004.3	2,044.4	155.3	218.5	ND	ND	4.8	7.3	0	2.3
Investments	3,455.9	3,487.8	0	0	ND	ND	0	0	0	0
Grants	108.0	503.0	0	0	ND	ND	0	0	0	0

1. No provisions or guarantees have been made for environmental risks.

Corporate governance and ethical compliance

Structure and organisation of the Correos Group

🌐 GRI 2-1

The Sociedad Estatal Correos y Telégrafos S.A., S.M.E. (Correos) is a public limited company with entirely public capital. Its **sole shareholder is the Sociedad Estatal de Participaciones Industriales (SEPI)** which reports to the Ministry of Finance and Public Administration.

Correos is the parent company of the Correos Group and owns 100% of the subsidiaries Correos Express Paquetería Urgente, S.A., S.M.E. and Correos Telecom, S.A., S.M.E. At the end of 2022, the Council of Ministers authorised Correos to merge by absorption the wholly-owned subsidiary Nexea Gestión Documental, S.A., S.M.E., which was pending registration at year-end.

For its part, Correos Express Paquetería Urgente, S.A., S.M.E. owns 51% of CEP-Assessoria Iberica de Logística e Transporte, S.A. (Correos Express Portugal), which


itself has a wholly-owned subsidiary, CEP II-Correos Express Portugal, S.A.

It also owns a 35% stake in the Asian companies KCG eCommerce Solutions and K Parcel.

Correos is a commercial enterprise, governed by private law, except in matters relating to budgetary, accounting, financial control and contracting regulations, in its capacity as a company that is part of the public business sector ²⁷.

Corporate bodies of Correos

🌐 GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-17, 2-18, 3-3, 205-2, 405-1

The corporate bodies of Correos are the General Meeting of Shareholders and the Board of Directors. The company is managed by the Board of Directors, its Chairman and, where applicable, the Executive Committee, whose powers are set out in the Articles of Association and in the Regulations of the Board of Directors, a document that represents an additional commitment to the integration of good practices and standards of good governance in the functioning of this body. 



27. In accordance with the provisions of article 3 of Law 47/2003, of November 26, General Budgetary, in coordination with article 166 of Law 33/2003, of November 3, on Public Administration Assets.

General meeting of shareholders

Chairman

The Chairman of the Governing Board is also the Executive Chairman of Correos and of all of its governing bodies. This person is responsible for management and administration functions, for representing management bodies and for executing the resolutions that they adopt.

Governing Board

Composed of a minimum of 12 and maximum of 15 members, who serve for a maximum period of five years, with the possibility of re-election. They are appointed and removed by the General Meeting of Shareholders. The Governing Board usually meets monthly to oversee the management of the company.



Executive Committee

The Executive Committee consists of the Chairman and four members of the Governing Board. It may exercise each and every one of the powers of the Governing Board, except for those which, by law, cannot be delegated.

Audit and Control Committee

Composed of three members of the Governing Board, the Audit and Control Committee has no executive functions. It is responsible for informing and advising the Board on economic and financial matters and on risk control and internal auditing.

The Audit and Control Committee advises the Board on economic and financial matters, risk control and internal audit. The members of this Committee are appointed by the Board of Directors from among those with special knowledge, skills and experience in accounting, auditing or management in general, especially in the public sector.

The General Meeting of Shareholders appoints and removes directors. The **appointment of directors** takes into consideration not only compliance with the legal and statutory requirements of the role, but also the knowledge, prestige and professional experience provided for the exercise of their functions, in addition to ensuring a balanced presence of men and women.

Directors must possess recognised moral solvency and a sense of responsibility, accredited by a track record of ethical conduct, not have been involved in circumstances in which their participation on the Board could jeopardise the interests of the company, and act with integrity and responsibility in the exercise of their duties.

The **Regulations of the Board of Directors** specify all the situations that may involve conflicts of interest, in order to prevent them from materialising. A director, therefore, may not be a director of more than two companies, in accordance with the regulations on senior officers of the General State Administration and on incompatibilities of personnel in the service of the public administration ²⁸, unless they have obtained the express authorisation of the Council of Ministers. In addition, the Regulations stipulate that directors affected by proposals for appointment, re-election or removal must abstain from taking part in deliberations and voting on such proposals.

The directors make an annual declaration of conflicts of interest, in compliance with the provisions of the Capital Companies Act ²⁹. Situations of this type would be reported in the notes to the Group's consolidated accounts.

The Chairman and the non-director Secretary have a regime of incompatibilities established by contract.

The Chairman of the Board of Directors is also the Executive Chairman of Correos and of all its governing and administrative bodies, and is responsible for the direction, management and administration functions, the representation of these bodies, as well as the execution of the resolutions adopted by them.

Correos, despite not being a listed company, has adopted some of the recommendations of the **Good Governance Code** for Listed Companies of the National Securities Market Commission (CNMV) and has a risk control system that ensures a general management framework appropriate to the threats and uncertainties inherent in the business processes and the environment in which it operates.

28. Law 53/1984, of December 26, on Incompatibilities of personnel at the service of Public Administrations

29. Royal Legislative Decree 1/2010, of July 2, approving the revised text of the Capital Companies Act.

The composition of the Board of Directors of the S. E. Correos y Telégrafos, S.A., S.M.E. as of 31 December 2022 was as follows:

 [Juan Manuel Serrano Quintana](#)
Chief Executive Officer

 [Dolores Alonso Galdo](#)
Proprietary Director

 [Pedro Enrique Blanco Chinarro](#)
External Independent Director

 [Marta Fano González](#)
External Independent Director

 [Luis Gonzaga Serrano de Toledo](#)
External Independent Director


 [Noelia Mª Gutiérrez Retuerto](#)
External Independent Director

Aída Joaquín Acosta
External Independent Director

 [Guillermo Martín Jiménez](#)
External Independent Director

 [Carlos Olmo López](#)
External Independent Director

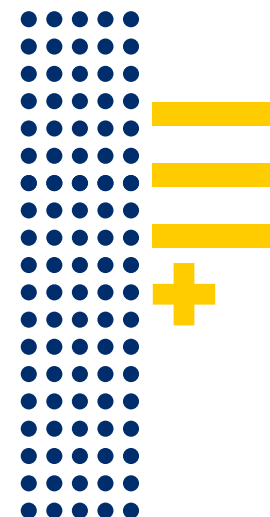
 [Jaime Pérez de la Cruz](#)
External Independent Director

 [Alberto Requena Navarro](#)
External Independent Director

 [Tomás Suárez-Inclán González](#)
External Independent Director

 [Belén Triana Reyes](#)
External Independent Director

 [Julio González García](#)
Non-Director General Secretary



Corporate bodies of the subsidiaries of the Correos Group

🌐 GRI 2-9, 2-11, 2-19, 405-1

The corporate bodies of the Group's subsidiaries are the General Meeting of Shareholders and the Board of Directors.

The **directors of the subsidiaries**, whose positions are not remunerated, are chosen from among the members of the management team of Correos and the SEPI Group, ensuring parity between men and women. The minimum and maximum number of members of the Boards of Directors of each of the subsidiaries is:

- From 6 to 12 on Correos Express.
- From 4 to 12 on Correos Nexea.
- From 4 to 8 on Correos Telecom.

The subsidiaries (with the exception of Correos Express Portugal) also have their respective Audit and Control Committees to advise on economic-financial matters, financial and non-financial risk control and internal audit.

The composition of the respective Boards of Directors of the subsidiaries of the Correos Group as at 31 December 2022 was as follows:

Correos Express Paquetería Urgente, S.A., S.M.E.

- [Francisco Javier García Domínguez](#). Chairman
- Edelmiro Castro Ambroa
- Julio González García
- Eva Pavo López
- Sergio Peinado Jiménez
- Francisco Salvador Montero
- Arturo Alonso Sánchez. Non-director Secretary

CEP - Assessoria Iberica de Logística e Transporte, S.A.

- David Barrero Molino. Chairman
- Luis Manuel Dionisio Marqués
- Francisco Javier García Domínguez
- Julio González García
- Nuno Filipe Pereira Rangel

Nexea Gestión Documental, S.A., S.M.E.

- [Adis Castaño Óscar](#). Chairwoman
- Enrique Jesús Cervera Grajera
- Javier León Corrales
- Eva Pavo López
- José Luis Pérez Pastor
- Francisco Salvador Montero
- Rocío Sánchez Mira
- Ana Medina Arespacochaga. Non-director Secretary

Correos Telecom, S.A., S.M.E.

- [Sergio Peinado Jiménez](#). Chairman
- José Luis Alonso Nistal
- Leire Díez Castro
- Alvar Maté Araus
- José Luis Pérez Pastor
- Rocío Sánchez Mira
- Ana Medina Arespacochaga. Non-director Secretary

Remuneration of the Board of Directors and the Management Committee

🌐 GRI 2-19, 2-20

The Management Committee of the Correos Group is an internal collegiate body that supports the Chairman in his day-to-day management, promoting and coordinating the most relevant issues for the activity with the different units and subsidiaries. The Management Committee meets regularly at the request of the Chairman. The members of the Management Committee do not receive specific remuneration for their attendance.

For their part, the members of the Board of Directors of Correos receive exclusively the allowances for attending the meetings of the Board of Directors and the Audit and Control Committee, as determined annually by the General meeting of Shareholders, in the situations established by Royal Decree 462/2002³⁰ and by the regulations in force for public bodies and trading companies. In accordance with Law 3/2015³¹, the allowances of senior directors are paid into the Public Treasury.

The payment of per diems is not compatible with the performance of executive functions for the company, which are compensated in accordance with the provisions of the corresponding commercial or employment contracts, within the structures and maximum amounts established in the regulations applicable to state public sector companies. Thus, the Chairman of Correos does not receive a fee for attending the Board of Directors. Remuneration of senior management staff at Correos is governed by Royal Decree 451/2012³².

Remuneration accrued for all items during the financial year 2022 by the members of the Board of Directors and Senior Management of the Parent Company amounted to 1.62 million euros, of which 152,545 euros were for expenses of the members of the Board of Directors of the Parent Company for attending Board meetings (an average of 10,896 euros per director), and the remainder for salaries and/or other remuneration items (including compensation) for senior managers (average remuneration of 122,677 euros annually).

Legal framework for the activities of the Correos Group

🌐 GRI 2-13, 2-16, 2-23, 2-24, 2-26, 2-27, 3-3, 205-2, 205-3

The Spanish postal market has been completely liberalised since 1 January 2011, following the entry into force of Act 43/2010³³. Under this law, Correos is the operator designated by the Government to provide the universal postal service in Spain until 31 December 2025.

As a designated operator, Correos **is subject to verification** on the National Markets and Competition Commission (CNMC) of **the analytical accounts for each financial year**, which determine the net cost of the universal postal service and the unfair financial burden of providing it. The regulatory body of the postal sector also measures and monitors the quality parameters for the provision of this service.

On 26 June 2021 the **plan for the provision of the universal postal service was approved**³⁴, as provided for in Act 43/2010, which establishes the conditions for its provision, particularly in areas with very low population density, the procedure for assessing the cost of this service and how it is to be financed, as well as the criteria to be taken into account in determining the State's contribution.

30. Royal Decree 462/2002 of 24 May 2002 on allowances for reasons of service.

31. Law 3/2015, of 30 March, Law regulating the exercise of senior positions in the General State Administration.

32. Royal Decree 451/2012, of March 5, which regulates the remuneration system for top managers and managers in the State-Owned Enterprises and other entities

33. Law 43/2010, of 30 December 2010, on the universal postal service, users' rights and the postal market.

34. Resolution of 15 June 2021, of the General Technical Secretariat, publishing the Agreement of the Council of Ministers of 1 June 2021, approving the plan for the provision of the universal postal service

Once the provision plan was in force, in 2022 the CNMC sent a communication to all postal operators holding an administrative authorisation in Spain, including Correos and Correos Express, so that they could proceed to **pay the postal contribution** corresponding to the financial year 2021, the first year in which this benefit is required to compensate for the financing needs of the unfair financial burden of the universal postal service, in accordance with the Single Transitional Provision of Law 43/2010. This request was complied with in due time, although Correos considers that, as a universal postal service provider, it should not have to bear this charge, the purpose of which is to alleviate the unfair financial burden associated with its public service mission.

The conditions and elements defined in this plan for the provision of an universal postal service will serve as the basis for the drafting of the **regulatory contract** to be signed with the Ministries of Finance and Transport, Mobility and the Urban Agenda, as established in the first additional provision of Law 43/2010.

Regarding the approval of the **new Postal Regulation**, which will replace Royal Decree 1829/1999 ³⁵, in August 2022 the CNMC approved its report on the Draft Royal Decree approving the Postal Services Regulation. This report included its recommendations on the regulatory proposal submitted by the Ministry of Transport, Mobility and Urban Agenda, with the prior approval of the Ministry of Finance and Public Administration, which is expected to continue its processing process during 2023.

In July, the CNMC also approved a report on the Draft Order of the Ministry of Transport, Mobility and Urban Agenda that establishes the applicable models and regulates the settlement of the postal contribution and the fee for the concession of singular administrative authorisations.

Correos and Correos Express are also active in the parcel delivery market and are subject to the legislation applicable to the land freight sector ³⁶. In turn, the activity of Correos Express Portugal is subject to the postal and inland freight transport regulations applicable in Portugal ³⁷. Finally, the provision of electronic communications services by Correos and Correos Telecom is regulated by the General Telecommunications Act ³⁸.



35. Royal Decree 1829/1999, of December 3, approving the Regulations regulating the provision of postal services, in development of the provisions of Law 24/1998, of July 13, on the Universal Postal Service and Liberalization of Postal Services.

36. Law 16/1987, of 30 July, on the Organisation of Land Transport and Law 15/2009, of 11 November 2009, on the Contract of Land Transport of Goods.

37. Law 17/2012, of 26 April, and Decree-Law 239/2003, of 4 October.

38. Law 9/2014, of 9 May, the General Telecommunications Act.

Transparency in management

The companies that make up the Correos Group have the necessary mechanisms in place to comply with the reporting obligations established by Law 19/2013³⁹. To this end, they have a Transparency Portal and different access channels, through which citizens can address their requests for public information, in accordance with the terms set out in the aforementioned regulations.

Compliance and ethical commitment

Correos has a **Criminal Risk Prevention Programme** and a **General Code of Conduct**, accessible to all stakeholders, which reflects the reference values that govern the actions of managers and employees. The Code contains, among others, measures to prevent and eradicate corruption and bribery (including guidelines for equal treatment and opportunities, fair competition, prevention of conflict of interest or insider trading) and human rights due diligence measures, concerning forced or child labour, freedom of association or bargaining, among others.

How we promote business ethics



39. Law 19/2013, of 9 December, on transparency, access to public information and good governance

In addition, in 2022, the Board of Directors of Correos approved the Compliance Policies, which set out the commitments undertaken to ensure a conduct that respects national and international regulations and professional ethics. This document includes the **Anti-Corruption Policy** and the **Gifts and Hospitality Policy**, which describe prohibited conduct and recommended guidelines for ethical decision-making behaviour, in order to promote the prevention, detection and reporting of non-compliance. To these is added the **Conflict of Interest Management Policy**, which contains the general recommendations, values and principles that should govern the conduct of any governing bodies, executives and professionals of Group companies and other stakeholders, as well as business partners acting in the name and on behalf of Correos.

The Group also has a **Compliance Committee**, a collegiate body whose main function is to assess matters relating to this area, as well as to report to the Board of Directors of Correos on a half-yearly basis on the opinions it issues, through the Audit and Control Committee.

The Committee has a communication and complaint channel to facilitate compliance with the objectives of the General Code of Conduct. In 2022, the Compliance Committee received and analysed 52 communications, 64 queries and 6 reports of potential breaches of internal or external regulations, proceeding in each case as established in its operating regulations.



In the last year the Correos Group faced no corruption-related allegations.

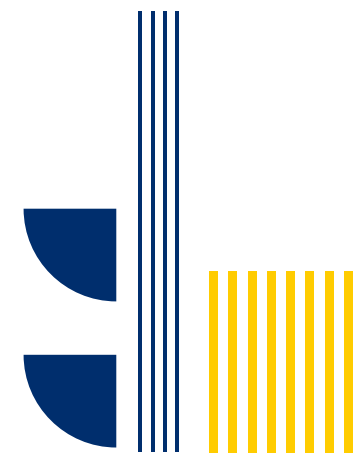
In the area of competition, in February 2022 the CNMC issued a sanctioning resolution for an amount of 32.6 million euros, considering the existence of abuse of a dominant market position for traditional postal services provided to mass mailers, through the application of a loyalty-enhancing and potentially exclusionary discount system, between 2015 and 2019. Correos lodged an administrative with the Audiencia Nacional (National High Court), requesting the precautionary measures to be enforced, a request that was upheld.

In May, the Supreme Court dismissed the cassation appeal filed by CNMC, ASEMPRE, UNO and Gureak Marketing against the National High Court's ruling, which overturned a CNMC decision on the approval of the standard contract for access to the postal network of Correos. This judgement fully accepted the arguments of Correos and stated clear limits to the exercise of powers by the CNMC.

With regard to Correos Express, as a result of the actions of the Labour and Social Security Inspector Office at its logistics centre in Toledo, in June 2022, settlement proceedings were opened for 1.3 million euros and an infringement report was issued, with

a proposed sanction of 196,875 euros. The labour authority brought an ex officio action before the Labour Courts of Toledo, suspending the disciplinary proceedings until a final judgement is handed down. In December, a new settlement report was issued for 263,720 euros and an infringement report was filed, with a proposed penalty of 28,125 euros, against which an appeal will be lodged and allegations will be presented, respectively.

Finally, in December 2022, a ruling by the National High Court upheld the CNMC's decision to fine Correos Express 19.6 million euros for breaches of anti-trust rules consisting of alleged customer allocations with several of its competitors through non-aggression pacts. The judgement is not final, as an appeal in cassation can be lodged with the Supreme Court.



Implementation of internal audit procedures

🌐 GRI 2-18, 2-24, 3-3, 203-2

Through the internal audit function, the Correos Group verifies compliance with the principles of integrity and good governance in ordinary business activity and corporate management, in order to prevent, detect and, where applicable, eradicate practices contrary to business ethics, such as corruption or bribery.

The annual internal audit plan of the Correos Group, approved by SEPI and the results of which are periodically reported, and reported to the Audit and Control Committee of the Board of Directors of Correos and to the management team, covered **10 operational, accounting and compliance audits**.

For the Correos Group, intra-group related party transactions, security of information systems and representation expenses were analysed. In the scope corresponding to Correos, audits were carried out on the procurement of services, internal accounting control, financial services, as well as customer compensation and contractual management processes for temporary staff. Likewise, compliance

with the responsibilities of the distribution middle managers was audited, as well as compliance with the operational process of administrative notifications in the delivery network, under the framework of Act 39/2015 ⁴⁰.

Additionally, **566 process verification audits** were completed in accordance with **UNE: EN ISO 9001, 14001 and 27001 standards**, for Correos, Correos Express and Correos Telecom, besides **168 specific auditors for scopes such as finance, delivery and processing centres**, intended to monitor such operations that may entail risk of non-compliance or deficiencies.

As part of the internal control activities, specific enquiries and reports on potentially irregular actions by employees were conducted, of which 76 resulted in a proposal for sanction.

Public sector control

Group companies are subject to the control of the IGAE and the Court of Auditors. Its audited annual accounts (consolidated and individual) are available on the IGAE's Public Accounts Register, which can be

accessed through the General State Administration's [Transparency Portal](#).

Last year the Court of Auditors carried out an audit of the emergency procurement held in 2020 for the management of the health crisis situation by COVID-19 in the public business sector, the report of which was published on its website and on the Correos' Transparency Portal.

The Correos Group is also subject to public control through the supervisory mechanisms applicable to its sole shareholder (more information on the SEPI Group's [website](#) and annual report) and its activity is subject to the Rules regulating the system of authorisation and supervision of acts and operations of the SEPI Group. Thus, Act 40/2015 ⁴¹ establishes a regime of efficiency control and continuous supervision of all the entities of the institutional public sector of the State.

Prevention of money laundering

With regard to the obligations arising from Law 10/2010 ⁴² and its Regulation, Correos has an internal money laundering prevention manual. **The anti-money laundering area is subject to both**

40. Law 39/2015, of October 1, on the Common Administrative Procedure of Public Administrations

41. Law 40/2015, of October 1, on the Legal Regime of the Public Sector.

42. Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing and Royal Decree 304/2014, of 5 May, approving the Regulation of Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing.

internal and external audits on an annual basis and systematic and continuous controls on the application of due diligence measures are conducted at post offices, where the greatest risk is focused, as they handle financial transactions on a daily basis.

In 2022, nearly 5,700 people were trained in this area, with more than 11,400 teaching hours.

The main associations and organisations in which the Correos Group participates

🌐 GRI 2-28

Last year, the companies of the Correos Group were members of the following associations or bodies:

Businesses

- A-Digital (Spanish Association of Digital Economy)
- AEA (Spanish Advertisers' Association)
- AECOC (Association of Manufacturers and Distributors)
- AEERC (Spanish Association of Customer Relationship Experts)
- AESPLA (Spanish Association of Occupational Health & Safety Services)

- Alliance for Spain Entrepreneurial Nation
- Ametic (Association of electronics, information technologies, telecommunications and digital contents companies)
- ANTRAM (Portuguese Association of Freight Land Transport Public Companies)
- APOE (Portuguese Association of Express Operators)
- @asLAN (association of companies from the ICT sector)
- Spanish Association of Risk and Insurance Management (AGERS)
- Spanish Marketing Association
- AUSAPE (SAP Users Association Spain)
- AUTELSI (Spanish Telecommunications Users and Information Society Association)
- AUTOCONTROL
- Spanish Chamber of Commerce
- CEUSS (Business Confederation of Security and Services Users)
- Postal High Council
- Leading Spanish Brands Forum

- ISMS Forum Spain (Spanish Association for the Promotion of Information Security)
- SGI Europe
- PRL Innovation
- Silicon Alley Madrid (association of companies from the ICT sector)
- SMART CITY CLUSTER
- UNE (Spanish Standardisation Association)
- UNO (Business Organization of Logistics and Transport)

Sustainability and good governance

- AEDIVE (Business Association for the Development and Promotion of Electric Vehicles)
- SERES Foundation. Society and Responsible Company.
- GECV (Spanish Group for Green Growth)
- Institute of Internal Auditors
- 'Network of companies for a society free of violence against women', of Government Delegation to eradicate Violence against Women
- United Nations Global Compact Network Spain
- LGTBI Business Network for Diversity and Inclusion (REDI)

International organisations and partnerships

- IPC (International Post Corporation). An international body comprising the 25 most prominent postal operators.
- Kahala Post Group. Business alliance with postal operators from Australia, China, South Korea, Hong Kong, Japan, United States, United Kingdom, France, Thailand and Canada.
- PostEurop. The company chaired the European Affairs Committee and its Working Group of Data Protection.
- PuMed (Postal Union for the Mediterranean). Correos belonged to its Management Committee.
- PUASP (Postal Union of the Americas, Spain and Portugal). Correos was the cochair of the Financial & Digital Services, Sustainability and Electronic Advance Data Working Groups. Besides, Spain participates in the Management Board, as first vice chair.
- UPU (Universal Postal Union). Correos was a member of the Postal Operations Council and co-chairs the Compliance Working Group.



Reporting frameworks and indicators

🌐 GRI 2-2, 2-3

The Correos Group's non-financial information statement (NFI), as part of its consolidated annual accounts, is included in its Integrated Annual Report, published on the [Correos website](#) in June of the year following each financial year.

The contents and indicators included in this non-financial information statement have been prepared in accordance with the requirements of Law 11/2018⁴³, using the GRI Standards for sustainability reports of the Global Reporting Initiative (GRI) 2021 version as a reference. This model facilitates delivery of the three-pronged economic, social and environmental approach to the Group's performance.

The guidelines of the 'Conceptual Framework for Integrated Reporting' of the International Integrated Reporting Council (now part of The Value Reporting Foundation) have also been followed in the preparation of this report. In this way, it aims to provide stakeholders with a cross-cutting and significant vision of the business model and the mechanisms for creating value in the short, medium and long term.

Since 2002, Correos has also been a signatory to the United Nations Global Compact, undertaking to respect and promote its ten principles in the areas of human and labour rights, the environment and anti-corruption. The company prepares its annual progress report, which has the advanced level distinction, and can be consulted on the pages of the [Global Compact](#), the [Spanish Global Compact Network](#) and Correos.

The Correos Group has also aligned its policies with the [United Nations Sustainable Development Goals](#) and reports its commitments and contributions to the achievement of the 2030 Agenda.

This non-financial information statement presents, in general terms, the most important quantitative information and indicators of the Correos Group. However, in the case of content referring to employment, environmental and social issues, it is broken down by the different companies that make up the Group, due to the different nature, size and activity of each company.



43. Law 11/2018, of 28 December, amending the Commercial Code, the revised Capital Corporations Law approved by Legislative Royal Decree 1/2010, of 2 July, and Law 22/2015, of July 20, of Audit, as regards nonfinancial information and diversity.

Indicators used in the non-financial information statement

	Page NFI	Indicator	External verification
Business environment	2	GRI 2-6	●
Organisation and structure	77	GRI 2-1	●
Markets served	1	GRI 2-1, GRI 2-6	●
Objectives and strategies	15	-	●
Factors and trends that may affect its future evolution	7	-	●
Policies that the group applies with respect to these issues, which will include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts, and for verification and control, including what measures have been adopted.	16, 18, 21, 50, 55, 84, 85, 86	GRI 2-23, GRI 2-24, GRI 3-3	●
The outcome of these policies: non-financial key performance indicators to enable the monitoring and evaluation of progress and comparability across societies and sectors, in accordance with national, European or international reference frameworks	9-49, 75-76	-	●
Commercial relations, products or services that may have negative effects in these areas	64	GRI 305-5, GRI 305-7, SDG 13	●
How the group manages these risks (procedures used to detect and evaluate them in accordance with national, European or international reference frameworks)	16, 49, 52, 54, 55, 84, 85	GRI 2-13, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 3-3, GRI 205-2, GRI 308-2	●
Information on the impacts that have been detected, disaggregated, in particular on the main risks in the short, medium and long term	7, 20	GRI 3-2	●

	Page NFI	Indicator	External verification
ENVIRONMENT			
Detailed information about the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety	64-65	GRI 3-2, GRI 305-5, GRI 308-2	●
Procedures for evaluation and environmental certification	65	-	●
The resources allocated to the prevention of environmental risks	76	Global Compact Principlless 7, 8, 9, SDG 13	●
Application of the precautionary principle	65	-	●
The amount of provisions and guarantees for environmental risks	65	Global Compact Principlless 7, 8, 9, SDG 13	●
Pollution: measures to prevent, reduce or repair carbon emissions that seriously affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution	67	GRI 305-5, GRI 305-7 SDG 3, 7, 11, 12, 13	●
Circular economy and waste prevention and management: prevention measures, recycling, reuse, other forms of recovery and waste disposal; actions to fight food waste	71	GRI 301-1, GRI 306-2, GRI 306-3 SDG 12	●
Sustainable use of resources: water consumption and water supply according to local constraints; consumption of raw materials and the measures adopted to improve their use efficiency; direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energies	71, 75	GRI 301-1, GRI 302-1, GRI 302-4, GRI 303-5, SDG 7, 11, 12	●
Climate change: the important elements of greenhouse gas emissions generated as a result of the company's activities; the measures adopted to adapt to the consequences of climate change; the reduction goals voluntarily established in the medium and long term to reduce greenhouse gas emissions and the means implemented for that purpose	64, 75	GRI 3-3, GRI 302-4, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-5, GRI 305-7, GRI 308-2, SDG 3, 7, 11, 12, 13	●
Protection of biodiversity: measures taken to preserve or restore biodiversity; impacts of activities or operations in protected areas	73	GRI 304-3, SDG 12, 13, 15, 17	●

	Page NFI	Indicator	External verification
SOCIAL			
Total number and distribution of employees by gender, age, country and professional classification	39	GRI 2-7, GRI 405-1 SDG 5, 8, 10	●
Total number and distribution of work contract modalities, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification	40-42	GRI 2-7, SDG 5, 8, 10	●
Number of dismissals by gender, age, country and professional classification	43	-	●
Average remunerations and their evolution disaggregated by gender, age and professional classification or equal value	44-46	GRI 405-2 Global Compact Principle 6, SDG 5, 8, 10	●
Salary gap, remuneration of equal positions or average company remuneration	44-46	GRI 405-2 Global Compact Principle 6, SDG 5, 8, 10	●
Average remuneration of directors and executives, including variable remuneration, allowances, compensations	80, 82	GRI 2-19	●
Payment to long-term savings forecast systems and any other perception disaggregated by gender	35	GRI 401-2, SDG 8	●
Implementation of work disconnection policies	25	-	●
Disabled employees	35	GRI 3-3, GRI 405-1, SDG 8, 10	●
Organization of working time	25	GRI 402-1	●
Number of absenteeism hours	47	GRI 403-9, SDG 3, 8	●
Measures aimed at facilitating conciliation and encouraging the co-responsible exercise by both parents	47	GRI 401-3, SDG 5, 8, 10	●
Occupational safety and health at work conditions	35	GRI 3-3, GRI 403-1 GRI 403-2, GRI 403-5, GRI 403-6,SDG 3, 8	●

	Page NFI	Indicator	External verification
Work accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender	47	GRI 403-9, GRI 403-10, SDG 3, 8	●
Organization of social dialogue, including procedures to inform and consult staff and negotiate with them	23	GRI 402-1, GRI 403-4 Global Compact Principle 3, SDG 8	●
Percentage of employees covered by collective agreement	24	GRI 2-30	●
Balance of collective agreements, particularly in the field of health and safety at work	23	GRI 403-4, SDG 3, 8	●
Implemented training policies	28, 36, 37	GRI 3-3, GRI 403-5, GRI 404-1, SDG 3, 8	●
Training hours by professional category	47	GRI 404-1, SDG 5, 8	●
Universal accessibility of people with disabilities	63	GRI 3-3, SDG 8, 10	●
Measures adopted to promote equal treatment and opportunities between women and men	27, 32, 34, 35	GRI 401-2, GRI 401-3, GRI 404-1, GRI 404-3, GRI 405-1, GRI 405-2 Global Compact Principle 6, SDG 5, 8, 10	●
Equality plans (Chapter III of Organic Act 3/2007, of 22 March, on effective equality for men and women)	31-32	Global Compact Principle 6, SDG 5	●
Measures adopted to promote employment	21-22	GRI 203-2, GRI 413-1, SDG 8	●
Protocols against sexual harassment and for gender reasons	31-32	Global Compact Principle 6	●
Universal accessibility and integration of people with disabilities	35, 63	GRI 3-3, GRI 203-2, GRI 405-1 Global Compact Principle 6, SDG 8, 10	●
Policy against all types of discrimination and, where appropriate, on management of diversity	32	GRI 3-3, GRI 405-1 Global Compact Principle 6, SDG 5, 8, 10	●

	Page NFI	Indicator	External verification
HUMAN RIGHTS			
Application of due diligence procedures in the field of human rights; prevention of the risks of infringement of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses; complaints about cases of human rights violations	55-56, 84	GRI 2-23, GRI 2-24, GRI 3-3, GRI 408-1, GRI 409-1 Global Compact Principle 1,2, SDG 16	●
Promotion and compliance with the provisions of the fundamental conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining	55-56, 84	GRI 2-23, GRI 2-24, GRI 2-30, GRI 3-3, GRI 408-1, GRI 409-1, Global Compact Principle 3, SDG 8	●
Elimination of discrimination in work and occupation	31-32, 34-35, 55-56, 84	GRI 2-23, GRI 2-24, GRI 3-3, GRI 405-2, Global Compact Principle 6, SDG 5, 8, 10	●
Elimination of forced labor	55-56, 84	GRI 2-23, GRI 2-24, GRI 3-3, GRI 409-1, Global Compact Principle 4, SDG 8, 16, 17	●
Abolition of child labour	55-56, 84	GRI 2-23, GRI 2-24, GRI 3-3, GRI 408-1, Global Compact Principle 5, SDG 8, 16, 17	●
FIGHT AGAINST CORRUPTION AND BRIBERY			
Measures adopted to prevent corruption and bribery	29, 78, 84, 85	GRI 2-15, GRI 2-23, GRI 3-3, GRI 205-2 SDG 16	●
Measures to fight money laundering	86	GRI 3-3, SDG 16	●
Contributions to foundations and non-profit entities	62	GRI 203-2, SDG 17	●

	Page NFI	Indicator	External verification
SOCIAL COMMITMENT			
Impact of the company's activity on local development and employment	21, 55	GRI 203-2, GRI 204-1, GRI 413-1, SDG 8	●
Impact of the company's activity on local populations and on the territory	21, 22, 23, 56, 58, 59, 61	GRI 203-2, GRI 413-1, SDG 8, 11	●
Relationships maintained with the actors of local communities and the types of dialogue with them	12	GRI 2-29	●
Partnership and sponsorship actions	62	GRI 203-2 SDG 17	●
Inclusion in the purchasing policy of social, gender equality and environmental issues	55	GRI 308-1, GRI 414-1 SDG 5, 13	●
Consideration in the relations with suppliers and subcontractors of their social and environmental responsibility	55	GRI 308-1, GRI 414-1 SDG 5, 13	●
Monitoring and audit systems and their results	85	GRI 2-24, GRI 3-3, SDG 16	●
Measures for the health and safety of consumers	52, 64, 68	GRI 3-3, GRI 305-5, GRI 305-7, GRI 418-1, SDG 3, 11, 12, 13	●
Claims systems, complaints received and their resolution	49	GRI 2-25, GRI 3-3	●
Profits obtained by country	2	GRI 201-1 SDG 8, 9	●
Income tax paid	2	GRI 201-1, SDG 8, 9	●
Public subsidies received	2	GRI 201-4	●

External verification of the non-financial information statement

🌐 GRI 2-5

INDEPENDENT VERIFICATION REPORT ON NON-FINANCIAL INFORMATION STATEMENT FOR THE SOCIEDAD ESTATAL DE CORREOS Y TELEGRAFOS S.A., S.M.E. AND SUBSIDIARIES IN THE 2022 FINANCIAL YEAR

To the shareholders of Sociedad Estatal de Correos y Telegrafos S.A., S.M.E.:

In accordance with Article 49 of the Spanish Commercial Code we have audited to the extent of limited assurance the accompanying Non-Financial Information Statement (hereinafter "NFI") for the year ended 31 December 2022 for Sociedad Estatal de Correos y Telégrafos S.A., S.M.E. and subsidiaries (hereinafter "Correos Group") which forms part of the Consolidated Management Report.

The content of the NFI includes information additional to that required by the commercial laws in force for non-financial information which has not been subject to our verification. With this in mind, our work has been limited exclusively of the information contained in the attached NFI.

Directors' responsibility

The preparation and content of the NFI included in Correos Group's Consolidated Management Report are the responsibility of the Directors of Sociedad Estatal de Correos y Telegrafos S.A., S.M.E. The NFI has been prepared in accordance with the contents of current commercial regulations and following the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards) selected as described for each subject in the table "Indicators used in the non-financial Information statement" of the NFI.

This responsibility also includes the design, implementation and maintenance of internal control considered necessary to ensure the NFI is free from erroneous material be it through fraud or error.

The directors of Sociedad Estatal de Correos y Telegrafos S.A., S.M.E. are also responsible for defining, implementing, adapting, and maintaining the management systems from which the information necessary for the preparation of the NFI is obtained.

Our independence and quality control

We have complied with the requirements for independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for

Professional Accountants (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

We have applied current international standards of quality and we maintain, consequently, a comprehensive quality control system that includes related policies and documented procedures in relation to compliance with ethical requirements, standards professionals and legal and regulatory provisions applicable.

The working team consisted of professionals with expertise in non-financial information reviews and, specifically, in economic, social and environmental performance information.

Our responsibility

Our responsibility is to express our conclusions in an independently verified report of limited assurance based on the work undertaken. We conducted our work in accordance with the requirements of the current Revised International Standard on Assurance Engagements 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (Revised NIEA 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Performance Guide

on the verification of Non-Financial Information Statement issued by the Spanish Institute of Chartered Accountants.

In an engagement of limited assurance the procedures that are carried out vary in nature and timing, and are of a lesser extent than those carried out in reasonable assurance engagement and, therefore, the assurance obtained is substantially less.

Our work consisted of the formulation of questions directed at management, as well as at the diverse units of Correos Group who participated in the creation of the NFI, in the revision of processes to compile and validate information presented in the NFI and in the application of certain analytical procedures and sample review tests as described below:

- Meetings with Correos Group staff to find out the business model, policies and applied management approaches, the main risks associated with these topics and obtain the necessary information for the external review.
- Analysis of the scope, relevance, and integrity of the content included in the 2022 financial year NFI in accordance with the materiality analysis carried out by Correos Group and described at the beginning of the accompanying NFI, considering the content required by prevailing commercial regulations.

- Analysis of the processes to recompile and validate data presented in the NFI of the 2022 financial year.
- Review of the information related to risks, policies and applied management approaches in relation to material aspects presented in the NFI of the 2022 financial year.
- Testing, based on a sample selection, of the information related to the content included in the NFI for the year 2022 and its proper compilation from the data provided by information sources.
- Obtaining a letter of representation from the directors and management.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, no aspect has come to our attention that leads us to believe that Correos Group's NFI for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the contents of current commercial regulations and following the criteria of the selected GRI standards described in accordance with that mentioned for each subject in the table "Indicators used in the non-financial information statement" of the NFI.

Use and distribution

This report was prepared in response to the requirement established in current commercial regulations in Spain, so it may not be suitable for other purposes and jurisdictions.



Sergio Salcines Gasquet

10 March 2023



GRI Content Index, Global Compact Principles and SDG

Statement of use

GRI 1 used

Applicable GRI Sector Standard(s)









The Correos Group has reported in accordance with the GRI Standards for the period between 1 January to 31 December 2022

GRI 1: Foundation 2021

Not available

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
General disclosures									
GRI 2: General Disclosures 2021	2-1 Organizational details	Pag. 3. The Correos Group and its business model. Structure and organisation of the Correos Group.				Not applicable. Not available the GRI Sector Standard.	<div></div>		
	2-2 Entities included in the organization's sustainability reporting	Materiality analysis and relationship with stakeholders. Reporting frameworks and indicators.					<div></div>		
	2-3 Reporting period, frequency and contact point	Pag. 3. Materiality analysis and relationship with stakeholders. Reporting frameworks and indicators.					<div></div>		
	2-4 Restatements of information	No restatement has been made in the reporting period.					<div></div>		
	2-5 External assurance	Materiality analysis and relationship with stakeholders. External verification of the non-financial information statement					<div></div>		

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
General disclosures									
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	Markets in which Correos Group operates. Physical and digital communications. Parcel services and logistics. E-commerce. Telecommunications services. The Correos Group and its business model . Generated and distributed economic value. Business environment and market trends. Relationship to the value chain. Consolidated annual accounts of Correos Group.				Not applicable. Not available the GRI Sector Standard.	<div></div>		16
	2-7 Employees	Human team.					<div></div>	6	5, 8
	2-8 Workers who are not employees	Relationship to the value chain.					<div></div>	1, 2	5, 8
	2-9 Governance structure and composition	Corporate bodies of Correos. Corporate bodies of the subsidiaries of the Correos Group.					<div></div>		
	2-10 Nomination and selection of the highest governance body	Corporate bodies of Correos.					<div></div>		
	2-11 Chair of the highest governance body	Corporate bodies of Correos. Corporate bodies of the subsidiaries of the Correos Group.					<div></div>		
	2-12 Role of the highest governance body in overseeing the management of impacts	Materiality analysis and relationship with stakeholders. Risk and opportunity management. Contribution to Agenda 2030. Corporate bodies of Correos.					<div></div>		
	2-13 Delegation of responsibility for managing impacts	Risk and opportunity management. Corporate bodies of Correos. Legal framework for the activities of the Correos Group.					<div></div>		

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
General disclosures									
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	Materiality analysis and relationship with stakeholders. Corporate bodies of Correos.				Not applicable. Not available the GRI Sector Standard.			
	2-15 Conflicts of interest	Corporate bodies of Correos.						10	
	2-16 Communication of critical concerns	Legal framework for the activities of the Correos Group.						1, 2	
	2-17 Collective knowledge of the highest governance body	Contribution to Agenda 2030. Corporate bodies of Correos.							
	2-18 Evaluation of the performance of the highest governance body	Corporate bodies of Correos. Implementation of internal audit procedures.							
	2-19 Remuneration policies	Corporate bodies of the subsidiaries of the Correos Group. Remuneration of the Board of Directors and the Management Committee.							
	2-20 Process to determine remuneration	Remuneration of the Board of Directors and the Management Committee.							
	2-21 Annual total compensation ratio			Information unavailable / incomplete	For the year 2022, the data corresponding to the median of the total annual compensation of all employees is not available. The calculation will be requested in the next tender of the supplier in charge of the salary record.				

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
General disclosures									
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Chairman's statement.				Not applicable. Not available the GRI Sector Standard.	<div></div>	10	16
	2-23 Policy commitments	Risk and opportunity management. Contribution to Agenda 2030. Relationship to the value chain. Environmental management. Legal framework for the activities of the Correos Group.					<div></div>	1, 2, 7, 8, 10	5, 8
	2-24 Embedding policy commitments	Risk and opportunity management. Relationship to the value chain. Environmental management. Legal framework for the activities of the Correos Group. Implementation of internal audit procedures.					<div></div>	1, 2, 7, 8, 10	5, 8
	2-25 Processes to remediate negative impacts	Positive impact on businesses and citizens.					<div></div>	1, 2	
	2-26 Mechanisms for seeking advice and raising concerns	Legal framework for the activities of the Correos Group.					<div></div>	1, 2	
	2-27 Compliance with laws and regulations	Legal framework for the activities of the Correos Group.					<div></div>	10	
	2-28 Membership associations	The main associations and organisations in which the Correos Group participates.					<div></div>		17
	2-29 Approach to stakeholder engagement	Relationship with stakeholders.					<div></div>		
	2-30 Collective bargaining agreements	Employment generation and job stability.					<div></div>	3	8

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
Material topics									
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality analysis and relationship with stakeholders.					●		
	3-2 List of material topics	Business environment and market trends. Materiality analysis and relationship with stakeholders. Human team. Environmental management.					●		
GRI 201: Economic Performance 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy. Risk and opportunity management. Corporate governance and ethical compliance.					●		
	201-1 Direct economic value generated and distributed	Generated and distributed economic value.					●		8, 9
	201-4 Financial assistance received from government	Generated and distributed economic value.					●		
GRI 203: Indirect Economic Impacts 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Contribution to Agenda 2030. Human team. Positive impact on businesses and citizens. Environmental management.					●		
	203-2 Significant indirect economic impacts	Lines of business. Contribution to Agenda 2030. Human team. Positive impact on businesses and citizens. Environmental management. Corporate governance and ethical compliance.					●	1, 2, 6, 7, 8, 10	8, 9

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
Material topics									
GRI 204: Procurement Practices 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Positive impact on businesses and citizens. Corporate governance and ethical compliance.					●		
	204-1 Proportion of spending on local suppliers	Relationship to the value chain.					●		8
GRI 205: Anti-corruption 2016									
GRI 3: Material Topics 202	3-3 Management of material topics	Risk and opportunity management. Contribution to Agenda 2030. Positive impact on businesses and citizens. Corporate governance and ethical compliance.					●		
	205-2 Communication and training about anti-corruption policies	Training for new strategic challenges. Relationship to the value chain. Corporate bodies of Correos. Legal framework for the activities of the Correos Group.					●	10	16
GRI 301: Materials 2016									
GRI 3: Material Topics 202	3-3 Management of material topics	Risk and opportunity management. Contribution to Agenda 2030. Environmental management.					●		
	301-1 Materials used by weight or volume	Environmental management. Environmental indicators.					●	7,8	12

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
Material topics									
GRI 302: Energy 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy. Risk and opportunity management. Contribution to Agenda 2030. Environmental management.					<div></div>		
	302-1 Energy consumption within the organization	Environmental management. Environmental indicators.					<div></div>	7, 8	7, 11, 12, 13
	302-4 Reduction of energy consumption	Environmental management.					<div></div>	7, 8, 9	7, 11, 12, 13
GRI 303: Water and Effluents 2018									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Contribution to Agenda 2030. Environmental management.					<div></div>		
	303-5 Water consumption	Environmental management. Environmental indicators.					<div></div>	7, 8	6, 12
GRI 304: Biodiversity 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Contribution to Agenda 2030. Environmental management.					<div></div>		
	304-3 Habitats protected or restored	Business and social innovation. Defence and protection of biodiversity.					<div></div>	7, 8	13, 15, 17

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
Material topics									
GRI 305: Emissions 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Contribution to Agenda 2030. Environmental management.					●		
	305-1 Direct (Scope 1) GHG emissions	Environmental indicators.					●	7, 8	3, 11, 12, 13
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental indicators.					●	7, 8	3, 11, 12, 13
	305-3 Other indirect (Scope 3) GHG emissions	Environmental indicators.					●	7, 8	3, 11, 12, 13
	305-5 Reduction of GHG emissions	Environmental management.					●	7, 8, 9	3, 11, 12, 13
	305-7 NOx, SOx and other significant air emissions	Environmental indicators.					●	7, 8	3, 11, 12, 13
GRI 306: Waste 2020									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Contribution to Agenda 2030. Environmental management.					●		
	306-2 Management of significant waste-related impacts	Circular economy and resource efficiency.					●	7, 8	3, 11, 12
	306-3 Waste generated	Environmental indicators.					●	7, 8	3, 11, 12

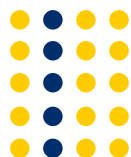
GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
Material topics									
GRI 308: Supplier Environmental Assessment 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Contribution to Agenda 2030. Positive impact on businesses and citizens. Environmental management.					●		
	308-1 New suppliers that were screened using environmental criteria	Relationship to the value chain.					●	7,8	7, 11, 12, 13
	308-2 Negative environmental impacts in the supply chain and actions taken	Relationship to the value chain. Environmental management.					●	7,8	7, 11, 12, 13
GRI 401: Employment 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Human team.					●		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human team. Labour indicators.					●	6	3, 5, 8, 10
	401-3 Parental leave	Labour indicators.					●	6	3, 5, 8, 10

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
Material topics									
GRI 402: Labor/Management Relations 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Human team.					●		
	402-1 Minimum notice periods regarding operational changes	Employment generation and job stability.					●	3	8
GRI 403: Occupational Health and Safety 2018									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Human team.					●		
	403-1 Occupational health and safety management system	Safe and healthy working environment.					●		3, 8
	403-2 Hazard identification, risk assessment, and incident investigation	Safe and healthy working environment.					●		3, 8
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employment generation and job stability.					●	3	3, 8
	403-5 Worker training on occupational health and safety	Training for new strategic challenges. Safe and healthy working environment.					●		3, 8

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
Material topics									
	403-6 Promotion of worker health	Safe and healthy working environment.					●		3, 8
	403-9 Work-related injuries	Labour indicators.					●		3, 8
	403-10 Work-related ill health	Labour indicators.					●		3, 8
GRI 404: Training and Education 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Human team.					●		
	404-1 Average hours of training per year per employee	Training for new strategic challenges. Labour indicators.					●	6	4, 5, 8
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent support and professional development.					●		8
GRI 405: Diversity and Equal Opportunity 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Human team.					●		
	405-1 Diversity of governance bodies and employees	Human team. Labour indicators. Corporate bodies of Correos. Corporate bodies of the subsidiaries of the Correos Group.					●	6	5, 8, 10
	405-2 Ratio of basic salary and remuneration of women to men	Labour indicators.					●	6	5, 8, 10

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
Material topics									
GRI 408: Child Labor 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Respect for human rights.					●		
	408-1 Operations and suppliers at significant risk for incidents of child labour	Respect for human rights.					●	1, 2, 5	8, 16, 17
GRI 409: Forced or Compulsory Labor 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Respect for human rights.					●		
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Respect for human rights.					●	1, 2, 4	8, 16, 17
413: Local Communities 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Positive impact on businesses and citizens.					●		
	413-1 Operations with local community engagement, impact assessments and development programs	Employment generation and job stability. Business and social innovation. Community engagement.					●		11, 17

GRI Standard/ other source	Disclosure	Location	Omission			GRI Sector Standard Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement(s) omitted	Reason	Explanation				
Material topics									
418: Customer Privacy 2016									
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and opportunity management. Positive impact on businesses and citizens. Corporate governance and ethical compliance.					<div></div>		
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Operational and customer security.					<div></div>	1,2	

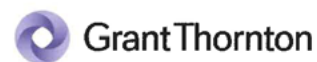


5. Consolidated annual accounts of Correos Group

- Auditor's report
- Consolidated balance sheet
- Consolidated profit and loss account
- Consolidated cash flows statement
- Consolidated statement of recognised income and expenses
- Consolidated statement of changes in equity
- Consolidated report
- Management report
- Governing Board statement



Auditor's report



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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the sole shareholder of Sociedad Estatal Correos y Telégrafos, S.A., S.M.E. (Sole Shareholder Company):

Opinion

We have audited the consolidated annual accounts of Sociedad Estatal Correos y Telégrafos, S.A., S.M.E. (Sole-Shareholder Company) (the Parent Company) and its subsidiaries (the Group), comprising the balance sheet as of 31 December 2022, the profit and loss account, the statement of changes in equity, the cash flows statement and the report, all consolidated, corresponding to the financial year ended on that date.

In our opinion, the accompanying consolidated annual accounts express, in all material respects, the true image of the Group's equity and financial position as of 31 December 2022, as well as its results and cash flows, all of which are consolidated, corresponding to the financial year ended on that date. All the above complies with the applicable regulatory framework for financial information (identified in note 3 of the consolidated report) and, in particular, with the accounting principles and criteria contained therein.

Basis for opinion

We have carried out our audit in accordance with the regulations governing current account auditing in Spain. In accordance with these standards, our responsibilities are described later in the section of our report entitled Auditor's responsibilities regarding the audit of the consolidated annual accounts.

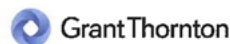
We are independent of the Group in accordance with ethical standards, including those of independence, which are applicable to our audit of the consolidated annual accounts in Spain as required by the regulations governing the audit of accounts. In this respect, we have not provided services other than those of the audit of accounts nor have situations or circumstances occurred that, in accordance with the provisions of the aforementioned mandatory regulations, have compromised the necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgement, have been considered the most significant material misstatement risks in our audit of the consolidated annual accounts of the current period. These risks have been addressed in the context of our audit of the consolidated annual accounts as a whole, and in the formation of our opinion on them, and we do not express an opinion on the individually.

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*Revenue recognition*

As described in note 17.i of the attached consolidated report, the revenue obtained by the Group comes mainly from the following activities:

- Sales of customers with contracts, amounting to 1,476,650 thousand euros, corresponding to the sales of corporate clients and representing 75% of the 'Revenue' heading.
- Sales of cash receipts, amounting to 310,000 thousand euros, representing 16% of the 'Revenue' heading.
- Sales of the international unit, amounting to 83,780 thousand euros, representing 4% of the 'Revenue' heading.

In accordance with the applicable regulatory financial reporting framework and as indicated in note 5.ñ of the attached consolidated report, the Group records revenue from the sale of goods and the provision of services at fair value of the consideration, already received or to be received, derived from them. This is after deducting any discount, reduction in price or other similar items that the Group may grant, as well as indirect taxes levied on the transactions and chargeable to third parties.

We have considered the recognition of revenue as a more relevant aspect of our audit and subject to material misstatement, in relation to the high number of transactions.

We have performed the following procedures as part of our audit and in response to the above:

- An understanding of the policies and processes implemented by the Group in the revenue and accounts receivable cycle for each type of activity detailed above, including verification of the general controls of management information systems (IRIS and OCA) and accounting systems (SAP). We have also verified the effectiveness of different automatic and manual controls that have been considered key points, together with the automatic transfer of the revenue recorded in the management systems to the accounting system.

- We have carried out the following procedures for sales of clients with contracts:

We have obtained all accounting entries for this type of revenue recorded in the 2022 financial year, verifying whether the consideration complies with logical accounting standards.

Obtaining external confirmations for a sample of customer invoices in relation to the outstanding balance. In the absence of confirmation, alternative procedures have been carried out by means of subsequent payment receipts or documentation supporting said invoicing.

- We have carried out the following procedures for cash sales:

We have obtained all accounting entries for these revenues recorded in the 2022 financial year, verifying whether the consideration complies with logical accounting standards.

We have extracted all revenue recorded in the management information system (IRIS) confirming that it matches the amount of revenue registered in the accounting system.

- We have carried out the following procedures for sales of the International Unit:

We have obtained all accounting entries for this type of revenue recorded in the 2022 financial year, verifying whether the consideration complies with logical accounting.



We have verified the accounting system's assessment of the valuation of the services provided through the request for file samples, verifying the services provided with the corresponding delivery notes and the rates applied with those included in the general agreements with the Universal Postal Union and other specific agreements between countries, as well as the corresponding quote on the day of the Special Drawing Rights.

We have verified a sample of the different postal companies with which a commercial relationship is maintained, of the advances issued and received, through the collation of bank statements.

We have verified a random sample of compensations of advances issued and received with the balances of the invoices pending issuance and receipt through compensation agreements signed with other postal companies.

- We have verified that the information disclosed in the consolidated annual accounts is sufficient and adequate in accordance with the regulatory framework of applicable financial information.

Evaluation of the existence and valuation of provisions and contingent liabilities

The Group recognised a total of 95,637 thousand euros under the 'Non-current Provisions' and 'Current Provisions' headings, relating to lawsuits and claims of a different nature.

In accordance with the applicable regulatory framework of financial information and as indicated in note 5.k of the attached consolidated report, the Group recognises provisions when it has a present obligation, be it legal or contractual, implicit or tacit, resulting from a past event, a reliable estimate of the obligation can be made and it is likely to entail a future outflow of resources for its settlement.

We have considered this area as more relevant aspect of our audit and subject to material misstatement, in relation to the fact that the recognition of provisions or their consideration as contingent liabilities implies a high degree of judgement and estimates by Management.

We have performed the following procedures as part of our audit and in response to the above:

- Obtaining confirmation from legal and tax advisers, both internal and external, detailing the open lawsuits and claims as of 31 December 2022, which have been closed during that financial year.

- Obtaining the supporting documentation of those lawsuits and claims that we have considered significant, verifying that the amounts claimed are those reported in the responses of the legal and tax advisers.

- We have held meetings with the legal department of the Group in order to understand the nature of the different lawsuits and claims and confirm the assessment made by them and their external advisers through their responses to balance confirmation, in order to determine their registration as provisions or contingent liabilities.

- We have verified that the information disclosed in the consolidated annual accounts is sufficient and adequate in accordance with the regulatory framework of applicable financial information.

Evaluation of the impairment of the lands and buildings of the Parent Company

As described in note 7 of the accompanying consolidated report, the Group records the book value of the land and buildings of the Parent Company under the 'Property, plant and equipment' section, for a net amount of 1,130,912 thousand euros. This section includes a provision for impairment amounting to 101,405 thousand euros.



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In relation to the impairment of the registered assets, as mentioned in note 3 of the attached consolidated report, since 2009 the Parent Company has applied the provisions of Order EHA/733/2010 of 25 March, which approves accounting aspects of public companies that operate in certain circumstances, and therefore the Parent Company determines the impairment of its tangible and intangible fixed assets by referring to the depreciated replacement cost of each asset (note 5.e).

The Parent Company has requested an independent expert to evaluate a sample of assets. This selection has been made considering those properties that have a significant risk of deterioration due to acquisitions made in years with bullish prices prior to the property crisis in Spain, and those with an impairment provision recorded as of 31 December 2022.

We have considered this area a more relevant aspect of our audit and subject to material misstatement, in relation to the fact that the value of property, plant and equipment represents 50% of the Group's total assets as of 31 December 2022, since every assessment is subject to a high degree of judgements and estimates.

We have performed the following procedures as part of our audit and in response to the above:

- Verification of the competence, capacity and independence of the expert by obtaining confirmation and evidence of its recognised standing in the market.
- We have obtained the assessment reports from the independent expert and we have verified that the assessments have been made according to the accepted methodology through the documentation provided on their work.
- We have gained an understanding of the process documented by Management to identify the assets presenting the highest risk with regard to their assessment.
- We have compared the net book value with the assessed value obtained for each asset plus the cost of the reforms made since its start-up, discounting the accumulated depreciation since its acquisition and confirming the impairment or reversal of the impairment provision recorded by the Parent Company.
- We have verified that the information disclosed in the consolidated annual accounts is sufficient and adequate in accordance with the regulatory framework of applicable financial information.

Evaluation of the risk of recognition of compensation for operating deficits of the Parent Company

As described in notes 5.q and 17.k of the accompanying consolidated report, the Parent Company recognised under 'Other operating income' in the consolidated profit and loss account for 2022 compensation for providing the universal postal service (hereinafter 'UPS') amounting to 114,522 thousand euros. As a result of the approval on 1 June 2021 by the Council of Ministers of a methodology for the calculation of the net cost of the UPS, which is indefinite, the Parent Company records annually in the consolidated profit and loss account the amounts of compensation recognised in the General State Budgets, found in a specified item in the budget of Ministry of Transport, Mobility and the Urban Agenda through programme 491N and once the necessary requirements for its consideration as non-refundable have been met.

Also, as indicated in note 5.q of the attached consolidated report, the European Commission has published the resolution approving the compensation to the Parent Company by the Spanish State for a total amount of 1,282.8 million euros for the fulfillment of the obligation of the UPS during the period 2011-2020. The Commission's decision has been made based on a calculation methodology. Therefore, the directors of the Parent Company understand that it has the approval of this, in addition to having been approved at the meeting of the Council of Ministers held on June 1 2021, and considers that there is a remote risk of a negative impact on the consolidated annual accounts for the current and subsequent years, in relation to the calculation of the net cost of UPS during the period 2011-2022.

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As described in note 5.q of the attached consolidated report, a subsidy will be considered non-refundable when there is a specific agreement to grant it to the Parent Company, the conditions established for granting it have been met and there are no reasonable doubts about the receipt of the subsidy.

We have considered this area as the most relevant aspect of our audit and subject to material misstatement, in relation to the complexity of the compensation accrual principle and the lack of approval of the new regulatory contract that includes a methodology for calculating compensations for services provided by the UPS.

We have performed the following procedures as part of our audit and in response to the above:

- Obtaining written confirmation from the National Commission for Markets and Competition that the amount charged by the Parent Company in 2022 is 110,000 thousand euros, of which corresponds to 2022.
- We have held meetings with the financial department and with the analytical accounting and cost model department, as well as with the legal counsel of the Parent Company in order to assess the situation of the calculation methodology, previously detailed. This has served as the basis for the confirmation made by directors of the Parent Company in the attached consolidated report that the risk of future returns for the period 2011-2020 is remote.
- We have verified that the information disclosed in the consolidated annual accounts is sufficient and adequate in accordance with the regulatory framework of applicable financial information.

Other information: Consolidated management report

The other information comprises exclusively the consolidated management report for 2022, whose compilation is the responsibility of the directors of the Parent Company and is not an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility for the consolidated management report, in accordance with what is required by the regulations governing the audit of accounts, consists of:

- a) Check only that the consolidated non-financial information statement has been provided in the manner provided for in the applicable regulations and, if not, to report on it.
- b) Evaluate and report on the concordance of the rest of the information included in the consolidated management report with the consolidated annual accounts, based on the knowledge of the Group obtained in conducting the audit of the aforementioned accounts, as well as evaluating and reporting whether the content and presentation of this part of the consolidated management report are in accordance with the applicable regulations. If, based on the work we have done, we conclude that there are material misstatements, we are obliged to report it.

On the basis of the work carried out, as described above, we have verified that the information mentioned in section a) above is presented in accordance with the applicable regulations and that the rest of the information contained in the consolidated management report is consistent with that of the consolidated financial statements for 2022 and its content and presentation comply with the applicable regulations.

Liability of the directors and the audit and control committee in relation to the consolidated annual accounts

The directors of the Parent Company are responsible for compiling the accompanying consolidated annual accounts, in order to give a true and fair view of the Group's assets, financial position and consolidated results, in accordance with the regulatory framework for financial information applicable to the Group in Spain. This also includes a view of the internal control that they consider necessary to allow for the preparation of consolidated annual accounts free of material misstatements, due to fraud or error.



In the preparation of the consolidated annual accounts, the directors of the Parent Company are responsible for assessing the Group's ability to continue as a going concern, revealing, as appropriate, the issues relating to the company in operation and using the accounting principle of this type of company unless the directors intend to liquidate the Group or cease operations, or there is no other realistic alternative.

The Parent Company's audit and control committee is responsible for supervising the process of preparing and presenting the consolidated annual accounts.

Responsibilities of the auditor regarding the auditing of the consolidated annual accounts

Our objectives are to obtain reasonable assurance that the consolidated annual accounts as a whole are free from material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable security is considered a high degree of security but does not guarantee that an audit conducted in accordance with the regulations governing audits in force in Spain will always detect any eventual material misstatement. Misstatements may be due to fraud or error and are considered material if, individually or in an aggregated way, they can reasonably be expected to influence the economic decisions made by users based on the consolidated annual accounts.

As part of an audit in accordance with the regulations governing current account audits in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout. Also:

- We identify and assess the risks of material misstatement in the consolidated annual accounts, due to fraud or error, and design and apply audit procedures to respond to such risks, obtaining sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of material misstatements due to error, since fraud can involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control of the audit in order to design audit procedures that are appropriate in the circumstances, not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the adequacy of the accounting policies applied, as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the directors of the Parent Company
- We conclude on whether the use of the accounting principle of the company in operation by directors of the Parent Company is adequate and, based on the audit evidence obtained, we conclude whether or not there is material uncertainty in relation to facts or conditions that may generate significant doubts about the Group's ability to continue in operation. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the consolidated annual accounts or, if such disclosures are not adequate, express an amended opinion. Our conclusions are based on the audit evidence obtained to date from our audit report. However, future events or conditions may cause the Group to cease operations.
- We evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosed information, and whether the consolidated annual accounts represent the underlying transactions and events in a way that manages to express the true image of the company.



We obtain sufficient and adequate evidence in relation to the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the management, supervision and performance of the Group's audit process. We are solely responsible for our audit opinion.

We communicate with the Audit and Control Committee of the Parent Company regarding, among other items, the scope and timing of the planned audit and the significant findings thereof, as well as any significant internal control deficiencies that we identified during the course of the audit.

We also provide the Parent Company's Audit and Control Committee with a statement that we have complied with applicable ethical requirements, including independence requirements, and have communicated with the Committee to report any matters that might reasonably be expected to threaten our independence and, where appropriate, the relevant safeguards.

Among the significant risks that have been reported to the Parent Company's Audit and Control Committee, we state those that have been of the greatest significance in the audit of the consolidated annual accounts of the current period and that are therefore considered the most significant.

We describe those risks in our audit report unless legal or regulatory provisions prohibit public disclosure thereof.

Grand Thornton, S.L.P, Sole Shareholder Company
ROAC nº S0231

José Manuel López

ROAC nº 22480

15 March 2023



GRANT THORNTON, S.L.P.

2023 Núm. 01/23/02023
96,69 EUR
SELLO CORPORATIVO
Informe de auditoría de cuentas sujeto
a la normativa de auditoría de cuentas
española e internacional

Consolidated balance sheet for 31 December 2022

(Expressed in thousands of euros)

ASSETS	Notes	Balance at 31/12/2022	Balance at 31/12/2021
NON-CURRENT ASSETS		1,522,197	1,542,155
Intangible assets	6	75,455	63,227
Consolidated goodwill	6,1	5,538	6,412
Computer software		68,680	54,729
Other intangible assets		1,237	2,086
Property, plant and equipment	7	1,360,621	1,388,873
Land and buildings		1,145,209	1,141,362
Technical installations and other fixed assets		185,508	202,628
Assets under construction and advances		29,904	44,883
Investment property	8	20,471	18,521
Non-current investments in group companies and associates		4,639	4,414
Investments in equity accounted companies	11.4	4,050	3,859
Loans to companies accounted for by the equity method	20	589	555
Non-current financial investments	11	7,330	5,703
Loans third parties		2,235	2,011
Other financial investments		5,095	3,692
Deferred tax assets	18	53,681	61,417
CURRENT ASSETS		740,683	722,415
Non-current assets held for sale	9	3,192	4,133
Inventories	10	13,654	15,337

Notes 1 to 25 of the attached consolidated report are an integral part of the Correos Group's consolidated annual accounts as of 31st of December of 2022

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Trade and other receivables	11	603,924	552,936
Clients for sales and provision of services		460,780	482,373
Clients, group companies and associates	20	10,075	4,270
Sundry debtors		54,389	24,923
Debtors, group companies and associates	20	72,665	35,180
Staff		5,330	5,047
Other receivables from public administration	18	685	1,143
Current investments in group companies and associates		35	16
Current financial investments	11	1,136	1,057
Current accruals		7,268	7,605
Cash and cash equivalents	11, 12	111,474	141,331
TOTAL ASSETS		2,262,880	2,264,570
EQUITY AND LIABILITIES	Notes	Balance at 31/12/2022	Balance at 31/12/2021
EQUITY		851,178	1,073,529
Shareholder's equity	13	632,985	850,173
Capital		611,521	611,521
Reserves		335,037	344,307
Legal reserve		101,847	101,847
Statutory reserves		214,119	214,119
Voluntary reserves		179,110	193,059
Reserves in consolidated companies		(161,656)	(165,470)
Reserves to companies accounted for by the equity method		1,617	752
Prior periods' negative results		(96,376)	-
Result for the year attributable to Parent Company		(217,197)	(105,655)
Grants, donations and bequest received	14	217,836	222,929
External partners	13	357	427
External partners		427	331
Result for external partners		(70)	96

NON-CURRENT LIABILITIES		720,219	490,305
Non-current provisions	15	61,301	73,195
Non-current payables	11,16	560,780	332,100
Debts with credit institutions		558,409	329,858
Other financial liabilities		2,371	2,242
Deferred tax	18	72,194	74,389
Non-current accruals	16	25,944	10,621
CURRENT LIABILITIES		691,483	700,736
Current provisions		34,336	5,904
Current payables	11,16	44,711	136,736
Debts with credit institutions		6,541	115,126
Financial lease creditors		-	100
Other financial liabilities		38,170	21,510
Short-term debts with group companies and associates	11, 16, 20	1,595	3,654
Trade creditors and other accounts payable	11,16	605,756	552,880
Suppliers		2,649	1,241
Sundry creditors		317,953	266,632
Staff		28,692	37,353
Other debts with public administration	18	59,324	56,824
Customers advances		197,138	190,830
Current accruals		5,085	1,562
TOTAL EQUITY AND LIABILITIES		2,262,880	2,264,570

Notes 1 to 25 of the attached consolidated report are an integral part of the Correos Group's consolidated annual accounts as of 31st of December of 2022

Continue >

Consolidated profit and loss account for 31 December 2022

(Expressed in thousands of euros)

CONTINUED OPERATIONS	Notes	Financial year 2022	Financial year 2021
Revenue	17-i)	1,962,378	2,081,445
Supplies		(387,744)	(382,482)
Merchandise used	17-j)	(11,897)	(7,805)
Impairment of merchandise, raw materials and other supplies	10	(848)	(350)
Work carried out by other companies	17-j)	(374,999)	(374,327)
Other operating income		122,389	118,756
Non-trading and other operating income		7,275	8,435
Compensation for provision of the UPS	17-k)	114,522	110,000
Operating grants included in the result of the financial year		592	321
Staff costs	17-l)	(1,479,648)	(1,525,220)
Salaries, wages and similar		(1,148,986)	(1,189,002)
Social Security contributions		(323,423)	(328,009)
Other expenses		(7,239)	(8,209)
Other operating expenses		(429,098)	(392,158)
External services	17-m)	(408,635)	(351,273)
Taxes	17-n)	(11,347)	(7,710)
Losses, impairment and change in trade provisions	11	(841)	(5,157)
Other expenses from ordinary activities		(8,275)	(28,018)
Amortisation and depreciation	6,7,8	(71,992)	(67,851)
Non-financial and other capital subsidies	14	7,155	10,829
Impairment and loss/gain on disposal of fixed assets	17-o)	737	12,889
Impairment and losses		82	(797)
Result from disposals and others		655	13,686

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Other results		(10,669)	(73)
OPERATING RESULT		(286,492)	(143,865)
Financial income	17-p)	318	131
From negotiable securities and other financial instruments:			
From group companies		19	42
From third parties		299	89
Financial expenses	17-p)	(644)	(381)
Debts with third parties		(644)	(377)
Debts with group companies and associates		-	(4)
Exchange-rate differences		7,215	6,308
FINANCIAL RESULT		6,889	6,058
Share in income of companies accounted for by the equity method	11.4	184	858
RESULT BEFORE TAX		(279,419)	(136,949)
Income tax	18	62,152	31,390
CONSOLIDATED RESULT FOR THE FINANCIAL YEAR	13	(217,267)	(105,559)
Result for the Parent Company		(217,197)	(105,655)
Result for external partners		(70)	96

Notes 1 to 25 of the attached consolidated report are an integral part of the Correos Group's consolidated annual accounts as of 31st of December of 2022

Consolidated cash flows statement for 31 December 2022

(Expressed in thousands of euros)

OPERATING ACTIVITIES	Notes	Financial year 2022	Financial year 2021
Result for the financial year before taxes		(279,419)	(136,949)
Adjustments to the result			
Amortisation and depreciation	6,7,8	71,992	67,851
Valuation adjustments due to impairment	7,10,11	1,607	6,412
Change in provisions		16,410	38,192
Allocation of capital subsidies	14	(7,193)	(10,919)
Result of removals and disposal of fixed assets		(655)	(13,675)
Financial income	17-p)	(318)	(131)
Financial expenses	17-p)	644	381
Exchange-rate differences		(7,215)	(6,308)
Other income and expenses		(1,585)	5,098
Share in income (losses) of companies accounted for by the equity method		(184)	(858)
Changes in current capital			
Inventories		1,626	(474)
Trade and other receivables		(18,823)	75,515
Other current assets		(295)	(3,650)
Trade and other accounts payable		59,094	(59,472)
Other current liabilities		27,789	4,187
Other non-current assets and liabilities (+/-)		15,378	941
Other cash flows from operating activities			
Interest payments		-	(185)
Interest received		244	104
Income tax received		31,211	90,645
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		(89,692)	56,705

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INVESTMENT ACTIVITIES	Ejercicio 2022	Ejercicio 2021
Payments for investments		
Intangible assets	(29,897)	(22,501)
Property, plant and equipment	(42,220)	(78,345)
Other financial assets	(1,653)	(842)
Non-current assets held for sale	(350)	-
Proceeds from disposals		
Property, plant and equipment	4,644	26,023
Non-current assets held for sale	2,267	2,073
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES	(67,209)	(73,592)

Notes 1 to 25 of the attached consolidated report are an integral part of the Correos Group's consolidated annual accounts as of 31st of December of 2022

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FINANCING ACTIVITIES	Ejercicio 2022	Ejercicio 2021
Proceeds from and payment for equity instruments		
Grants, donations and legacies bequests received	150	516
Proceeds from and payment for financial liability		
Issue		
Debts with credit institutions (+)	231,754	325,000
Other debts	-	-
Reimbursement and amortisation		
Debts with credit institutions (+)	(112,075)	(217,572)
Other debts	-	(500)
Payments for dividends and remuneration on other equity instruments		
Dividends	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	119,829	107,444
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS	7,215	6,308
NET VARIATION IN CASH OR EQUIVALENTS	(29,857)	96,865
Cash and cash equivalents at the start of the financial year	12	141,331
Cash and cash equivalents at the end of the financial year	12	141,331

Notes 1 to 25 of the attached consolidated report are an integral part of the Correos Group's consolidated annual accounts as of 31st of December of 2022

Consolidated statement of recognised income and expenses for financial year ended 31 December 2022

(Expressed in thousands of euros)

A) Consolidated statement of recognised income and expenses for the financial year ended 31 December 2022:

	Notes	Financial year 2022	Financial year 2021
Consolidated result for the financial year		(217,267)	(105,559)
Income and expenses directly attributed to consolidated equity:	14		
Grants, donations and bequests received		188	516
Tax effect		(35)	(126)
		153	390
Transfers to consolidated profit and loss account:	14		
Grants, donations and bequests received:			
- Due to amortisation		(5,513)	(6,101)
- Due to adjustments for impairment		-	(1,018)
- Due to disposals		(1,593)	(3,799)
- Other		(49)	-
Tax effect		1,909	2,699
		(5,247)	(8,219)
TOTAL RECOGNISED CONSOLIDATED INCOME AND EXPENSES		(222,360)	(113,388)
Total income and expenses for the Parent Company		(222,290)	(113,484)
Total income and expenses for external partners		(70)	96

Consolidated statement of changes in equity for financial year ended 31 December 2022

(Expressed in thousands of euros)

B) Consolidated statement of changes in equity for financial year ended 31 December 2022

	Reserves held by the Parent Company										
	Capital	Share premium	Legal reserve	Voluntary, statutory reserves	Reserves in consolidated companies	Reserves to companies accounted for by the equity method	Prior periods' negative results	Result for the financial year attributable to the Parent Company	Grants, donations and bequests received	External partners	TOTAL
BALANCE END OF 2020 FINANCIAL YEAR	611,521	250,938	101,847	437,039	(182,252)	–	–	(263,264)	231,403	331	1,187,563
Total recognised consolidated income and expenses	–	–	–	–	–	–	–	(105,655)	(7,829)	96	(113,388)
Other variations in consolidated equity	–	(250,938)	–	(29,861)	16,782	752	–	263,264	(645)	–	(646)
BALANCE END OF 2021 FINANCIAL YEAR	611,521	–	101,847	407,178	(165,470)	752	–	(105,655)	222,929	427	1,073,529
Total recognised consolidated income and expenses	–	–	–	–	–	–	–	(217,197)	(5,093)	(70)	(222,360)
Other variations in consolidated equity	–	–	–	(13,949)	3,814	865	(96,376)	105,655	–	–	9
BALANCE END OF 2022 FINANCIAL YEAR	611,521	–	101,847	393,229	(161,656)	1,617	(96,376)	(217,197)	217,836	357	851,178

Notes 1 to 25 of the attached consolidated report are an integral part of the Correos Group's consolidated annual accounts as of 31st of December of 2022

Consolidated report

for financial year 2022 (Expressed in thousands of euros)

1. Activity of the Parent Company

Sociedad Estatal Correos y Telégrafos S.A., S.M.E. (Sole-Shareholder Company) (hereinafter 'Correos', the 'Parent Company' or the State Company) was incorporated as a State Limited Company under the provisions of Article 6.1.a) of the Recast Text of the *Ley General Presupuestaria* [General Budgetary Law], approved by *Real Decreto legislativo 1091/1988, de 23 de septiembre* [Royal Legislative Decree 1091/1988, of 23 September], and the twelfth additional provision of *Ley 6/1997, de 14 de abril, de Organización y Funcionamiento de la Administración General del Estado* [Law 6/1997, of 14 April, on the Organization and Functioning of the General State Administration] (LOFAGE in the Spanish), in accordance with the Council of Ministers of 22 June 2001, by virtue of Article 58 section one of *Ley 14/2000, de 29 de diciembre, de Medidas Fiscales, Administrativas y del Orden Social* [Law 14/2000, of 29 December, on Tax, Administrative and Social Order Measures]. The company is subject to the *Ley de Sociedades de Capital* [Capital Corporations Law], and other applicable legislation and provisions and its statutes.

On 1 February 2017, the Sole Shareholder, with the agreement of the Board of Directors of the company on 27 October 2016, agreed the amendment of the name of the Parent Company and the amendment of

Article 1 of its Articles of Association for its adaptation to the provisions of Article 11 of *Ley 40/2015, de 1 de octubre, de Régimen Jurídico del Sector Público* [Law 40/2015, of 1 October, on the Legal Regime of the Public Sector]. According to the provisions, the name of the company is amended and hereinafter shall be named Sociedad Estatal Correos y Telégrafos, S.A., S.M.E. (Sole-Shareholder Company) The decision of the Sole Shareholder was executed by public deed by the company on 1 February 2017, and is registered with the Companies Register on 20 February 2017.

In accordance with the second and third paragraphs of Article 58 of the aforementioned Law 14/2000, the commencement of the activities of the company, and the automatic subrogation of the latter in the activities, rights and obligations of the Public Business Entity Correos y Telégrafos (hereinafter the Entity), took place when the public deed of incorporation of the company of 29 June 2001 was registered in the Companies Register, which took place on 3 July 2001. The company assumed from this date all the functions developed by the now defunct Entity and was subrogated in the capacity of operator appointed for the provision of the universal postal service attributed to the latter in the first additional provision of *Ley 24/1998, de 13 de julio, del Servicio Postal Universal y de Liberalización de los Servicios Postales* [Law 24/1998, of 13 July, of the Universal Postal

Service and Liberalisation of the Postal Services] and subsequently for a period of 15 years in *Ley 43/2010, de 30 de diciembre, del Servicio Postal Universal, de los derechos de los usuarios y del mercado postal* [Law 43/2010, of 30 December, of the Universal Postal Service, on the rights of the users and of the postal market].

Pursuant to the fourth paragraph of Article 58 of Law 14/2000, the company is the owner, from the moment of its incorporation, of all the assets, rights and obligations owned by the former Entity. The assets in the public domain that were transferred from the now defunct Entity to the State Company at the time of its incorporation were divested by virtue of the fourth paragraph of the aforementioned Law 14/2000. Notwithstanding the above, as stated in the Council of Ministers' agreement authorising the incorporation of this company, the General State Administration, through the Directorate General of State Assets, has a preferential right to the acquisition of certain property assets owned by the company.

The financial consideration for exercising the right of pre-emptive acquisition, if applicable, will be established by means of the appraisal value established by the technical services of the Directorate General of State Assets, for which it would be necessary to obtain a valuation of the property by a public company

specialising in property appraisals. In addition, leasing rights are also reserved in the event that the company decides to exploit these properties.

Pursuant to section seven of Article 58 of the aforementioned Law 14/2000, the civil servants who were serving in an active situation in the now defunct Entity at the time of registration of the public deed of incorporation of the company began to provide services for it without interruption, in the same situation, retaining their status as civil servants of the State Administration in their bodies and scales, seniority, consolidated salaries, and with full respect for their acquired rights. The legal relationship of this type of personnel with the company is regulated by *Real Decreto 370/2004, of 5 marzo* [Royal Decree 370/2004, of 5 March], which approves the Staff Statute of the State Company Correos y Telégrafos, S.A., S.M.E. (Sole-Shareholder Company)

In addition, and in accordance with paragraph seventeen of Article 58 of the aforementioned Law 14/2000, the personnel hired by the Parent Company as from the date of commencement of its activities will be hired under ordinary labour law.

Part of the services provided by the Parent Company are within the scope of the universal postal service and are regulated by Law 43/2010, of 30 December, on the Universal Postal Service, users' rights and the postal market, which establishes that they will be carried out in accordance with the plan for the provision of the

universal postal service and the regulatory contract. This Law primarily regulates the conditions for the collection, acceptance, distribution and delivery of the universal postal service required of the designated operator, as well as the cost and financing of the universal postal service obligations, prices and other tariff conditions for postal services.

Ley 3/2013, de 5 de junio, de creación de la Comisión Nacional de los Mercados y la Competencia [Law 3/2013 of 5 June on the creation of the National Commission for Markets and Competition] (hereinafter CNMC) expressly repealed *Ley 23/2007, de 8 de octubre, de creación de la Comisión Nacional del Sector Postal* [Law 23/2007 of 8 October, which created the National Postal Sector Commission], and created a single regulator that combines the functions relating to the correct functioning of the markets and sectors supervised by the Comisión Nacional de Energía [National Energy Commission], the Comisión del Mercado de Telecomunicaciones [Telecommunications Market Commission], the Comisión Nacional de la Competencia [National Competition Commission], the the Comité de Regulación Ferroviaria [Railway Regulation Committee], the Comisión Nacional del Sector Postal [National Postal Sector Commission], the Comisión de Regulación Económica Aeroportuaria [Airport Economic Regulation Commission] and the Consejo Estatal de Medios Audiovisuales [State Audiovisual Council. In accordance with *Ley 3/2013, de 5 de junio* [Law 3/2013 of 5 June], the CNMC supervises and

controls the correct functioning of the postal market, highlighting the following functions:

- Ensure that the universal postal service is guaranteed, in compliance with postal regulations and free competition in the sector.
- Verify the designated operator's analytical accounting and the net cost of the universal postal service and determine the sum of the unfair financial burden of providing the universal postal service, in accordance with Law 43/2010 of 30 December.
- To manage the universal postal service financing fund and the public benefits affected by its financing, in accordance with Law 43/2010 of 30 December 2010.
- Supervise and control the application of current regulations on network access and other postal infrastructures and services, in accordance with Law 43/2010 of 30 December.
- To monitor and measure the conditions for the provision of the universal postal service, in accordance with Law 43/2010 of 30 December 2010.
- Issue the report provided for in Law 43/2010, of 30 December, for the monitoring of the conditions for the provision of the universal postal service.

The Directorate for Transport and the Postal Sector is the body in charge of the CNMC's investigation functions in postal matters.

For the maintenance of the universal postal service, Law 43/2010 establishes a financing fund to be managed by the CNMC, the purpose of which is to compensate the postal operator for the net cost of universal postal service obligations.

In accordance with Law 43/2010, the main sources of financing of the fund will be the sums allocated by the State in the General State Budgets, the annual postal contribution of the postal operator and the holders of special administrative authorisations and the fees for the granting of special administrative authorisations.

Article 26 of Law 43/2010 establishes the obligation for the designated operator, Correos, to keep analytical accounts, which make it possible to separate the services and products that are part of the universal postal service and the other services and products that are not part of same. In accordance with Law 43/2010 the postal operator shall submit the net cost calculation for each financial year for validation.

Similarly, Law 43/2010 guarantees postal operators access to the postal network, subject to the granting of a special administrative authorisation, in accordance with the principles of transparency, proportionality and non-discrimination. Law 43/2010 also regulates the resolution of disputes between postal operators,

under the principles of hearing, contradiction and equality between the parties.

The designated operator must draw up a standard contract for access to the postal network, which must be approved in advance by the CNMC, and must also inform the CNMC of contracts which are not subject to the standard contract. Operators holding single administrative authorisations may negotiate with the designated operator different conditions from those set out in the standard contract. The CNMC will establish the conditions for access to the postal network if negotiations between single authorisation holders and the designated operator have not led to the execution of a contract.

According to Law 43/2010, the Commission is responsible for verifying that the tariffs set in the contracts comply with the principles of transparency, non-discrimination and coverage of the cost incurred by the network operator, as well as verifying that the tariffs do not increase the financing needs of the universal postal service and the unfair financial burden compensable to the operator providing the service.

The single transitory provision of Law 43/2010 establishes that the conditions for the provision of the Universal Postal Service and its financing regime will be governed by the regulations prior to the entry into force of this Law, until the plan for the provision of the universal postal service and its regulatory contract are approved. This plan for the provision of the universal

postal service was approved at the meeting of the Council of Ministers held on 1 June 2001, at the proposal of the Minister for Transport, Mobility and the Urban Agenda. On 26 June 2021, the Resolution of 15 June 2021, of the General Technical Secretariat, was published in the Official State Gazette (BOE), publishing the Agreement of the Council of Ministers of 1 June 2021, approving the plan for the provision of the universal postal service.

The objective of this Plan is to specify the scope and conditions for the provision of the universal postal service as defined in Law 43/2010, of 30 December, on the universal postal service, users' rights and the postal market, and which are imposed on the designated operator, Sociedad Estatal Correos y Telégrafos, S.A.

In particular, this Plan:

- Defines the scope and conditions for the provision of the universal postal service imposed on the operator, as well as the mechanisms for controlling and monitoring compliance with these conditions.
- Determines the methodology for the calculation of the net cost and the unfair financial burden borne in the fulfilment of the performance conditions by the operator.
- Defines the criteria for the operation and payment of the universal postal service financing fund.

Access to the postal network by operators provided for in Article 45 of Law 43/2010 of 30 December 2010 on the universal postal service, users' rights and the postal market is currently governed by *Real Decreto 1298/2006 de 10 de noviembre de 2006* [Royal Decree 1298/2006 of 10 November 2006], which regulates access to the public postal network and determines the procedure for the resolution of disputes between postal operators and the general conditions contained in the Resolution of 25 April 2018, of the Regulatory Supervision Chamber of the National Commission for Markets and Competition, and, where applicable, the specific conditions agreed in accordance with the provisions of Article 45.3 of Law 43/2010.

Finally, the third final provision of the Law, additional services and services complementary to the postal services, establishes that the money order service is considered a service complementary to the postal services, through which payments to natural persons or legal entities on account and behalf of others, through the postal services, as defined in the current law.

This service is considered a financial service of general economic interest that that must be provided directly or through third parties, by the operator designated by the State to provide the universal postal service in accordance with the applicable provisions of *Ley 16/2009, de 13 de noviembre, de servicios de pago y su normativa de desarrollo* [Law 16/2009, of 13

November, on payment services and its development regulations].

The extension, with special attention on rural areas, the format of the provision and the financing system of this service shall be determined in the corresponding contract executed with the aforementioned operator to these effects, in accordance with the requirements determined in the regulation.

The company, whose registered office is at Calle Conde Peñalver no. 19, Madrid, has the corporate mission set out in Article 2 of its articles of association, the following activities:

- The management and operation of any postal services.
- The provision of financial services related to postal services, money order and money transfer services.
- The reception of requests, written submissions and communications that citizens address to the bodies of the public administrations, subject to the provisions of the applicable regulations.
- The delivery of administrative and judicial notifications, in accordance with the applicable regulations.
- Telegram, telex and registered fax services and the provision of other telecommunications activities and services.

- The proposal for the issuing of stamps as well as the issuing of the remaining payment systems for postal services, including the marketing and distribution activities of its products and issues.
- The mandatory assumption of services related to its corporate purpose that may be entrusted to it by the public administrations.
- Any other activities or services complementary to the above or necessary for the correct development of the corporate purpose, and for this purpose it may incorporate and participate in other companies.

The company has been part of the SEPI Group since June 2012, with the public law entity SEPI the head of the Group. SEPI has its registered office at Calle Velázquez 134, Madrid, and is the Sole Shareholder, and, therefore, by virtue of the provisions of Article 12 of *Real Decreto Legislativo 1/2010, de 2 de julio*, [Royal Legislative Decree 1/2010, of 2 July], approving the revised text of the Capital Corporations Act, the company is a Sole-Shareholder Company. In accordance with the provisions of Article 136 paragraphs 2 and 3 of Law 47/2003, of 26 November, of the General Budgetary Law, the General Intervention Board of the State Administration (IGAE) will publish the consolidated financial statements of SEPI in the 'Public sector financial statements register' and the reference to this register in the BOE (Official State Gazette) of 31 July.

Correos is the head of Correos Group. The individual and consolidated financial statements of the company for the financial year ended 31 December 2021 were prepared by the Board of Directors of Correos on 14 March 2022 and approved by the Sole Shareholder of the Parent Company on 30 June 2022. The financial statements are deposited with the Companies Register of Madrid.

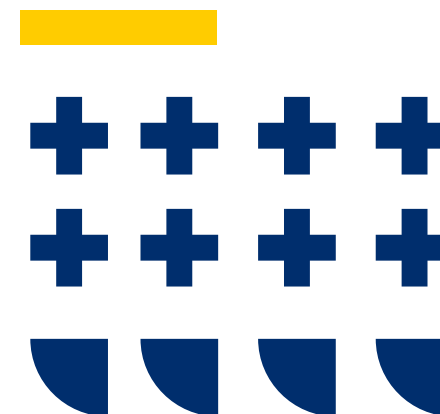
In 2022, Russia invaded Ukraine. The ensuing war triggered a general increase in the cost of raw materials, which was passed on to energy, transport and finally to consumers' prices in most countries. Inflation climbed to 10.6 percent in the euro area in October. In Spain, it reached 10.8 percent in July, and was gradually reduced over the following months, closing December at 5.7%, almost half the European average, partly thanks to tax aids or to the adjustment mechanism applied to electricity production cost, also known as the 'Iberian exception', which helped to curb increases in energy prices. In addition, the National Response Plan to the economic and social consequences of the war in Ukraine, which introduced fuel price subsidies in force until December 2022 (extended until June 2023 for road transport professionals and other groups), also helped partially mitigate the impact of the fuel price increase.

For the Parent Company, this war has led to a rises in the average cost of fuel, electricity and gas of 15%, 154% and 218% respectively. The impact of these cost increases on the profit and loss account has been a

higher cost for a total sum of 26 million euros with respect to 2021.

For the subsidiary company Correos Express, this conflict has caused increased fossil fuel costs, which has significantly impacted distribution and hauling costs of the company in the 2022 financial year.

The subsidiary company Nexea was also negatively impact by the war, with a negative effect on its profit and loss account as a result of the increase in its primary raw material, paper.





2. Structure of Correos Group

The subsidiaries comprising Correos Group (hereinafter the Group) and included in the scope of consolidation as of 31 December 2022 are as follows:

Name of the company	Principal activity	Registered address	Integration method
Correos Telecom, S.A., S.M.E.; S.U	Management of the network of Telecommunications of the Parent Company	C/ Cabeza Mesada, 5 (Madrid)	Global
Nexea G.D., S.A., S.M.E.,S.U.	Hybrid mail services	c/ Rejas, 9 (Madrid)	Global
Correos Express P.U., S.A., S.M.E; S.U.	Transportation services of documents and small parcels	Avenida de Europa, 8 Coslada (Madrid)	Global
CEP - Assessoria Ibérica de Logística e Transporte, S.A.	Transportation services of documents and small parcels	Rua de Santo Ovidio nº21, 4425-379 Folgosa	Global
CEP II – Correos Express Portugal, S.A.	Goods transport services in the national and international market	Rua da Serra nº654, Moreira Maia	Global
K Parcel Company Limited	Transportation services parcels	16/F., Kerry Cargo Centre 55 Wing Kei Road Kwai Chung, New Territories HONG KONG	Equity method
KCG ecommerce solutions Company Limited	Transportation services parcels	Room 101, #3 Building, Fu Ma San Road, Chi Gang, Humen Town, Dongguan, Guangdong Province, PRC.	Equity method



At the time of the acquisition of the Portuguese company CEP by Correos Express in 2019, a cross put and call option agreement was signed for the possible acquisition of a larger stake in the subsidiary CEP. These options can only be exercised in certain circumstances, which had not arisen either at year-end or at the date of authorisation for issue of these consolidated financial statements. The contract was granted free of charge.

On 5 August 2019, the shareholders of Portuguese companies agreed a change in the names of both companies, subsequently called CEP - Assessoria Ibérica de Logística e Transporte, S.A. and CEPII-Correos Express Portugal, S.A.

On 5 November 2021, there was a modification of the name of the CEP Correos Express Portugal, S.A., changing to CEP Assessoria Ibérica de Logística e Transporte, S.A.

Change in the scope of consolidation during the 2022 and 2021 financial years:

There were no changes in the scope of consolidation during the 2022 or 2021 financial years.

In the 2019 financial year, the necessary steps were taken to create two Chinese joint venture companies, called KCG Ecommerce Solutions Company Limited

(hereinafter KCG) and K Parcel Company Limited (hereinafter K Parcel), which enabled Correos to enter the Chinese market, with a broad commercial perspective, both by addressing new parcel flows from China to the rest of the world, and by allowing Correos to offer value-added logistics solutions to both new and existing customers. Correos holds a 35% stake in each of these two companies. The creation of these two companies took place in the first half of the financial year 2020, with the total cost of the shareholdings amounting to 2,249 thousand euros. In addition, Correos granted a loan to K Parcel for the sum of 571 thousand euros to be repaid over 5 years. These two companies are accounted for by the equity method within the consolidated group of Correos Group, as they are no longer controlled.

Correos Express Paquetería Urgente, S.A., S.M.E. (Sole-Shareholder Company), whose registered office is at Avenida de Europa, 8, Coslada (Madrid), has a corporate purpose of the provision of freight transport services, auxiliary and complementary transport activities and the provision of collection, sorting and distribution services for goods and parcels. The main activity of Correos Express Paquetería Urgente, S.A., S.M.E. (Sole-Shareholder Company), is the express transport of documents and small business parcels, both nationally and internationally.

Correos Telecom, S.A., S.M.E., (Sole-Shareholder Company) has its registered office at Calle Conde de Peñalver, 19, Madrid, and its corporate purpose, which coincides with its principal activity, consists of the management of the telecommunications network owned by the Parent Company, as well as the provision of telecommunications services on a preferential basis to the Parent Company and, on a subsidiary basis, to third parties; the performance of intermediation and promotion tasks for the marketing of the surplus capacity of the Parent Company's telecommunications network and the provision of telecommunications services related to the provision of postal services.

Nexea Gestión Documental, S.A., S.M.E. (Sole-Shareholder Company), has its registered office at Calle Rejas, 9, Madrid and its corporate purpose, which coincides with its main activity, consists of the provision of hybrid mail services, understood as the postal service that allows customers to send their written letters and documents to Nexea Gestión Documental, S.A. (Sole-Shareholder Company) by electronic means, with Nexea responsible for printing their contents on paper and then enveloping and depositing them at the Parent Company's admissions centres for delivery to the addressees.

CEP - Assessoria Ibérica de Logística e Transporte, S.A., (hereinafter 'CEP') with registered office at Rua de Barreiro 553, Crestins parish of Moreira, municipality

of Maia (C.P 4470-573 Moreira Maia) Portugal, has the corporate purpose of the provision of express mail and courier services, in particular non-universal postal services, and to ensure, as a public road haulage company and transport commissioner, the management of the transport of goods, the reception, transport and delivery of volumes and documentation, under the applicable legal and regulatory conditions. The main activity of CEP is the express transport of documents and small business parcels, both nationally and internationally.

CEP II - Correos Express Portugal, S.A., (hereinafter 'CEP II') with registered office at Rua da Serra 654, parish of Folgosa, municipality of Maia (P.O. Box 4446-909 Ermesinde) Portugal, has the corporate purpose of the transport of goods, organisation and management of the transport of goods in the national and international market by any means; the organisation of transport, coordination of the flow of goods and information, management and control of stocks, storage and logistics, international trade, import and export, transport consultancy and foreign trade services, forwarding activity, customs activity and similar support for transport, with powers to declare to the customs authorities on behalf of third parties and the provision of postal services. The main activity of CEP II is the express transport of documents and small business parcels, both nationally and internationally.

All subsidiary companies close their financial year on 31 December and their functional and presentation currency is the euro.

On 1 February 2017, the Sole Shareholder of each of the Spanish companies in Correos Group, with their respective Boards of Directors of the company of October 2016 agreed the amendment of the name of the Companies and the amendment of Article 1 of its Articles of Association for its adaptation to the provisions of Article 111 of Law 40/2015, of 1 October, on the Legal Regime of the Public Sector. Accordingly, the corporate name of all the companies in Correos Group was changed and they were henceforth renamed:

Corporate name

Sociedad Estatal Correos y Telégrafos, S.A.,
S.M.E (Sole-Shareholder Company)

Correos Telecom, S.A., S.M.E,
(Sole-Shareholder Company)

Nexea Gestión Documental, S.A., S.M.E
(Sole-Shareholder Company)

Correos Express Paquetería Urgente, S.A.,
S.M.E (Sole-Shareholder Company)



The decision of the Sole Shareholder was made public by each company and is recorded in the Companies Register for all Group companies.

The breakdown as of 31 December 2022 and 2021 of the equity of subsidiaries included in the consolidation of Correos Group, before consolidation and/or homogenisation adjustments, is as follows:

Financial year 2022	Correos Express P,U,, S.A., S.M.E; S.U	Correos Telecom, S,A,, S.M.E., S.U.	Nexea GD., S.A., S.M.E S.U.	CEP I y CEP II (*)
Net book value of the investment	182,342	1,503	-	11,050
Direct shareholding (%)	100%	100%	100%	51%
Share capital	66	1,503	974	750
Share premium	6,415	0	0	3,115
Legal reserve	1,231	301	128	119
Other reserves	45,152	10,153	(60)	886
Results of previous financial years	-	-	(8,738)	(4,199)
Result for the financial year, Parent Company	(9,394)	2,737	(3,936)	439
Other equity instruments (**)	-	-	-	4,600
Grants	-	54	141	-
External partners (Result for the financial year)	-	-	-	422
Total equity	43,470	14,748	(11,491)	6,132
Operating result	337	3,856	(4,697)	1,463

(*) These are aggregate figures for CEP I and CEP II for 100%, except for profit for the year, which is broken down into profit for the year and external partners,

(**) In Portugal they are called ancillary services regulated by Article 287 of the Portuguese Commercial Companies Code, having the same amount CEP I recorded as a credit claim with CEP II,

Financial year 2021	Correos Express P,U,, S.A., S.M.E; S.U	Correos Telecom, S,A,, S.M.E., S.U.	Nexea GD., S.A., S.M.E S.U.	CEP I y CEP II (*)
Net book value of the investment	182,342	1,503	-	11,050
Direct shareholding (%)	100%	100%	100%	51%
Share capital	66	1,503	974	750
Share premium	6,415	0	0	3,115
Legal reserve	1,231	301	128	74
Other reserves	45,152	7,909	(60)	3,427
Results of previous financial years	-	-	(7,004)	(4,543)
Result for the financial year	14,476	2,244	(1,735)	682
Other equity instruments (**)	-	-	-	4,600
Grants	-	31	205	-
External partners	-	-	-	655
Total equity	67,340	11,987	(7,492)	8,760
Operating result	19,404	3,137	(2,144)	1,815

(*) These are aggregate figures for CEP I and CEP II for 100%, except for profit for the year, which is broken down into profit for the year and external partners,

(**) In Portugal they are called ancillary services regulated by Article 287 of the Portuguese Commercial Companies Code, having the same amount CEP I recorded as a credit claim with CEP II,

3. Presentation principles for the consolidated financial statements

In preparing these consolidated financial statements, the Parent Company's directors have applied the regulations established in the General Accounting Plan (PGC as per the Spanish) approved by Real Decreto [Royal Decree] 1514/2007, the amendments incorporated therein by Royal Decree 1159/2010, approving the Rules for the Preparation of Consolidated Financial Statements, and Royal Decree 602/2016 and 1/2021, as well as all other commercial legislation in force as of 31 December 2022. Specifically:

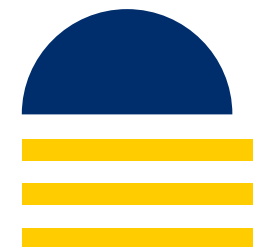
- The Parent Company's financial statements have been consolidated with those of all its subsidiaries (see Note (2)) using the full consolidation method. The Parent Company holds the majority of the voting rights in all fully consolidated companies.
- The consolidation of the two companies incorporated in 2020 in China (see Note (2)) is carried out using the equity method.
- In those cases where the subsidiaries have followed accounting and valuation criteria that are significantly different from those of the Parent Company, the corresponding adjustments have been made in order to present the Group's

consolidated financial statements on homogeneous basis.

- The different items of the individual financial statements previously harmonised are aggregated based on their nature.
- The book values representing the equity instruments of the subsidiaries owned by the Parent Company are offset by their net equity.
- The balances, transactions and cash flows between Correos Group companies have been removed in the consolidation process. Likewise, all profit and losses caused by internal transactions are eliminated and they are deferred until they are realised before third parties unrelated to the Group.
- Changes in the reserves of the different subsidiaries between the different dates of stake taking or first consolidation and 31 December 2022 are included under 'Reserves in consolidated companies' in the consolidated balance sheet.

In relation to the impairment of assets recognised under 'Property, plant and equipment', since 2009 the Parent Company has applied the provisions of Order EHA/733/2010, of 25 March, approving accounting aspects for public companies operating under certain circumstances. Required condition: the application of this Order is mandatory for entities belonging to

the state public business sector that must apply the accounting principles and standards contained in the Commercial Code and the General Accounting Plan and that, considering the strategic or public utility nature of their activity, deliver goods or provide services regularly to other entities or users without receiving a consideration, or in exchange for a charge or a political price fixed directly or indirectly by the public administration.



3.1) True and fair view

These consolidated financial statements, which comprise the consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity, consolidated cash flows statement and consolidated notes 1 to 25, have been prepared on the basis of the accounting records of the various companies that make up Correos Group, they have been prepared in accordance with the legal provisions in force as of 31 December 2022 on accounting matters in order to give a true and fair view of the Group's equity, financial position and results, as well as the veracity of the cash flows included in the consolidated cash flows statement. The consolidated cash flows statement has been drafted in order to provide true information on the source and application of the monetary assets and other cash or cash equivalent assets of the Group.

The figures contained in these consolidated financial statements are expressed in thousands of euros, unless otherwise indicated, the euro being the operating currency of the Parent Company and of the companies included in the scope of consolidation, except for the companies consolidated by the equity method K PARCEL whose currency is Hong Kong Dollars (HKD) and KCG whose currency is Renminbi (RMB), and no exchange differences have arisen during the year.

The conversion of the financial statements of the subsidiaries whose operating is not the Euro is carried out in accordance with the following rules:

- The assets and liabilities are converted at the closing exchange rate. The closing exchange rate is the average spot rate existing as of that date.
- The net equity items, including the profit or loss for the year, are converted at the historic exchange rate.
- The difference between the net value of assets and liabilities and net equity items is included in one of the net equity headings under the entry 'Exchange differences', where applicable, after deducting the part of such difference corresponding to external partners, and
- The cash flows are converted at the exchange rate on the date of the transaction or using a weighted exchange rate of the monthly period provided there have not been significant variations.
- The exchange rate difference booked in the consolidated balance sheet is recognised in the consolidated profit and loss account of the period in which it is divested or through another means of investment in the consolidated company.

The historical exchange rate is:

- For net equity items existing on the date of acquisition of the shareholdings to be consolidated: the exchange rate on the date of transition.
- In the case of the income and expenses, including those directly allocated to net equity: the exchange rate on the date of the transaction. If exchange rates had not varied significantly, the weighted average rate of the monthly period will be used, and
- Reserves created following the transaction dates due to retained earnings will be consolidated at the effective exchange rate resulting from the conversion of income and expenses arising from those reserves.

3.2) Critical aspects of assessing and estimating uncertainty

In preparing these consolidated financial statements, the Parent Company's Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the balances of assets, liabilities, income and expenditure and the breakdown of contingent assets and liabilities at the date of issue.

The related estimates and assumptions are based on historical experience and on various other factors that are understood as reasonable in accordance with the circumstances and serve as the basis for establishing the book value of assets and liabilities that are not readily available through other sources. The respective estimates and assumptions are reviewed on an ongoing basis; the effects of revisions of accounting estimates are recognised in the period in which they are made, if they affect only that period, or in the period of revision or future revision periods, if the revision affects both.

Apart from the general process of systematic estimates and their periodic review, the Parent Company's directors make certain value judgements on matters with a particular impact on the consolidated financial statements.

The key judgements relating to future events and other uncertain sources of estimation at the date of preparation of the consolidated financial statements are as follows:

> Lease obligations - Correos Group as lessee

Correos Group has signed leasing contracts for the development of its activities. The classification of such leases as operating or finance leases requires Correos Group to determine, based on an assessment of the assessment of the terms and conditions of these contracts, who retains all the risks and rewards of ownership of the assets, and accordingly the contracts will be classified as either operating leases or finance leases.

> Lease obligations - Correos Group as lessor

Correos Group has entered into various contracts with third parties for the lease of certain assets it owns. The Group has determined that, based on its evaluation of the terms and conditions of these contracts, it retains all the risks and rewards of ownership of these contracts and therefore recognises these contracts as operating leases.

> Taxes

According to the current legislation, taxes may not be deemed fully paid until the submitted tax returns

have been duly reviewed by tax authorities or the four-year inspection period has elapsed. In the opinion of the Parent Company's directors, as of 31 December 2022 there are no contingencies additional to those recognised in these consolidated financial statements that could lead to significant liabilities for the Parent Company and/or its subsidiaries in the event of inspection.

The key estimates and assumptions relating to future events and other uncertain sources of estimation at the date of preparation of these consolidated financial statements are as follows:

> Deferred tax assets

Deferred tax assets, tax loss carryforwards and tax credits are recognised on the basis of the individual future estimates made by each of the Group companies of the probability that future taxable profits will be available to them individually or where there are deferred tax liabilities to offset them in the same time periods.

> Provisions

Correos Group acknowledges risk provisions pursuant to the accounting policy set forth in Note (5-k) of this consolidated report 'Provisions and contingent liabilities'. Correos Group makes judgements and

estimates in relation to the probability of occurrence of these risks, as well as the amount thereof, and records a provision when the risk has been assessed as probable, it is a present obligation resulting from past events, whether legal or legitimate, and the sum can be reliably estimated.

> Impairment of non-financial assets

Correos Group analyses whether there are impairment indicators for non-financial assets annually and on a general basis. In the specific case of non-financial assets other than intangible assets with indefinite useful lives, the Group tests them for impairment whenever there are indicators of impairment.

> Calculation of fair values, values in use, present values and recoverable amounts

The calculation of fair value, value in use, current values and recoverable sums requires the calculation of future cash flows and the assumption of hypotheses relating to future values of flows and the applicable discount rates, taking into account, in addition, the expectation of the repayment time of the respective debts. Related estimations and assumptions are based in historic experience and other different factors which are understood as reasonable under the circumstances.

Going concern principle

The Consolidated Financial Statements have been formulated assuming the going concern principle, which is the assumption that the activity of Correos Group will continue, while there do exist certain business factors that could be considered causes of doubt, along with all those factors that mitigate said doubts:

> Factors causing doubt

Correos Group has suffered losses for the sum of 217 million euros (106 million euros in losses in the year 2021), which have led to the group reducing its own funds, to a sum of 633 million euros (850 million euros of own funds at close of 2021), with the capital of the Parent Company standing at 612 million euros.

The losses detailed above arise primarily from an environment in which the traditional business, sending letters, continues on a downward trajectory. These falling numbers of postal items, as in the case of all postal operators around the world, are the result of digitalisation and the change of communication systems, were accentuated by the health crisis, as 2020 was the year with the biggest fall in the mailing of letters and administrative notifications, and pre-pandemic levels of volume have not yet been recovered.

If a year ago all forecasts pointed to 2022 as the year in which the expected post-pandemic economic recovery would finally take off, the invasion of Ukraine and its effects dramatically altered these forecasts.

The socio-economic context of 2022, detailed above, has clearly impacted, among other sectors, the transport and logistics sector in which the Group operates, constituting a major challenge to achieving the objectives set by Correos Group at the start of the year, failing to achieve the results forecast for the financial year 2022.

In addition, the Parent Company holds a loan for the sum of 325 million euros with a single repayment due in April 2024.

Mitigating factors

The Sole Shareholder and Management of Correos Group, conscious of the aforementioned economic situation, has restructured its strategy and is in the process of implementing an Emergency Plan with new measures to return to profitability as soon as possible. The new measures are based on the exploitation of the potential of the parcel business through ecommerce, newly created businesses such as its telephone operator, new services exploiting the extensive network of post offices and the commitment to growth of the international business, without ever losing sight of the provision of the obligations of the

universal postal service, and establishing different measures such as potentiating synergies within the Group, which create efficiencies, and containing costs, allowing for a return to positive cash flows.

In relation to the universal postal service, Law 43/2010, of 30 December, entrusted Correos with the provision of the universal postal service for a period of 15 years, from 1 January 2011, that is from 31 December 2025. From this date and in accordance with Directive 97/67/EC, Member States may adopt one or several of the following systems to decide the most efficient and appropriate mechanism to guarantee the provision

of the universal service, respecting the principles of objectivity, transparency, non-discrimination, proportionality and minimum distortion of the market: the provision of the universal service under market forces, the designation of one or several companies who offer different elements of the universal service or cover different parts of the territory, and the public procurement of the services.

In relation to the capacity to obtain financing and liquidity, the Parent Company obtained three new credit policies during 2022, with the following characteristics:

Company	Contract date	Due date	Interest rate	Credit policy limits(euros)	Amount drawn at 3.12.2022 (euros)
Caixabank	18/03/2022	18/03/2025	Eur, 3 month	123,500,000	123,012,785
Ibercaja	28/06/2022	28/06/2025	Eur, 3 month +0.200%	10,000,000	10,000,000
Caixabank	05/07/2022	05/07/2025	Eur, 3 month+0.380%	98,800,000	98,740,929
Total amount drawn					231,753,713

Thus, in 2020 it has managed to mitigate the imbalance in working capital of previous years, demonstrating the Group's ability to obtain finance.

In 2023, lines of credit were contracted for the sum of 149,597 thousand euros, supporting future liquidity

needs to tackle payment obligations and undertake the scheduled investments. Said financing will have a duration of 3 years, expiring in 2026, and an interest rate of the 3-month Euribor +0.48% approximately, and for which a number of binding offers have been received, pending the selection of the financial institutions with who said financing will be signed.

The Administrators of the Parent Company understand that said additional financial information would be sufficient to tackle the liquidity needs of the 2023 fiscal year. In the event that any additional financing were necessary, the necessary steps will be taken to obtain

it, with understanding that there are no issues with obtaining said financing, as the evidence is showing.

In terms of the debt due in April 2024, the Parent Company is assessing the alternatives in terms of the repayment of Kutxabank loan for the sum of 325 million euros, with a single lump sum repayment of the principal due in April 2024. For reasons of efficiency and in light of the current interest rate environment, refinancing will take place in the second half of 2023, with no difficulties envisaged for obtaining same, in light of the fact that additional financing has already been obtained in 2022 and in 2023, and the differences in interest rate obtained in 2022 and that offered in 2023 are absolutely in line with market conditions. It is considered relevant to affirm that the financing obtained did not require any additional guarantees beyond the assets of the Parent Company.

It is important to state that as of 31 December 2022, Correos Group has a positive working capital of 49,200 thousand euros (21,679 thousand euros positive in 2021).

With the reduction in working capital, arising from the losses incurred over recent years, the Group is working on an emergency plan, as detailed above, while it does not envisage asset balance problems over the next two financial years, adhering to Article 13.1 of Law 3/2020 of 18 September (in its current wording after

the amendment introduced by Royal Decree-Law 20/2022, of 27 December, establishing the exclusion of losses from financial years 2020 and 2021 on the determination of working capital for the calculation of grounds for winding-up, established in Article 363.1, where working capital is less than half the company capital).

All of these factors; positive working capital, positive own funds, the absence of problems in obtaining new finance, no problems are envisaged in relation to refinancing the debt due in April 2024, the fact the Sole Shareholder and the Management are working on an emergency plan providing for a return to positive results; ensure compliance with the going concern principle, reasons for which the Directors of the Parent Company have prepared these financial statement under the going concern principle.

3.3) Information comparison

The Directors of the Parent Company, as indicated in section four of the 'Rules for the Drafting of Consolidated Financial Statements', have included quantitative information for the previous year in this report to the consolidated financial statements.

In addition to the comparative information of a numerical nature for the last financial year presented, the directors of the Parent Company have included descriptive information for the previous financial

year, where relevant for the understanding of these consolidated financial statements.

3.4) Classification of current and non-current items

For the classification of current items we considered a maximum term of one year from the date of these consolidated financial statements.

4. Application of the results of the Parent Company

The proposed appropriation of profit for the year 2022 formulated by the Directors of the Parent Company and pending the approval of its Sole Shareholder, as well as the approved proposal for the financial year 2021 is as follows:

	Financial year 2022	Financial year 2021
Result for the financial year	(198,114)	(96,376)
Distribution base:		
Legal reserve	-	-
Voluntary reserves	-	-
Prior periods' negative results	(198,114)	(96,376)
Total	(198,114)	(96,376)

The Sole Shareholder of the Parent Company approved the proposed appropriation of the result for the financial year 2021 on 30 June 2022 to prior periods' negative results.

Limits for the distribution of results and dividends

According to Article 274 of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, companies are obliged to allocate 10% of the profits of each financial year to the Statutory Reserve until it reaches at least 20% of the share capital. This reserve

will not be distributable to shareholders and may only be allocated to cover, in the event that there are no other reserves available, the debit balance of the profit and loss account.

5. Recognition and measurement rules

The main accounting and valuation criteria used by the Parent Company in the preparation of these consolidated financial statements, in accordance with the General Accounting Plan approved by Royal Decree 1514/2007 and the amendments made thereto by Royal Decrees 1159/2010, 602/2016 and 1/2021, are as follows:

Subsidiaries

Subsidiaries are, including special purpose vehicles, those on which the company, whether directly or indirectly has some control, according to the provisions of Art. 42 of the Commercial Code.

For the sole purposes of the presentation and breakdown, group companies are those under the control, by any means, of one or several natural or legal persons acting jointly or under single management through statutory clauses or agreements.

Subsidiaries have been consolidated by means of the global integration method.

Note 2 includes the information on the subsidiary companies included in the consolidation of Correos Group.

Operations and balances held with subsidiaries and unrecognised benefits or losses have been eliminated in the consolidation process.

The accounting policies of the subsidiaries have been adapted to the accounting policies of Correos Group for transactions and other events which, being similar, may have arisen in similar circumstances. There were no significant effects of the homogenization of the 2021 consolidated financial statements.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been drafted on the same date and for the same period as those of the Parent Company.

External partners

External partners are recognised in the consolidated net equity of the consolidated balance sheet separately from the equity corresponding to the Parent Company. External partners are registered in the consolidated net equity of the consolidated balance sheet separately from the equity corresponding to the Parent Company. The share of external partners in the benefits or losses

of the financial year is likewise registered separately in the consolidated profit and loss account.

The share of Correos Group and external partners in the benefits or losses and in the changes of net equity of subsidiaries, once the adjustments and eliminations arising from the consolidation have been applied, is calculated based on the share percentages at year-end, without taking into account the possible execution or conversion of potential voting rights once the effect of dividends, agreed or otherwise, and preference shares with cumulative rights that have been classified in net equity accounts, have been discounted.

The revenue and expenditure results recognised in the net equity of subsidiaries are allocated the net equity attributable to the Parent Company and external partners in proportion to their shareholding, although this implies a debit balance of external shareholders. The agreements executed between the Correo Express Group and the external partners are recognised as a separate transaction.



Control acquisition

The acquisition by the Parent Company (or another Group company) of the control of a subsidiary constitutes a business combination which is recognised in accordance with the acquisition method. This method requires the acquiring company, on the date of acquisition, to book the identifiable assets acquired and liabilities assumed in a business combination and, where applicable, the corresponding goodwill or negative variance. Subsidiaries are consolidated from the date on which their control is transferred to the Group and they are excluded from the consolidated on the date such control ceases.

The acquisition cost is established as the additions of the fair values, on the acquisition date, of the assets delivered, liabilities incurred or undertaken and equity instruments issued by the acquiring party and the fair value or any contingent consideration depending on future events or on the compliance with certain conditions which must be registered as an asset, a liability or net equity according to its nature.

Expenditure relating to the issue of equity instruments or financial liabilities delivered do not form part of the business combination cost, booked in accordance with the regulations applicable to financial instruments. Fees paid to legal advisers or other professionals taking part in the business combination are recorded as expenses as incurred. Those expenses generated internally for these concepts are not included in the

cost of the combination nor are those, if any, incurred by the entity acquired.

The surplus, on the acquisition date, of the cost of the business combination, on the proportional part of the value of the identifiable assets acquired minus the cost of the liabilities undertaken representing the participation in the share capital of the company acquired is recorded as goodwill. In the exceptional situation that the amount exceeded the cost of the business combination, the surplus will be recorded in the consolidated profit and loss account as income.

Consolidation method

Assets, liabilities, income, expenses, cash flows and other items of the financial statements of the companies of the Group are incorporated to the consolidated statements of the Group using the full integration method. This method requires the following:

- Temporary harmonisation. The consolidated financial statements are established on the same date and period as the financial statements of the company require to consolidate. The inclusion of the companies the year-end of which is different, will be carried out by means of intermediate statements referred to the same date and period as the consolidated statements.

- Assessment harmonisation. Elements corresponding to assets and liabilities, income and expenses and other items of the financial statements of the Group companies have been assessed using uniform methods. Elements corresponding to assets and liabilities, or those items corresponding to income or expenses assessed according to non-uniform criteria in relation to those applied in the consolidation are re-assessed, applying the necessary adjustments, for the sole purposes of consolidation.
- Aggregation. The different items of the individual financial statements previously harmonised are aggregated based on their nature.
- Elimination investment-net equity. The book values representing equity instruments of the subsidiary owned, whether directly or indirectly, by the Parent Company, are compensated by means of the proportional part of the net equity items corresponding to the aforementioned subsidiary attributable to said participations, generally, on the basis of the values resulting from the application of the acquisition method previously described. For consolidations after the financial year in which the control was acquired, the surplus or lack of net equity generated by the subsidiary from the acquisition date attributable to the Parent Company, is included in the consolidated balance sheet within the items 'reserves' or 'adjustments for changes in value', based on their nature. The part attributable to party members is recorded under 'External partners'.

- Participation of external partners. The assessment of minority shareholders is carried out based on its effective participation on the net equity of the subsidiary once the previously mentioned adjustments are applied. The consolidated goodwill may not be attributed to external partners. The surplus between losses attributable to minority shareholders of a subsidiary and the portion of net equity proportionally corresponding to them is allocated to them, even though it may imply a debit balance in such item.
- Disposals of the intragroup items. Credits and debts, income and expenses and cash flows among Group companies are fully eliminated. Likewise, all profit and losses caused by internal transactions are eliminated and they are deferred until they are realised before third parties unrelated to the Group.

Related and multi-group companies

Related companies are those companies over which any of the companies included in the consolidation may exercise a significant influence. Significant influence is defined as participation in the company by the Group with the power to intervene in the financial and operating decisions of such company without the Group having the control. Related companies are included in the consolidated financial statements using the equity procedure.

(a) Intangible fixed assets

Intangible assets are valued at their acquisition price or at their production cost, reduced by accumulated depreciation and possible losses due to impairment of their value. Indirect taxes on intangible fixed assets are only included in the acquisition price where such taxes are no longer recoverable directly from the Public Tax Administration. An intangible asset is recognised as such if, and only if, it is likely to generate future benefits and that its cost can be measured reliably.

Intangible assets are amortised systematically over their estimated useful lives and their recoverability is assessed when events or changes occur that indicate that the carrying amount may not be recoverable. The methods and periods of amortisation applied are revised at the year-end and, if necessary, adjusted prospectively.

Consolidation goodwill

At year-end 2022, the goodwill on consolidation corresponds to the positive difference between the carrying amount of the investment and the value attributed to this investment of the fair value of the assets acquired and liabilities assumed from the companies acquired by Correos Express in 2019.

The goodwill is allocated to each of the cash generating units on which benefits of the business combination are expected to be distributed and then, as the case might be, the corresponding valuation correction is registered (see Note 4 c).

In the event that any loss due to impairment regarding a cash generating unit to which a full or particular goodwill had been allocated must be registered, the book value of the goodwill corresponding to such unit must be reduced in the first place. If the impairment exceeds the latter amount, secondly, the value of the other assets of the cash generating unit must be reduced proportionally to their book value to the limit of the highest value among the following: their fair value less the costs of sale, the value in use and zero. The impairment loss is booked to the results of the financial year.

When an impairment loss is subsequently reversed (a circumstance which is not allowed for in the specific case of goodwill), the book value of assets or the cash generating unit is increased by the revised estimated recoverable sum, but in such a way that the increased book value does not exceed the book value that would have been determined if there had not been any recognised impairment losses in the previous years. These reversals for impairment losses in value are recognised as income in the consolidated profit and loss account.

Goodwill is amortised following the straight-line method within a ten-year term. The useful life will be established separately for each cash generating unit to which the goodwill has been allocated

Computer software and other intangible assets

Computer software is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life, which is generally five years. The costs of computer application maintenance are recorded as expenditure when incurred.

On the other hand, as a consequence of the allocation of the price paid for the acquisition of the Portuguese subsidiaries, computer applications amounting to 3,629 thousand euros, with an estimated useful life of five years, were recorded under 'IT Applications'.

Other intangible fixed assets

'Other intangible assets' corresponds to the sum paid for the transfer of sublease rights and is amortised on a straight-line basis over the life of said right.

The following intangible assets were also booked as 'Other intangible assets' in 2019 as a result of the allocation of the price paid for the acquisition of subsidiaries:

- Relationships with clients for a sum of 4,173 thousand euros and an estimated useful life of five years.

Patents, licences, and similar

They are booked at the sum actually paid for certain patents acquired and amortised over a period of ten years.

(b) Property, plant and equipment

Property, plant and equipment are booked at acquisition cost or the value at which they were contributed to the Parent Company by the now defunct Entity (see Note (1) on the Parent Company's activity), less accumulated depreciation and, where applicable, the accumulated sum of any impairment losses recognised. Indirect taxes levied on material fixed assets are included in the acquisition price when not directly recoverable from the Public Tax Administration.

Tangible assets are depreciated as soon as they are available for use and are depreciated systematically and rationally (on the basis of their useful life and residual value) on a straight-line basis over their estimated useful lives. Residual values, useful lives and depreciation methods shall be reviewed at least at each financial year-end, and useful lives are reviewed

when there are indications that they may have changed and, if appropriate, adjusted prospectively. The useful life periods used for the depreciation of the different assets are presented below:

Type of asset	Useful life 2022 and 2021 (years)
Buildings	10 to 75
Technical installations	4 to 18
Machinery	10 to 18
Other installations	10
Furniture	15
IT equipment	4 to 7
Transportation elements	7 to 12

Likewise, in the event of indications of impairment, Correos Group assesses the need to make valuation adjustments to the items that form part of its property, plant and equipment in order to attribute to them at any given time the lower of their carrying amount and their recoverable sum.

Costs for the extension, upgrade and improvement of property, plant and equipment are allocated as assets with the highest value of the asset where they constitute an increase in their capacity, performance or extension of their useful lives and as long it is possible to estimate or to ascertain the book value of the elements written off from the inventory due to replacement.

Maintenance and repair costs for property, plant and equipment which do not improve their use or extend their useful life are charged to the profit and loss account when incurred.

Investments made by Correos Group in properties owned by third parties that qualify as operating leases are measured, provided that they are not separable from the leased or leased asset, at the cost of those investments. The depreciation of these investments is calculated based on their useful life, what the duration of the rental or assignment contract will be, including the renewal period where there is evidence suggesting this will indeed occur, where this is less than the economic life of the asset.

Investments made in the adaptation of premises which are temporarily rented during the renovation of other premises are capitalised and provisioned in the year in which they are incurred.

(c) Investment property

Investment property comprises land and buildings owned and leased to third parties and held for long-term rental income. Elements included under this heading are recognised at their acquisition cost minus their corresponding accumulated depreciation and the relevant impairment losses incurred. For the calculation of the depreciation of real estate investments we use the straight-line method based on the useful life years estimated for them, which amounts to 50 50 years.

The criteria contained in the above standards, relating to property, plant and equipment, will be applied to investment property,

(d) Operating and finance leases

The Correos Group qualifies rental contracts as financial where it deduces, from the economic conditions, that the risks and benefits inherent to ownership of the asset of the contract are substantially transferred. Contracts that do not substantially transfer all the risks and rewards and where the lessor only has the right to use the asset for a specified period of time are classified as operating leases.

Correos Group as lessee

The assets acquired via financial leases are registered according to the nature based on the lower between the fair value of the asset and the current value at the start of the lease of minimum payments agreed, booked as a financial liability for the same sum. Sums payable for leases are distributed between financial expenses and reduction of liabilities. Assets are subject to the same depreciation, impairment and write-off criteria as the rest of the assets of the same nature.

Operating lease payments are recognised as expenses in the consolidated profit and loss account on the basis of their accrual basis on a straight-line basis over the total term of the lease.

Correos Group as lessor

Revenue arising from the operating leases are booked in the consolidated profit and loss account based on their accrual on a straight-line basis for the full term of the lease. The direct costs attributable to the agreement are included as the highest of the leased assets and booked as expenditure over the term of the agreement. This same criteria is used to recognise income from leases.

(e) Impairment of non-current non-financial assets

Non-cash flows generating assets

The main activity of the Parent Company is the provision of a public service of general interest - the Universal Postal Service - for which it charges a price that complies with the legally established principles. Thus, the vast majority of the assets that form part of the Parent Company's tangible and intangible fixed assets are owned mainly for the purpose of producing social economic flows that benefit the community and do not correspond to investments in assets that pursue a purely financial return and whose recovery could be based on the financial flows they produce.

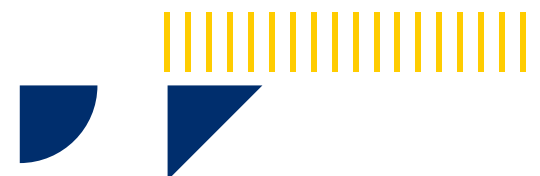
In accordance with the above and in application of the provisions of Order EHA/733/2010, of 25 March, approving accounting aspects for public companies

operating under certain circumstances, the Parent Company determines the impairment of its tangible and intangible fixed assets with reference to the depreciated replacement cost of each asset.

All other assets

If there are indications of impairment, the carrying amounts of Correos Group's non-current non-financial assets are reviewed, at least at year-end, to determine whether such indications prevail. If signs of impairment are detected, the recoverable value of such assets is estimated.

The recoverable sum is the highest between the fair value less sale costs and the value in use. For the purposes of establishing the value-in-use, future cash flows are discounted at their present value using discount rates before taxes which reflect current market estimations of the time value of money and the specific risks associated with the corresponding assets. For those assets that do not generate highly independent cash flows, the recoverable sum is determined for cash-generating units to which valued assets belong.



Losses due to impairment are recognised for all those assets, or, when appropriate, for cash-generating units that incorporate them, when their accounting value exceeds the corresponding recoverable sum. In the event that any loss due to impairment regarding a cash generating unit to which a full or particular goodwill had been allocated must be registered, the book value of the goodwill corresponding to such unit must be reduced in the first place. If the impairment exceeds the latter amount, secondly, the value of the other assets of the cash generating unit must be reduced proportionally to their book value to the limit of the highest value among the following: their fair value less the costs of sale, the value in use and zero. Losses due to impairment are registered in the profit and loss account and, unless they come from goodwill, are reversed when changes in the estimates used to determine the recoverable sum are made. Reversed impairment losses are booked in the profit and loss account with the limit set by the fact that the carrying value of the asset after reversal may not exceed the carrying amount, net of any depreciation, if the aforementioned impairment loss were not previously registered.

(f) Financial assets

On initial recognition, the Group classifies those assets described in note 2.a as financial assets on the basis of the economic substance of the transaction and

considering the definitions of a financial asset in the applicable financial reporting framework.

A financial asset is recognised when the Group becomes the bound party of the asset.

The Group classifies its financial assets according to the business model applied to them and the cash flow characteristics of the instrument.

The business model is determined by the Group's Directors and this reflects the manner in which they jointly manage groups of financial assets in order to achieve a specific business objective. The business model that the Group applies to each group of financial assets is the way in which it manages these assets in order to obtain cash flows.

The Group's financial assets are receivables from customers, debtors, staff and public, deposits and guarantees, acquired equity instruments, cash and cash equivalents.

Specifically, financial assets are classified into the following categories:

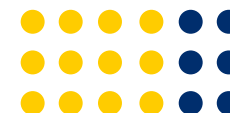
Financial assets at amortised cost: includes financial assets, even those traded on an organised market for which the Group holds the investment

for the purpose of receiving cash flows from the execution of the contract, and the contractual terms of the asset give rise, at specified dates, to cash flows that are solely collections of principal and, where applicable, interest on the principal sum outstanding. In general, this category includes trade and non-trade receivables, loans and advances to staff and deposits and guarantees.

In their initial recognition, financial assets at amortised costs are booked at fair value, which, unless evidence to the contrary, is the transaction price plus the transaction costs directly attributable.

In the subsequent valuation, financial assets included in this category are assessed at amortised costs, with interest accrued applying the effective interest rate method booked to the profit and loss account.

Notwithstanding the above, credits for commercial operations with maturity above one year and which have a contractual interest rate at nominal value, both for the initial assessment and subsequent valuation, where the effect of not updating cash flows is not significant.



**Financial assets at cost:**

They are initially recorded at the reasonable value of the compensation delivered plus any directly attributable transaction costs. Fees paid to legal advisers or other professionals, who intervene in the acquisition of the asset are booked at cost in the profit and loss account. Internally generated expenses incurred in the acquisition of the asset are also not recorded as an increase in the value of the asset and are recorded in the profit and loss account

In the subsequent assessment of financial assets at cost, they are valued at cost less, where applicable, the accumulated sum of corrections for value impairment. Nevertheless, where there is an investment prior to classification as Group company, it is considered an investment cost at book value before this classification. Previous valuation adjustments directly allocated to net equity are kept in the same section until they are written off.

The company will derecognise a financial asset, or part of it, when the contractual rights to the cash flows of the financial asset expire or have been transferred and it is necessary for the risks and benefits of ownership to have been transferred substantially. These circumstances are assessed by comparing the Group's exposure, before and after the transfer, to changes in the amounts and timing of the net cash flows of the transferred asset.

(g) Impairment of financial assets

The book value of the financial assets is corrected charged to the consolidated profit and loss account, consolidated when there is objective evidence of an impairment loss. To determine the impairment loss, Correos Groups assess, at least once every financial year, the possible losses in both individual assets and of the asset classes with similar risk profiles.

Objective evidence of impairment exists when there have been non-payments, defaults, refinancing, possibilities of not recovering the full cash flows or where there is a delay in collection.

For assets amortised at cost, the sum of the impairment losses is equal to the difference between the book value and the current value of future cash flows estimated to be generated, less the existing effective interest rate at the time of initial recognition.

The reversal of the impairment of assets at amortised cost and at cost and is recognised as income in the consolidated profit and loss account and the limit is the book value of the financial asset which would be registered on the reversal date if no value impairment were recorded.

(h) Non-current assets held for sale

Assets whose carrying amount is to be recovered principally through sale rather than through continuing use are classified under this heading when they meet the following requirements:

- That they are available in their present condition for immediate sale, subject to the usual and customary terms of sale.
- Its sale is highly probable because the following circumstances occur:
 - > The company must be committed by a plan to sell the asset and have initiated a programme to find a buyer and complete the plan.
 - > The sale of the asset must be actively negotiated at a price appropriate to its current fair value.
 - > The sale is expected to be completed within one year after the date of classification of the asset as held for sale, unless events or circumstances beyond the company's control require an extension of the sale period and there is sufficient evidence that the company remains committed to the plan to dispose of the asset.

- > The actions to complete the plan indicate that there the asset is unlikely to undergo significant changes or be removed.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less sale costs. These assets are not depreciated and, if necessary, appropriate valuation adjustments are made so that the carrying amount does not exceed the fair value less sale costs.

(i) Cash and other cash equivalents

Cash and other cash equivalents includes cash in hand and in banks and other financial assets and deposits which may be converted into cash, provided that their maturity as of their acquisition date does not exceed three months, they are not subject to a significant value change risk and they are part of Correos Group's usual cash management policy.

(j) Inventories

Inventories are valued at acquisition cost determined by the weighted average cost method.

When the net realisable value of stocks are below the acquisition price or production cost, the relevant assessment corrections are made, booked as a cost in the consolidated profit and loss account.

(k) Provisions and contingent liabilities

Correos Group registers provisions in the consolidated balance where there is an obligation, by legal or contractual provision, or by implicit or tactical obligation, as a result of a past event, a reliable estimate of the obligation can be made and it is likely that this constitutes a future outflow of resources for liquidation.

When provisions are established to settle obligations without a definite maturity date, or with a maturity term shorter or equal to one year, and whose financial effect is not significant, no discount whatsoever shall be applied. With regard to all other obligations, provisions are recognized at the present value of the best possible estimate of the amount required to cancel or transfer the obligation to a third party, recording the adjustments that arise to capitalise the provision as financial costs as these accrue, with the purposes of better reflecting the best current estimation of the relevant liability from time to time.

The Directors of the Parent Company consider possible obligations arising as a consequence of past events to be contingent liabilities, whose materialisation is conditional upon the occurrence of one of more future events beyond the control of the Group. Said contingent liabilities are not subject to accounting entry, with the details and explanation of same presented in Note 24 on contingent liabilities.

These consolidated financial statements contain all the provisions with respect to it is estimated which the likelihood of having to cover an obligation is greater than the alternative. Contingent liabilities are not recognised in the consolidated financial statements but are reported in the consolidated report.

(I) Financial liabilities

On initial recognition, the Group classifies as a financial liability, on the basis of the economic substance of the transaction and bearing in mind the definitions of financial liabilities in the financial reporting framework applicable to it, as described in note 2.a

A financial liability is recognised on the balance sheet when the Group becomes an obliged party to a contract or legal business in accordance with the provisions thereof.

The Group classifies all its financial liabilities as 'Financial liabilities at amortised cost'.

In general, the Group classifies the following financial liabilities in this category:

Debts for commercial transactions: financial liabilities arising from the purchase of assets and services for ordinary transactions with payment in instalments, and

Debts from trade operations: financial liabilities which, not being derivative financial instruments, are not of a commercial nature but arise from lending transactions.

The Group's financial liabilities correspond to accounts payable to suppliers, trade and fixed asset

creditors, payables to credit institutions, deposits and guarantees, payable to group companies and other payables. In addition, financial liabilities that do not meet the criteria for classification as financial liabilities at fair value through the profit and loss account are classified in this category.

Financial liabilities with maturity within 12 months from the date of the balance sheet are classified as current, while those with longer maturity are classified as non-current.

Financial liabilities are initially valued at fair value, which, unless there is evidence to the contrary, is the transaction price adjusted for directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate. The interest accrued is booked in the profit and loss account, applying the effective interest rate method.

Notwithstanding the above, debits for commercial operations with maturity within one year and which have no contractual interest rate, expected to be paid in the short term, both for the initial and subsequent valuation, are valued at nominal value as the effect of not updating cash flows is not significant.

Financial liabilities are derecognised by the Group whenever the obligations attached thereto have elapsed.

When there is an exchange of debt instruments with a lender, provided they have substantially different conditions, the derecognition of the original financial liability is registered and the new financial liability generated is recognised. A substantial modification of the current conditions of a financial liability is similarly recorded.

The difference between the carrying amount of a financial liability, or the part of which has been disposed of, and the consideration paid, including the attributable transaction costs, and which also includes any asset assigned other than cash or liability assumed, is recognised in the profit and loss account of the financial year in which it takes place.

In case of an exchange of debt instruments and provided that their conditions are not much different, the original financial liability shall not be written off the balance sheet, but the amount of charges paid shall be recognised as an adjustment of their book value. The new amortised cost of the financial liability is determined applying the effective interest rate, which equals the book value of the financial liabilities on the date when the payable cash flows are amended according to the new conditions.

To these purposes, it is deemed that the contract conditions are substantially different when the creditor is the same as that who granted the initial loan and the present value of the cash flows of the new financial liability, including net commissions, differs at least 10% from the present value of the cash flows pending payment of the original financial liability, both updated to the effective interest rate of the original liability. In addition, in cases where the difference is less than 10%, the Group also considers that the terms of the new financial instrument are substantially different when there are other substantial qualitative changes, such as: a change from a fixed to a floating interest rate or vice versa, the restatement of the liability in a different currency, an ordinary loan becoming a participative loan, etc.

During the year, the covenants that may exist on the financial debt have been complied with.

(m) Transactions in foreign currency

Monetary items

Transactions in foreign currencies are initially registered at the exchange rate in place as of the date of the transaction.

Monetary assets and liabilities in foreign currency are converted at the cash exchange rate applicable on the balance sheet date. Both exchange losses and gains arising from this procedure, as well as those that occur on settlement such balances, are recognised in the profit and loss account for the financial year in which they occur.

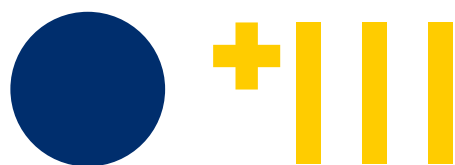
(n) Business combinations

On the date of acquisition, those identifiable assets acquired and liabilities incurred are registered at their fair value as long as such fair value could be measured reliably, with the following exceptions:

- Non-current assets classified as held for sale are recognised at fair value less sale costs.
- Deferred tax assets and liabilities are measured at the sum expected to be recovered or paid, based on the tax rates that will apply in the years in which the assets are expected to be realised or the liabilities are expected to be paid, on the basis of the regulations in force or those approved but not

yet published, at the date of acquisition. Deferred tax assets or liabilities are not derecognised.

- Assets and liabilities associated with defined benefit pension plans: these are recognised, at the acquisition date, at the present value of the committed remuneration less the fair value of the assets assigned to the commitments against which the obligations will be settled.
- Intangible assets whose valuation cannot be made by reference to an active market and which would entail the recognition of income in the profit and loss account: these have been deducted from the negative difference calculated.
- Assets received as compensation for contingencies and uncertainties: they are recognised and measured on a basis consistent with the item generating the contingency or uncertainty.
- Reacquired rights recognised as intangible assets: these are valued and amortised on the basis of the contractual period remaining until their completion.
- Obligations classified as contingencies: are recognised as a liability at the fair value of assuming such obligations, provided that the liability is a present obligation arising from past events and its fair value can be measured with sufficient reliability, even though it is not likely that an outflow of economic resources will be required to settle the obligation.



The surplus, on the acquisition date, of the cost of the business combination, on the proportional part of the value of the identifiable assets acquired minus the cost of the liabilities undertaken is recorded as goodwill.

If the sum of the identifiable asset acquired less the liabilities assumed were superior to the business combination cost this surplus is booked in the profit and loss account as revenue. Before recognising this revenue, a reassessment would be made as to whether the identifiable assets acquired and liabilities assumed and the cost of the business combination have been identified and measured.

(ñ) Revenue and expenditure

The Group's revenues arise primarily from the provision of postal and parcel services. Correos is the only company in the postal market that offers national coverage to citizens, companies and public administrations. Similarly, as the designated operator for the provision of the Universal Postal Service, it promotes territorial cohesion and equal access to postal communications.

In determining whether revenue should be recognised, the Group follows a five-step process:

1. Identification of the contract of a client
2. Identification of performance obligations

3. Determination of the price of the transaction

4. Allocation of the price of the transaction to the execution obligations

5. Revenue recognition when performance obligations are met.

In all cases, the total transaction price of a contract is allocated among the various performance obligations on the basis of their relative independent sales prices. The transaction price of a contract excludes any amount charged on behalf of third parties.

Revenue is generally recognised at a point in time when the Group satisfies the performance obligations, i.e. when the service required by the customer has been performed in accordance with the customer's requirements.

The Group recognises liabilities for onerous contracts received in respect of unfulfilled performance obligations and presents these amounts as other liabilities on the Balance Sheet. Also, if the Group fulfils a performance obligation before receiving the consideration, the company recognises a contractual asset or a receivable on its Balance Sheet, depending on whether more than the passage of time is required before the consideration is due.

Revenue and expenditure are allocated on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of the time when the monetary or financial flow arising therefrom occurs.

This expenditure is valued at the fair value of the consideration received, less any discounts and taxes.



a) Postal revenue

The Parent Company is the operator designated by law to provide the universal postal service in Spain, in accordance with the requirements of quality, reliability, accessibility and affordability that delivers on the right of all citizens to postal communications, in a market that was fully liberalised on 1 January 2011, in accordance with Law 43/2010, of 30 December, on the Universal Postal Service, Users' Rights and the Postal Market.

This Act, together with Royal Decree 1829/1999 of 3 December 1999 (Postal Regulations), deals mainly with the regulation of the conditions of collection, acceptance, distribution and delivery of the universal postal service required of the designated operator, as well as the cost and financing of these obligations, prices and other tariff conditions for postal services.

Correos, in its capacity as the chosen carrier, offers a wide range of parcel delivery options and is subject to Ley 16/1987, de 30 de julio, de Ordenación de los Transportes Terrestres [Law 16/1987 of 30 July 1987 on the Regulation of Land Transport] and Ley 15/2009, de 11 de noviembre, del contrato de transporte terrestre de mercancías [Law 15/2009 regulating the Contract for Land Transport of Goods]. Most of the contracts are short-term and with different types of companies.

Revenue from provision of services is valued at the fair value of the compensation received or to be received, arising from same, after deducting any discount or similar, as well as any indirect taxes on transactions which may be charged on to third parties.

Revenue is booked depending on the financial significance of the transaction and is recognised when all of the following conditions are met.

- The amount of income may be reliably assessed.
- It is probable that the Group will obtain financial profits or returns arising from the transaction, and
- The costs incurred or to be incurred in the transaction may be reliably measured;

There are no financial components in the transactions of these kinds of services described above.

b) Revenue from parcel services

The Group offers a wide range of parcel delivery options and is subject to Law 16/1987 of 30 July 1987 on the Regulation of Land Transport and Law 15/2009 regulating the Contract of Land Transport of Goods. Most of the contracts are short-term and with different types of companies.

c) Revenue from layout services

The Group's extensive portfolio of services includes layout services for its clients. The revenue for these services is identified in the contracts signed with customers, detailing the rates proposed and accepted by the parties.

Revenues for these services are recognised when the layout and subsequent communication requested by the customer are all completed, fulfilling the performance obligations set out in the contract. The Group does not invoice in advance for these services, as they do not require significant hourly charges.

d) Revenue from printing and enveloping services

These services are intended for any type of company, in any sector, that wishes to establish physical communications with its customers.

Revenues for these services are generated over time as the Group provides services according to the requirements and standards of its customers and once these services are provided, the right to receive payment for these services is generated. It is not the Group's practice to invoice for these services in advance.

e) Digital communication services revenues

These types of services are included in the portfolio of services offered to customers to qualify for omni-channel services. They are mainly intended for private companies and public administrations that need to establish communications with their customers through digital devices, such as e-mail, mobile devices (smartphones or tablets), etc.

f) Telecommunications infrastructure rental

Rental of dark fibre, rights of way, co-location on radio sites mainly for telecommunications operators. Revenue for these services is recognised over time as the Group provides services to each customer.

Some contracts include multiple obligations. Sometimes, the development of the project, laying of the fibre, and subsequent periodic maintenance. Consequently, in these cases, the transaction price is allocated between the different obligations in the contract. These are usually long-term agreements. In this type of contract, the Group usually invoices advances to finance the development of the project and is therefore recognised as an advance from customers under the balance sheet heading 'non-current accruals and current accruals'. In this type of contract, the Group begins to recognise revenue when the customer can make use of the asset.

g) Connectivity services

Optical transport services offering high bandwidth connectivity between different customer sites, via circuits connected at their ends to terminal equipment, without access to public networks.

Revenue for these services is recognised over time, to the extent that the Group provides a tailored, customer-specific service and has the right to collect for all work performed for the customer to date.

h) Revenue from provision of services

Revenue from provision of services is valued at the fair value of the compensation received or to be received, arising from same, after deducting any discount or similar, as well as any indirect taxes on transactions which may be charged on to third parties.

Revenue is booked depending on the financial significance of the transaction and is recognised when all of the following conditions are met.

- The amount of income may be reliably assessed.
- It is probable that the Group obtains financial benefits or returns arising from the transaction, and
- The costs incurred or to be incurred in the transaction may be reliably measured;

There are no financial components in the transactions of these kinds of services described above.

Revenue and expenditure are allocated based on the actual flow of the goods and services they represent and irrespective of when the monetary or financial flow arising from them occurs.

In all cases, the total transaction price of a contract is allocated among the various performance obligations on the basis of their relative independent sales prices. The transaction price of a contract excludes any sum charged on behalf of third parties.

Revenue is recognised at a point in time or over time when the Group meets performance obligations by transferring promised goods or services to its customers.

The Group recognises liabilities for onerous contracts received in relation to unfulfilled performance obligations and presents these sums as other liabilities on the balance sheet. Also, if the Group fulfils a performance obligation before the consideration is received, the Group recognises a contractual asset or a receivable on its Balance Sheet, depending on whether more than the passage of time is required before the consideration is due.

For contractual obligations that are due at a specific point in time, revenue arising from their performance

shall be recognised at that date. Until such time, costs incurred in the production or manufacture of the product (goods or services) are accounted for as stocks.

Ordinary revenue from the sales of goods and the provision of services is valued at the monetary sum or, where applicable, fair value of the balancing entry, received or receivable, arising therefrom which, in the absence of evidence to the contrary, will be the price agreed for said goods or services, after deducting any discount, price reduction or other similar reductions granted, as well as interest added to the nominal credit value. Nevertheless, the interest accrued on commercial loans expiring within one year with no contractual interest rate, when the effect of not updating cash flows is not significant.

Taxes levied on transaction for the delivery of goods and provision of services that the company must collect from third parties, such as VAT and special taxes, and sums received on behalf of third parties, will not form part of revenue.

The Group will take into account, in measuring revenue, the best estimate of the variable compensation if it is highly likely that there will not be a material reversal of the revenue sum recognised when the uncertainty associated with the consideration is subsequently resolved.

(o) Liabilities for employee benefits

Pensions supplement

During 2000, the Parent Company promoted the creation of a pension plan to supplement the benefits provided to its employees by the public Social Security and State Pension Schemes. This pension plan, with defined contribution for the promoter, is governed by the provisions of Real Decreto Legislativo 1/2002, de 29 de noviembre, por el que se aprueba el texto refundido de la Ley de Regulación de los Planes y Fondos de Pensiones [Royal Legislative Decree 1/2002, of 29 November, which approves the revised text of the Law on Regulation of Pension Plans and Funds] and by Real Decreto 304/2004, de 20 de febrero, por el que se aprueba el Reglamento de planes y fondos de pensiones [Royal Decree 304/2004, of 20 February, which approves the Pension Plan and Fund Regulations] and its subsequent amendments.

Pursuant to the provisions of Article 2 of Real Decreto-ley 20/2011, de 30 de diciembre, de medidas urgentes en materia presupuestaria, tributaria y financiera para la corrección del déficit público [Royal Decree 20/2011, of 30 December, on urgent budgetary, tax and financial measures to correct the public deficit], the Parent Company suspended contributions to the Correos y Telégrafos Employment Pension Plan in 2012 and has not made any contributions since then.

As of 31 December 2022 and 2021, the Parent Company does not have any additional commitments to the participants of the pension plan in addition to the sums actually contributed since the date of creation of the plan. The total amount of contributions made by the Parent Company since 2000, when the fund was created, is 125,556 thousand euros.

Compensation for termination of employment

In accordance with current legislation, the Group is required to pay termination benefits to employees terminated under certain conditions. In this regard, compensation for termination is paid to employees as a result of the decision of the Group to terminate their employment contract before regular retirement age or where the employee accepts the voluntary changes of these provisions. The Group recognises these benefits when it has undertaken demonstrably to terminate the employment of its employees in accordance with a formal and detailed plan that cannot be revoked or to provide benefits due to termination as a consequence of an offer for encouraging voluntary resignation.

Retirement rewards

The different collective bargaining agreements currently in force by geographical area and applicable to the investee company Correos Express Paquetería Urgente, S.A., S.M.E. (Sole-Shareholder Company) provide that employees who take early and voluntary

retirement from the age of 60 to 65 will be paid, if they have worked for the company for between 10 and 30 years (depending on the applicable Collective Bargaining Agreement), a length-of-service bonus or award ranging from various fixed amounts or monthly payments.

(p) Current and deferred taxes

Income tax for the financial year is calculated as the sum of the current tax that results from applying the corresponding tax rates to the taxable base for the financial year, after applying any credits and deductions, and the variations with regard to recorded deferred tax assets and liabilities. They are recognised in the consolidated profit and loss account except in these cases where the tax is directly related to entries directly recognised under the net equity of Correos Group, in which case the tax is also recognised under this heading.

In 2011, Correos Group was taxed under the special tax consolidation regime, with associated Tax Group number 38/11, and head of business Sociedad Estatal Correos y Telégrafos, S.A., S.M.E.

Upon the integration of Correos Group into SEPI in June 2012, the Tax Group no. 38/11 was dissolved and the companies that made up this group were integrated into the Consolidated Tax Group with

associated number 9/86 with effect from the financial year 2012.

For corporate income tax purposes, the companies in Correos Group, with the exception of CEP and CEP II, form part of the Consolidated Tax Group no. 9/86, comprising Sociedad Estatal de Participaciones Industriales and the companies resident in Spanish territory in which it holds a direct or indirect stake of at least 75% and a majority of the voting rights, in accordance with the provisions of Art. 58 of Law 27/2014 on Corporate Income Tax.

Assets and liabilities due to current taxes are the estimated sums payable to or receivable from the public administration in accordance with current tax rates as of the date of the balance sheet. They are recorded under the balance sheet heading Debts with group and associated companies and Short-term debts with Group and associated companies, respectively, as the taxable subject before the administration is the Parent Company of the consolidated tax group, i.e. SEPI.

Deferred tax is registered according to the liability registration method for all temporary differences between the tax base for assets and liabilities and their carrying value in the consolidated financial statements.

The subsidiaries, with the exception of CEP and CEP II, and the Parent Company of Correos Group recognise deferred tax assets for all deductible temporary differences, unused tax credits negative tax bases not applied, insofar as it is likely that the Group company that generated them will individually have future taxable profits that allow these assets to be used or that are rationally expected to be recovered within the consolidated tax group, although in any case the tax loss carryforwards generated by the companies comprising Correos Group from their incorporation into the consolidated tax group 9/86 were acquired by SEPI at a rate of 28% until 2015 and as from 2016 at a rate of 25%. The companies in Correos Group, with the exception of CEP and CEP II, in relation to the tax losses generated by each company prior to forming part of the consolidated tax group no. 9/86, recorded under 'deferred tax assets', assess their recoverability on an annual basis, subject to the attainment of future taxable profits within the maximum compensation period established by current legislation. In this respect, irrespective of their consolidated taxation, the Parent Company of the consolidated tax group to which the companies of Correos Group belong, with the exception of CEP and CEP II, allows the offsetting of tax losses generated prior to their incorporation into Group no. 9/86.

In addition, the subsidiaries CEP and CEP II, established in Portugal, are subject to corporate income tax in Portugal at a rate of 21%.

Deferred tax assets and liabilities are valued at the tax rate expected at the time of the reversal of the agreement in force and in the manner in which it is rationally expected to recover or pay the deferred tax asset or liability. Value adjustments for deferred tax assets and liabilities are assigned to the profit and loss account except when the affected deferred tax assets or liabilities have been directly paid to or by net equity.

Deferred tax assets and liabilities are valued without consideration for the effect of financial discounts.

(q) Grants, donations, bequests and compensation received for costs arising from the provision of the universal postal service

Non-refundable grants, donations and bequests received by the Parent Company for the provision of the universal postal service for the acquisition of certain items are recorded in a specific item under consolidated net equity, after deducting the corresponding tax effect, as the Parent Company considers that it meets and will meet the necessary requirements to consider them as non-refundable.

It is deemed to be non-refundable when there is an individual agreement to grant the subsidy, donation or bequest in favour of the company, the conditions set out for granting thereof have been met and there is no reasonable doubt regarding the reception of the subsidy, gift or bequest.

Non-refundable compensation received, up to 2010, as a capital grant by the Parent Company for the costs of providing the universal postal service, is booked in the consolidated profit and loss account over the period of time equivalent to the useful life of the fixed assets financed with such grants, unless these assets are disposed of, impaired or derecognised, in which case they are booked in the consolidated profit and loss account either in full or at the theoretical percentage of impairment experienced by the subsidised assets at the same time as this occurs. The recognition in the consolidated profit and loss account of compensation for land financing is deferred until the year in which the land is disposed of or impaired.

Non-refundable grants, donations and bequests and cost offsets received by the Parent Company for the provision of the Universal Postal Service are recognised in the consolidated profit and loss account in the period in which they are recognised, irrespective of their actual receipt.

Since the 2011 financial year, the Parent Company has received no compensation in the form of capital subsidies for the costs arising from the provision of the Universal Postal Service, therefore the grants, donations and bequests, compensations received by the Parent Company since the year for the provision of the Universal Postal Service are booked in the consolidated profit and loss account in the period in

which they are recognised, irrespective of their actual receipt.

In the 2010 financial year and through Law 43/2010 of 30 December 2010 on the Universal Postal Service, on users' rights and the postal market, the provision of the Universal Postal Service was entrusted to Correos for a period of 15 years, based on 1 January 2011 (that is, said service must be provided up to and including the year 2025).

In application of EU state aid rules, the plan for the provision of the universal postal service has been submitted to the European Commission, which has issued European Commission Decision C (2020) 3108 final of 14 May 2020, concerning case SA.50872 on compensation for Correos for the obligation to provide the Universal Postal Service in the period 2011-2020. This decision determines that the methodology developed by Spain is reliable, that its results can be accepted and that the compensation to the Parent Company for the public service obligations constitutes aid compatible with the internal market in accordance with Article 106(2) of the Treaty on the Functioning of the European Union.

The European Commission published the resolution approving compensation to Correos by the Spanish State for a total sum of 1,282.8 million euros for the fulfilment of the obligation during to provide the Universal Postal Service for the period 2011-2020. The

conclusion reached by the European Commission is that Correos did not receive sums exceeding the net cost of the obligation to provide the Universal Postal Service, which means that there is no overcompensation, and therefore the calculation of the sum received is within EU state aid rules.

In 2020, the Parent Company recognised 60 million euros in consideration for the provision of the Universal Postal Service, i.e. the full amount received from the Ministry of Transport, Mobility and the Urban Agenda through programme 491N Universal Postal Service, in the General State Budget for 2020, once the requirements for consideration as non-refundable were met.

The Resolution of 15 June 2021, of the General Technical Secretariat, publishing the Agreement of the Council of Ministers of 1 June 2021, approved the plan for the provision of the universal postal service. Said plan applies and approves the calculation methodology which was also approved by the European Commission in accordance with the above.

In the aforementioned Resolution, the calculation methodology previously approved in 2020 by the European Commission indicates that the definitive sum of 1,282.8 million euros is correct, therefore the Parent Company considers that there is a remote risk of a negative impact on the consolidated financial statements and it is estimated that the net joint effect

for the period 2011 to 2020 will remain positive, that is an account receivable for the Group.

Once the validation of the European Commission has been obtained under the terms mentioned in the aforementioned Decision and in accordance with the provisions of Art. 22.3 paragraph 1 of the LSPU, the plan for the provision of the universal postal service has been submitted to the National Commission for Markets and Competition and the Higher Postal Council for a mandatory report.

The Commission's decision was made on the basis of a calculation methodology that has been approved by the European Commission.

As described in the Methodological Annex to the plan for the provision of the universal postal service, the Unfair Financial Burden or Universal Postal Service Compensation in favour of the designated operator is determined by applying the Net Avoided Cost Method, in accordance with paragraphs 25 to 27 of the Commission Communication on the European Union Framework for State aid in the form of public service compensation (2011), hereinafter the 'EU Framework'. The net avoided cost, hereinafter 'NAC', is the difference between the net cost to the designated operator subject to the Universal Postal Service obligations, or Base Scenario, and its net cost without being subject to those obligations, or the Contractual Scenario. The NAC is calculated as the

difference between the avoided costs, or cost savings, and the avoided revenues, or revenue losses, found by comparing the Contractual Scenario with the baseline scenario. Compensation for the unfair financial burden of providing universal service also includes incremental costs arising from the counterfactual scenarios, adjustments to neutralise the intangible and market advantages associated with the nature of universal service provision, a reasonable profit for the designated operator and efficiency incentives, as set out in the terms of the aforementioned Commission Decision.

The approved methodology is in accordance with the Commission's decision, which did not result in a refund of any sum received, and with the best estimate made by the Parent Company's management to determine the sum to be received for the Universal Postal Service. Based on this methodology for the financial year 2022, the directors of the Parent Company understand and consider that there is a remote risk of a negative impact on the financial statements for the current and future financial years relating to the calculation of the net cost of the Universal Postal Service for the period 2011 to 2022.

With the approval of plan for the provision of the universal postal service, the working criteria for the functioning and payment of the Universal Postal Service finance fund (note 1) and therefore, from this moment, the criteria for the recognition of revenue

for the compensation of the Universal Postal Service is the following:

- The sums booked in the consolidated profit and loss account for the financial year, for the operating grant, are the sums entered in account of the LPGE [Law of General State Budget] within the budgets of the Ministry of Transport, Mobility and the Urban Agenda through the 491N Universal Postal Service Programme.
- It is booked in the consolidated profit and loss account of the financial year, for the operating subsidy, the sums expected to be received from the Universal Postal Service financing fund, calculated as 0.5% of the taxable base corresponding to the net turnover figure recorded for the provision of the Universal Postal Service. This sum is identical to that calculated as accrued cost as of 31 December for the Postal Contribution to be paid by the designated operator, in accordance with the provision of Article 31 of Law 43/2010, of 30 December. The Contribution fee is determined by the application of the current rate applicable in each year, currently 0.5% of the taxable base, corresponding to revenue booked for the provision of the Universal Postal Service. The cost is booked as operating costs in the consolidated profit and loss account for the financial year.
- The revenue is booked in the consolidated profit and loss account once the CNMC issues the definitive

annual resolution, determining the unfair financial burden corresponding to each of the financial years from 2011 and following. The sum to be booked will be that determined in the resolution of each financial year, reducing the sums received in the accounts corresponding to each of the financial years. To date, the Administrators of the Parent Company, as commented above, consider the possibility of a negative impact on this year's Consolidated Financial Statements due to definitive resolutions of the CNMC to be remote.

As the CNMC issues the resolutions determining the financial burden corresponding to the financial years 2011 and subsequent years, the sums transferred by the Ministry of Transport, Mobility and the Urban Agenda to the designated operator on account of the provision of the Universal Postal Service, the some of which up to and including the year 2020, that is entered in the accounts of the Parent Company, amounts to 1,278.8 million euros, considered attributable to those years in which are considered completely settled successively, starting in 2011. The Ministry of Transport, Mobility and the Urban Agenda and the operator will leave a written record of the financial years settled in this way and the remaining balance, regularising that balance in the following financial years. This shall be communicated to the CNMC so that these settlements are taken into account.

Said recognition is sustained on the fact that the Parent Company understands the compensation

for the Universal Postal Service as a non-refundable grant, subject to Entry and Valuation Rule 18^a of the Spanish General Accounting Plan (PGC), once the three requirements established by said rule, and explained below, are considered to have been met.

- Firstly, there must be an individual concession agreement, which is understood to be met when, through the Postal Law of 2010, the Parent Company was designated for the provision of the Universal Postal Service for a period of 15 years, by which it is understood that an individual concession agreement is in place.
- Secondly, the conditions for concession must be met, and shall be once the Parent Company maintains adequate behaviour to comply with the continued obligation to provide the Universal Postal Service.
- And thirdly, there must be no reasonable doubt as to the receipt of the subsidy, which is understood as met once the sums are centred into the accounts of the LPGE or are integrated into the financing fund.

In light of all the above, and the conditions in place at that moment and the available information, in the 2022 financial year, the Parent Company recorded compensation for the provision of the Universal Postal Service (Note 17.k):



- 110,000 thousand euros, originating from the sums recorded on account of the LPGE within the budget of the Ministry of Transport, Mobility and the Urban Agenda through the 491N Universal Postal Service Programme once the necessary requirements have been met for consideration as non-refundable. This 2 thousand euros of financial costs of the CNMC were deduced from the sum.
 - 4,434 thousand euros, for transfer in 2023 from the financing fund of the Universal Postal Service, originating in the postal contribution of the designated operator for the financial year 2022.
 - 90 thousand euros in 2022 from the financing fund of the Universal Postal Service, originating in the postal contribution of the rest of the designated operators.
- The payment of the sum for the 2021 financial year, for the sum of 4.6 million euros corresponding to the Postal Contribution due on 31 December of each year and was requested from the company by the CNMC in May 2022.
 - The payment of 2 December, received by transfer from the Universal Postal Service financing fund for a sum of 4.7 million euros, 4.6 of which are from the contribution of Correos to said Fund in the month of May, plus the contributions of the rest of the companies to said fund for 90 thousand euros.

The sum of 4,434 thousand euros, for the Postal Contribution determined by applying the interest rate in force every year, currently 0.5% of the taxable base, which corresponds to the net turnover booked for the provision of the Universal Postal Service, was entered under the heading 'other costs and expenditures' in the consolidated

Finally and with a neutral effect on the consolidated net equity for the previous financial year and with no incidence on the overall consolidated result, the Group has accounted for:

(r) Transactions with related parties

- Transactions with related parties are recognised in accordance with the measurement criteria detailed above.

(s) Value Added Tax

- Non-deductible input Value Added Tax (hereinafter VAT) is part of the purchase price of the capital goods and of the cost of the goods and services which are the subject of the transactions subject to this tax. Adjustments to non-deductible input VAT as a result of the adjustment of the Parent Company's definitive pro rata, including the adjustment of investment property, do not alter the initial valuations of the assets and, therefore, their effect, if any, is recorded in the consolidated profit and loss account.
- Article 2 of Ley 23/2005, de 18 de noviembre, de reformas en materia tributaria para el impulso a la productividad [Law 23/2005 of 18 November 2005 on Tax Reforms to Boost Productivity] amended, with effect from 1 January 2006, the VAT tax regime applicable to postal services provided by the Parent Company. In particular, since 1 January 2006, the exemption from the above-mentioned tax for postal services has been reduced to universal postal services reserved to the operator entrusted with their provision, i.e. the Parent Company. This new scenario led to a significant increase in the Parent Company's deductible VAT up to that date,

which is why the Parent Company is carrying out regularisations for capital goods during the legally established periods. The income or cost accrued in each of the years arising from these adjustments has been recorded under 'Taxes' in 'Other operating costs' in the consolidated profit and loss account.

- Article 22.2 of Law 43/2010 of 30 December 2010 on the Universal Postal Service, users' rights and the postal market establishes, with effect from 1 January 2011, that the operator designated by the State to provide the Universal Postal Service will be exempt from the taxes levied on its activity related to the Universal Postal Service, except for corporate income tax. As far as Value Added Tax is concerned, the application of this legislative change has led to an increase in services considered exempt from VAT, insofar as the regulations in force until 31 December 2010 limited the exemption to the scope of postal services reserved for this operator.
- As a result of the decrease in the proportion of taxable and non-exempt services in relation to the total services provided by the Parent Company in the financial year 2011, there was a significant decrease in the deductible proportion of input VAT and, therefore, an increase in non-deductible input VAT on the acquisition of capital goods, as well as goods and services subject to VAT.

(t) Consolidated cash flows statement

- The consolidated cash flow statements has been prepared using the indirect method, and on such statements the following expressions are used with the definition indicated below:
- Operating activities: activities that make up for the Group's main source of ordinary revenue, as well as activities that may not be classified as investment or financing activities.
- Investment activities: activities comprising the purchase, sale or otherwise disposal of long terms assets and other investment not included under cash or cash equivalents.
- Financing activities: activities causing changes on the size and composition of net equity and liabilities not belonging to operating activities.



6. Computer software and other intangible assets

The details and movements under this heading in the years 2022 and 2021 were the following:

Financial year 2022	Balance at 01/01/2022	Additions	Disposals	Other	Balance at 31/12/2022
Cost					
Development	366	-	-	-	366
Patents, licences and similar	592	-	-	-	592
Computer software	267,124	32,981	(10,014)	-	290,091
Other intangible assets	4,675	-	-	-	4,675
Total cost	272,757	32,981	(10,014)	-	295,724
Accumulated amortisation					
Development	(366)	-	-	-	(366)
Patents, licences and similar	(592)	-	-	-	(592)
Computer software	(212,395)	(19,030)	10,014	-	(221,411)
Other intangible assets	(2,589)	(849)	-	-	(3,438)
Total accumulated amortisation	(215,942)	(19,879)	10,014	-	(225,807)
Adjustments for impairment					
Computer software	-	-	-	-	-
Net value	56,815				69,917



Financial year 2021	Balance at 01/01/2021	Additions	Disposals	Other	Balance at 31/12/2021
Cost					
Development	691	-	-	(325)	366
Patents, licences and similar	592	-	-	-	592
Computer software	314,560	21,349	(68,826)	41	267,124
Other intangible assets	4,675	-	-	-	4,675
Total cost	320,518	21,349	(68,826)	(284)	272,757
Accumulated amortisation					
Development	(366)	-	-	-	(366)
Patents, licences and similar	(592)	-	-	-	(592)
Computer software	(265,075)	(15,997)	68,677	-	(212,395)
Other intangible assets	(1,740)	(849)	-	-	(2,589)
Total accumulated amortisation	(267,773)	(16,846)	68,677	-	(215,942)
Adjustments for impairment					
Net value	52,745				56,815

The heading 'Computer software' records the amounts paid by Correos Group to acquire ownership or the right to use computer programs, as well as the activation of evolutionary improvements on different software owned by the Group.

Additions during the year mainly correspond to investments made by the Parent Company relating to the acquisition of user licences and new software, and the evolutionary improvement of others, amounting to approximately 29,528 thousand euros (with the investment recorded during the financial year 2021 amounting to 18,508 thousand euros).

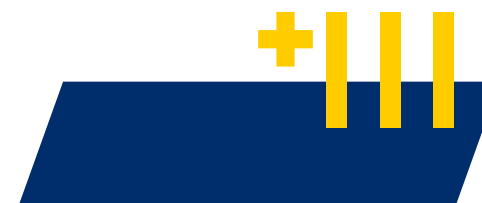
The cost of fully amortised items that make up part of the intangible assets of Correos Group as of 31 December 2022 amounts to 180,559 thousand euros (173,015 thousand euros in 2021).

As of 31 December 2022, the Parent Company has commitments for the acquisition of computer applications and evolutionary improvements to computer systems amounting to 27,379 thousand euros (10,234 thousand euros in 2021) and, on the same date, there were no firm sale commitments for any intangible assets owned by Correos Group.

6.1 Consolidation goodwill:

The balances and variations of the 'Consolidation goodwill' account are:

	2022	2021
Gross opening balance	8,744	8,744
	8,744	8,744
Accumulated depreciation, opening balance	(2,332)	(1,457)
Arrivals	(874)	(875)
	(3,206)	(2,332)
Net closing balance	5,538	6,412



Correos Group recognised consolidation goodwill in 2019 as a result of the acquisition price of CEP being higher than the fair value of the assets and liabilities acquired.

The goodwill acquired through the business combination was attributed to a single cash-generating unit, which corresponds to the entire activity of the subsidiaries acquired in Portugal, which, once acquired as a whole within the same transaction, are managed as a single unit. This goodwill is primarily allocated to the labour force.

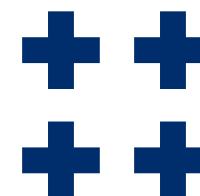
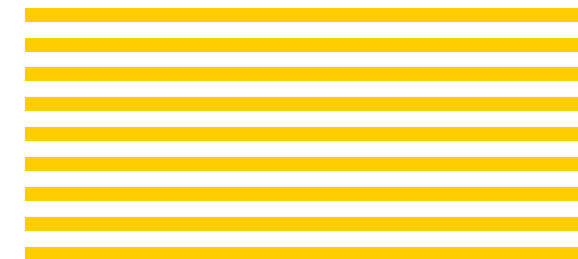
At year-end 2022, Correos Group, taking into account the evolution of the subsidiaries, considers that the best evidence of the recoverable sum of its goodwill and intangible assets acquired in the business combination corresponds to their value in use.

Correos Group tests goodwill and intangible assets acquired in the business combination for impairment on an annual basis. For the year 2021, the recoverable sum of the cash-generating unit (CGU) was determined based on value-in-use calculations requiring the use of certain assumptions.

In this respect, Correos Group has contracted an independent expert to determine the value in use of the subsidiaries, which consists of discounting future cash flows based on the budget and business plan of the subsidiaries for the next five years, in line with

the evolution of the markets in which it operates. The discount rate used, 12.4% (9.9% as of 31 December 2021), has been calculated from the risk-free rate for 10-year bonds issued by Portugal, adjusted by a risk premium to reflect the risk arising from the market in which it operates and the subsidiary's own risk. A perpetual growth rate of 1.6% (1.2% as of 31 December 2021) has also been used.

A comparison of the recoverable sum calculated using the discounted future cash flows method and the net carrying amount of goodwill and intangible assets acquired in the business combination did not reveal any impairment.



7. Property, plant and equipment

The details and movements under this heading in the years 2022 and 2021 were the following:

Financial year 2022	Balance at 01/01/2022	Registrations and provisions	Disposals	Transfers	Balance at 31/12/2022
Cost					
Land	375,049	35	(58)	(1,526)	373,500
Buildings	1,491,580	5,256	(8,912)	13,993	1,501,917
Technical installations and other fixed assets	714,525	14,231	(18,402)	3,587	713,941
Assets under construction and advances	44,883	17,193	-	(32,172)	29,904
Total cost	2,626,037	36,715	(27,372)	(16,118)	2,619,262
Accumulated amortisation					
Buildings	(611,350)	(21,271)	5,361	7,095	(620,165)
Technical installations and other fixed assets	(510,206)	(29,660)	13,481	(98)	(526,483)
Total accumulated amortisation	(1,121,556)	(50,931)	18,842	6,997	(1,146,648)
Adjustments for impairment					
Land and buildings	(113,917)	(2,079)	4,457	1,496	(110,043)
Technical installations and other fixed assets	(1,691)	(259)	-		(1,950)
Total adjustments for impairment	(115,608)	(2,338)	4,457	1,496	(111,993)
Net value	1,388,873				1,360,621

The additions recorded under 'Land and buildings' and 'Assets under construction and advances' during the year relate to the Parent Company and relate to the refurbishment and adaptation of existing premises and buildings and to investments in logistics centres for postal processing and distribution.

'Technical Installations and Other Tangible Fixed Assets' includes investments in technical installations in the properties used by the Group (whether or not they are owned by the Group), as well as investments in machinery, computer equipment, transport equipment and furniture. The most significant additions recorded under this heading during the year relate to the purchase by the Parent Company of information processing equipment, other plants and assembly machinery for 1,232 thousand euros, 4,373 thousand euros and 3,957 thousand euros,

respectively (in 2021 information processing equipment, transport equipment and machinery for 11,459 thousand euros, 4,557 thousand euros and 3,475 thousand euros, respectively).

Of the total tangible fixed asset disposals, most relate to fully depreciated items that have been written off by the Parent Company, mainly computer equipment, furniture, machinery and transport equipment.



Financial year 2021	Balance at 01/01/2021	Registrations and provisions	Disposals	Transfers	Balance at 31/12/2021
Cost					
Land	381,940	1	(3,648)	(3,244)	375,049
Buildings	1,485,562	7,334	(20,278)	18,962	1,491,580
Technical installations and other fixed assets	721,783	35,527	(49,800)	7,015	714,525
Assets under construction and advances	46,766	24,716	-	(26,599)	44,883
Total cost	2,636,051	67,578	(73,726)	(3,866)	2,626,037
Accumulated amortisation					
Buildings	(597,122)	(21,092)	8,851	(1,987)	(611,350)
Technical installations and other fixed assets	(529,003)	(28,781)	47,568	10	(510,206)
Total accumulated amortisation	(1,126,125)	(49,873)	56,419	(1,977)	(1,121,556)
Adjustments for impairment					
Land and buildings	(118,940)	(4,771)	5,881	3,913	(113,917)
Technical installations and other fixed assets	(1,690)	-	-	(1)	(1,691)
Total adjustments for impairment	(120,630)	(4,771)	5,881	3,912	(115,608)
Net value	1,389,296				1,388,873

As mentioned in Note 5.e) to these consolidated financial statements, the Parent Company, by virtue of the provisions of Order EHA/733/2010, of 25 March, approving accounting aspects of public companies operating under certain circumstances, recognises the impairment of assets included under property, plant and equipment at value in use, in accordance with the provisions of the aforementioned Order. In this respect, the Parent Company compares the carrying amount of assets with their recoverable sum using the value in use method, determined in reference to their depreciated replacement cost.

The depreciated replacement cost is calculated as the sum of the following components:

- a) Obtaining market studies and valuations of asset components relating to land and raw construction, carried out by independent experts using various methods including the comparison method, the cost method and the residual value method, as well as statistical studies of property market behaviour.
- b) The capitalised cost of refurbishments to property, less accumulated depreciation, to reflect the use already made of the asset.
- c) Cost of indirect costs of acquisition and refurbishment.

Since the incorporation of the depreciated replacement cost with net book value to the assets assessed in the financial year 2022, no reversal. In 2021, A net impairment reversal of 641 thousand euros was recognised (provision of 3,066 thousand euros and reversal of 3,708 thousand euros).

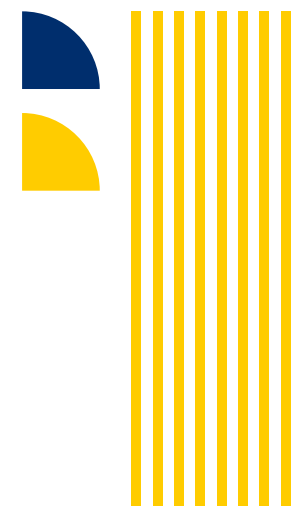
In 2022, the Parent Company recognised an impairment loss of 817 thousand euros in anticipation of planned asset disposals due to property refurbishments (4,802 thousand euros in 2021).

As of 31 December 2022, the Parent Company has property, plant and equipment acquisition commitments for a sum of 35,001 thousand euros (39,728 thousand euros in 2021). At year end, the company has no commitments for the sale of assets.

The cost of fully depreciated items forming part of Correos Group's property, plant and equipment as of 31 December 2022 is 423,721 thousand euros (421,861 thousand euros as of 31 December 2021).

The net book value of the homes, premises and plots of land included in the Parent Company's property, plant and equipment not assigned to operations amounts to 39,102 thousand euros (38,725 thousand euros as of 31 December 2021), with an acquisition cost of 66,237 thousand euros (64,160 thousand euros as of 31 December 2021).

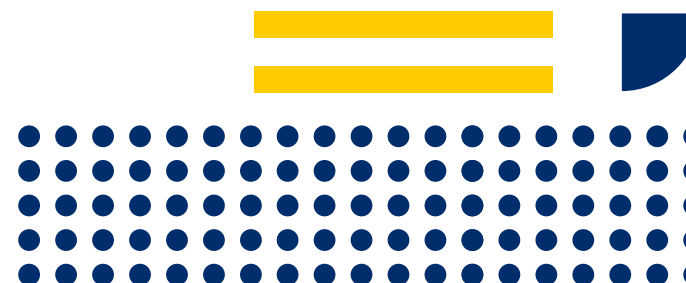
Correos Group has taken out various insurance policies to cover risks that could affect most of its tangible fixed assets.



8. Investment property

The details and movements under this heading in the years 2022 and 2021 were the following:

	Balance at 01/01/2021	Registrations and provisions	Transfers	Balance at 31/12/2021	Registrations and provisions	Disposals	Transfer	Balance at 31/12/2022
Cost								
Land	5,897	-	1,211	7,108	-	-	654	7,762
Buildings	23,310	72	(1,594)	21,788	255		3,088	25,131
Total cost	29,207	72	(383)	28,896	255	-	3,742	32,893
Accumulated amortisation								
Buildings	(9,817)	(257)	2,615	(7,459)	(308)	-	(1,865)	(9,632)
Adjustments for impairment								
Land and buildings	(1,492)	-	(1,424)	(2,916)	-	43	83	(2,790)
Net book value	17,898			18,521				20,471



Investment properties are premises leased by the Parent Company to third parties. Revenues from these contracts recognised in the consolidated profit and loss account amounted to 1,669 thousand euros in financial year 2022 (1,463 thousand euros in financial year 2021).

The expenses associated with investment property mainly relate to annual depreciation and maintenance costs and amounted to 1,014 thousand euros in the financial year 2022 (1,040 thousand euros in the financial year 2021). All expenses are recognised in the consolidated profit and loss account on an accruals basis.

There are no restrictions on the realisation of investment property or on the collection of the income arising therefrom or of the proceeds from its disposal, except for those mentioned in Note (1) of these notes on 'Activity of the Parent Company'.

There are no contractual obligations for the acquisition, construction or development of investment property or for repairs, maintenance or improvements.

The Parent Company has taken out various insurance policies to cover risks that could affect most of its investment property.

Future minimum non-cancellable lease payments for operating leases linked to the Group's investment property are shown in the table below:

	Financial year 2022	Financial year 2021
Up to one year	1,283	1,314
Between one and five years	2,002	3,049
More than five years	174	201
	3,459	4,564

9. Non-current assets held for sale

The details and movements under this heading in the years 2022 and 2021 were the following:

	Balance at 01/01/2022	Registrations and provisions	Disposals	Transfers	Balance at 31/12/2022
Cost					
Land	2,768	290	(2,850)	887	1,095
Buildings	4,871	60	(9,009)	11,581	7,503
Other installations	167		(7)	(114)	46
Total cost	7,806	350	(11,866)	12,354	8,644
Accumulated amortisation					
Buildings	(2,720)	-	2,726	(5,231)	(5,225)
Other installations	(149)	-	6	98	(45)
Total accumulated amortisation	(2,869)	-	2,732	(5,133)	(5,270)
Adjustments for impairment					
Land and buildings	(804)	(284)	2,461	(1,555)	(182)
Net book value	4,133				3,192

At year-end 2022 the Group classifies under 'Non-current assets held for sale' 3,192 thousand euros (year-end 2021 4,133 thousand euros), for investment in land, buildings and facilities on own properties which are available for immediate sale and whose sale is highly likely. The main movements during the year are reclassifications from 'Property, plant and equipment' to 'Non-current assets held for sale', which are reflected in the transfers column.

The Parent Company has also written off sales for the sum of 11,866 thousand euros and accumulated depreciation of 2,732 thousand euros in 2022 (cost of 4,521 thousand euros and accumulated depreciation of 2,468 thousand euros in 2021), with the result obtained from the sale of properties amounting to 1,708 thousand euros (14,658 thousand euros in 2021).

	Balance at 01/01/2021	Registrations and provisions	Disposals	Transfers	Balance at 31/12/2021
Cost					
Land	1,645		(1,089)	2,212	2,768
Buildings	9,474		(3,422)	(1,181)	4,871
Other installations	169		(9)	7	167
Total cost	11,288	-	(4,521)	1,039	7,806
Accumulated amortisation					
Buildings	(7,337)	(4)	2,459	2,162	(2,720)
Other installations	(147)	-	9	(11)	(149)
Total accumulated amortisation	(7,484)	4	2,468	2,151	(2,869)
Adjustments for impairment					
Land and buildings	(308)	161	1,445	(1,780)	(804)
Net book value	3,496				4,133

10. Inventories

Details as of 31 December 2022 and 2021 are as follows:

	Balance at 31/12/2022	Balance at 31/12/2021
Inventories valued at cost		
Stamps in the possession of third parties	121	193
Stamps at company's post offices and warehouses	1,714	1,935
Philately Stamps	2,721	3,381
Wardrobe	5,121	6,545
Other stocks	7,585	7,100
	17,262	19,154
Valuation adjustments due to impairment	(3,608)	(3,817)
	13,654	15,337

The movements of the valuation corrections for impairment of inventories in the years 2022 and 2021 were the following:

	Valuation adjustments		
	Stamps	Other	Total
Balance at 01 January 2021	4,337	702	5,039
Valuation adjustments due to impairment	-	459	459
Reversal of valuation adjustments	(229)	-	(229)
Application against cost of inventories	(1,451)	-	(1,451)
Balance at 31 December 2021	2,657	1,161	3,817
Valuation adjustments due to impairment	1,158		1,158
Reversal of valuation adjustments	(4)	(401)	(405)
Application against cost of inventories	(927)	(35)	(962)
Balance at 31 December 2022	2,884	725	3,608

Correos Group maintains valuation corrections for impairment of stamps for 3,608 thousand euros (3,506 thousand euros in 2021) in those cases in which it has estimated that their net realisable value is lower than their book value.

On a regular basis, the Parent Company destroys those inventories of stamps whose age and/or reason for issue makes their realisation impossible. In this regard,

during the financial year 2022, stamps and other products were destroyed for the sum of 756 thousand euros. In 2021, stamps were destroyed for the sum of 1,451 thousand euros.



11. Current and non-current financial assets

The composition of Correos Group's current and non-current financial assets as of 31 December 2022 and 2021, except for cash and cash equivalents

described in Note (12), including balances with public administrations that are not considered financial instruments, is as follows:

	Balance at 31/12/2022	Balance at 31/12/2021
Non-current financial investments		
Deposits and guarantees	5,006	3,589
Loans to third parties	2,235	2,011
Other	89	103
	7,330	5,703
Trade debtors and other receivables:		
Clients for sales and provision of services	460,780	482,373
Clients, companies accounted for by the equity method (Note 20)	10,075	4,270
Sundry debtors	54,389	24,923
Debtors, group companies and associates (Note 20)	72,665	35,180
Staff	5,330	5,047
Public administration (Note 18)	685	1,143
	603,924	552,936
Current financial investments:		
Deposits and guarantees	1,136	1,057

The financial instrument captions included in the above table are considered 'Assets at amortised cost'.

11.1.) Trade debtors and other accounts receivable

The headings 'Clients for sales and provision of services' and 'Sundry debtors' include 228,941 thousand euros of receivables of the Parent Company from postal operators in third countries for the provision of postal and telegraph services (231,005 thousand euros as of 31 December 2021).

The 'Staff' entry includes amounts paid by the Parent Company to various employees as payroll advances in accordance with a specific plan designed by the Parent Company and which at year-end are pending recovery.

The headings 'Clients for sales and provision of services' and 'Sundry debtors' are presented net of impairment losses and the movement during the years 2022 and 2021 is as follows:

	Valuation adjustments		
	Clients	Debtors	Total
Balance at 01 January 2021	25,500	515	26,015
Valuation adjustments due to impairment	5,214	-	5,214
Reversals of valuation adjustments	(3,373)	-	(3,373)
Balance at 31 December 2021	27,341	515	27,856
Valuation adjustments due to impairment	3,288	-	3,288
Reversals of valuation adjustments	(5,762)	(34)	(5,796)
Balance at 31 December 2022	24,867	481	25,348

Correos Group has recognised, under the item 'Losses, impairment and changes in trade provisions' in the consolidated profit and loss account, a sum of 3,349

thousand euros for the direct write-off bad debts (3,375 thousand euros for the same item in 2021).

11.2.) Non-current and current financial investments

Current 'Deposits and guarantees' relates mainly to legal deposits deposited with various labour courts

in connection with lawsuits brought by current and former employees of the Parent Company.

The composition of 'Non-current financial investments' is the following:

	Balance at 31/ 12/ 2022	Balance at 31/ 12/ 2021
Non-current financial investments		
Loans to third parties	2,235	2,011
Other financial investments	5,095	3,692
	7,330	5,703

The heading 'Non-current financial investments' of the Parent Company includes long-term deposits and guarantees of 3,960 thousand euros (2,167 thousand euros in 2021), plus 18 thousand euros (18 thousand euros in 2021) corresponding to the acquisition of

shares in International Post Corporation (IPC). Credits to third parties pertain to advances to staff.

The different companies of Correos Group carry out an analysis of the solvency of each of their customers. These analyses are used to decide whether or not to

award a deferred payment contract with them. The authorisations to sign these contracts are segregated according to the amount of credit.



11.3.) Information on the nature and extent of risks arising from financial instruments

11.3.1) Credit risk

The credit risk arises from the possible loss due to breach of contractual obligations on the part of the counterparties of the Parent Company, that is, the possibility of failing to recover financial assets for the sum entered and the term established.

The maximum exposure to credit risk of Correos Group as of 31 December 2022 and 2021 is the following:

Correos Group	Balance at 31/12/2022	Balance at 31/12/2021
Non-current financial investments	7,330	5,703
Clients for sales and provision of services	460,780	482,373
Sundry debtors	54,389	24,923
Current financial investments	1,136	1,057
Banks and credit institutions (Note 12))	85,004	112,317
Clients, companies accounted for by the equity method	10,075	4,270
	618,714	630,644

'Sundry debtors' includes, inter alia, balances receivable for interim payments for international mail of the Parent Company of 16,885 thousand euros (18,098 thousand euros 2021).

The financial instrument captions included in the above table are considered 'Assets at amortised cost'.

The breakdown of the concentration of counterparty credit risk for 'Clients for sales and provision of services' and 'Sundry debtors' of Correos Group as of 31 December 2022 and 2021 is the following:

Financial year 2022	Parent Company		Rest of companies	
	Number	Thousands of euros	Number	Thousands of euros
Clients and debtors				
With balance greater than 1,000 thousand euros	18	62,112	-	-
With balance between 500 and 1,000 thousand euros	35	24,207	-	-
With balance below 500 thousand euros	24,562	78,459	25,482	91,846
	24,615	164,778	25,482	91,846
Foreign postal operators		230,827	-	-
Other financial assets		36,270	-	1,523
		267,097		1,523
		431,875		93,369

The breakdown, by seniority date, of the 'Clients' and 'Foreign postal operators' of the Parent Company of Correos Group as of 31 December 2022 and 2021, in order of the most representative, is as follows:

Financial year 2021	Parent Company		Rest of companies	
	Number	Thousands of euros	Number	Thousands of euros
Clients and debtors				
With balance greater than 1,000 thousand euros	32	77,580	-	-
With balance between 500 and 1,000 thousand euros	37	25,146	-	-
With balance below 500 thousand euros	23,020	75,792	20,406	90,494
	23,089	178,518	20,406	90,494
Foreign postal operators		231,005	-	-
Other financial assets		10,529	-	1,020
		241,534		1,020
		420,052		91,514

The breakdown, by seniority date, of the 'Clients' and 'Foreign postal operators' of the Parent Company of Correos Group as of 31 December 2022 and 2021, in order of the most representative, is as follows:

	Financial year 2022		Financial year 2021	
	Parent Company		Parent Company	
	Clients	Foreign postal operators	Clients	Foreign postal operators
Not due	142,640	29,847	140,751	45,367
Due, non-doubtful:				
Less than 30 days	8,935	370	16,435	1,256
Between 30 and 60 days	5,116	106	6,981	2,035
Between 60 and 90 days	1,657	5,334	2,679	689
Between 90 and 120 days	-327	8,437	1,931	471
Over 120 days	6,757	169,848	9,747	163,088
Provisional payments	-	16,885	-	18,098
	164,778	230,827	178,524	231,005
Doubtful clients	10,953	1,887	13,092	1,919
Adjustments for impairment	(10,953)	(1,887)	(13,092)	(1,919)
	164,778	230,827	178,524	231,005

The balances receivable from clients with seniority of more than 120 days are 6,757 thousand euros as of 31 December 2022 (9,747 thousand euros in the 2021 financial year). The balance of advances collected by the Parent from foreign operators amounted to 191,674 thousand euros as of 31 December 2020 (181,390 thousand euros as of 31 December 2021).

The Group carries out a solvency analysis for each one of its clients. These analyses are used to decide whether or not to award a deferred payment contract with them. The authorisations to sign these contracts are segregated according to the amount of credit.

Provisional payments take into account the amounts paid by the Parent Company to other foreign operators for the provision of postal services prior to the final settlement.

The Parent Company made treasury surpluses profitable during the financial year 2022 through active management of funds deposited in current accounts with the most solvent national financial institutions.

11.3.2) Market risk

Market risk relates to possible losses due to changes in the fair value or in future cash flows of a financial instrument due to fluctuations in market prices. Market risk includes interest rate risk, exchange rate risk and other price risks.

Interest rate risks

Interest rate risk relates to possible losses due to changes in the fair value or in future cash flows of a financial instrument following fluctuations in market interest rates.

A significant portion of the Parent Company's financial assets and liabilities have maturities of less than twelve months, and long-term financial liabilities have a fixed interest rate of 3-month Euribor +0.20% and 0.30%. The Parent Company has forecast that interest accrued for the financial year 2023 will be approximately 8.6 million euros. With the changes in interest rates currently being experienced in the market, a sensitivity study was conducted, with the conclusions detailed below:

- Faced with a rate rise of +0.25%: interest would increase by 577 thousand euros.
- Faced with a rise of +0.50%: interest would increase by 577 thousand euros.

- Faced with a rise of +0.75%: Interest would increase by 1,732 thousand euros.
- Faced with a rise of +1.00%: Interest would increase by 2,320 thousand euros.

Exchange rate risk

Exchange rate risk arises from the potential loss caused by changes in the exchange rate. Correos Group's exposure to the risk of exchange-rate fluctuations is mainly associated with the sales and purchases made in currencies other than the operating currency. These balances arise from services provided to and received from foreign postal operators and from the provision of the international money order service.

In this respect, the Parent Company's exposure to this risk relates mainly to receivables and payables arising from international mail. Given that the net of these balances as of 31 December 2022 amounts to 22,489 thousand euros (9,377 thousand euros as of 31 December 2021), the Parent Company's directors consider this risk to be immaterial.

11.3.3) Liquidity risk

Liquidity risk arises from the possibility of Correos Group not availing of liquid funds or accessing them in sufficient quantity to meet their payment obligations at any time. The company's aim is to maintain the necessary liquidity availability. The Parent Company has contracted credit facilities to meet any liquidity

needs, which have been drawn down during 2022. The sum drawn down as of 31 December 2022 was 232 million euros (109 million in 2021).

In addition, in 2021 a long-term loan of 325 million euros was obtained.

Moreover, during the financial year 2022, three new credit policies were taken out with the following details:

Company	Contract date	Due date	Interest rate	Credit Policy limits(euros)	Amount drawn at 31.12.2022 (euros)
Caixabank	18/03/2022	18/03/2025	Eur, 3 month	123,500,000	123,012,785
Ibercaja	28/06/2022	28/06/2025	Eur, 3 month + 0.200%	10,000,000	10,000,000
Caixabank	05/07/2022	05/07/2025	Eur, 3 month + 0.380%	98,800,000	98,740,929
				Total amount drawn	231,753,713

In the last financial year, the Parent Company contracted a line of credit with a financial institution for a limit of 108.8 million euros at an interest rate of 0% pa, expiring 28 June 2022, with the balance available as of 31 December 2021 some 108.8 million euros. This sum is included under the heading 'current debts with financial institutions' as of 31 December 2021.

Additionally, there is an intention to once again contract credit lines in 2023, for the sum of 149,597 thousand euros to support future liquidity needs. Said refinancing will have a duration of 3 years, falling due in 2026.

Details of the Group's current financial assets and liabilities as of 31 December 2022 and 2021 and, differentially, its ability to meet its payment obligations in the short term are as follows:

	Balance at 31/12/2022	Balance at 31/12/2021
Current financial assets		
Clients for sales and provision of services	460,780	482,373
Clients, companies accounted for by the equity method	10,075	4,270
Debtors, group companies and associates	72,665	35,180
Sundry debtors	54,389	24,923
Financial investments	1,136	1,057
Cash and other cash equivalents	111,474	141,331
Current financial liabilities		
Current debts	(44,711)	(136,736)
Debts with group companies	(1,595)	(3,654)
Trade creditors and other accounts payable	(605,756)	(552,880)
Difference	58,457	(4,136)

11.4) Investments in equity accounted companies

The breakdown and movements under the heading 'Investments in equity accounted companies' were as follows:

Financial year 2022

	K Parcel Company Limited Local currency (HKD)
Net book value (Euros)	407,904
Direct shareholding (%)	35%
Share capital +reserves (HKD)	51,433,414
Result of the financial year (HKD)	3,954,785
Total equity (HKD)	55,388,199
Total equity (EUR) (35%)	2,169,410

	KCG ecommerce solutions Company Limited Local currency (RMB)
Net book value (Euros)	1,840,980
Direct shareholding (%)	35%
Share capital +reserves (RMD)	42,833,102
Result of the financial year (RMB)	371,117
Total equity (RMB)	43,204,219
Total equity (EUR) (35%)	1,880,468

Financial year 2021

	K Parcel Company Limited Local currency (HKD)
Net book value (Euros)	407,904
Direct shareholding (%)	35%
Share capital +reserves (HKD)	29,349,417
Result of the financial year (HKD)	21,501,830
Total equity (HKD)	50,851,247
Total equity (EUR) (35%)	1,980,232

	KCG ecommerce solutions Company Limited Local currency (RMB)
Net book value (Euros)	1,840,980
Direct shareholding (%)	35%
Share capital +reserves (RMD)	42,429,201
Result of the financial year (RMB)	905,192
Total equity (RMB)	43,334,393
Total equity (EUR) (35%)	1,887,007

	Balance at 31/12/2021	Results adjustment 2021	Participation in the result accounted for by the equity method	Balance at 31/12/2022
K Parcel Company Limited	1,980	23	166	2,169
KCG ecommerce solutions Company Limited	1,879	(16)	18	1,881
	3,859	7	184	4,050

	Balance at 31/12/2020	Participation in the result accounted for by the equity method	Balance at 31/12/2021
K Parcel Company Limited	1,164	816	1,980
KCG ecommerce solutions Company Limited	1,837	42	1,879
	3,001	858	3,859

12. Cash and other cash equivalents

Details as of 31 December 2022 and 2021 are as follows:

	Balance at 31/12/2022	Balance at 31/12/2021
Cash:		
Cash	26,470	29,014
Banks and lending institutions	85,004	112,317
Cash equivalents:		
Accrued interest not due		
From third parties	-	-
	111,474	141,331

As of 31 December 2022, 'Banks and lending institutions' recognised 1,521 thousand euros in respect of collections made by Correos Express

on behalf of customers to whom it provides a cash on delivery service (1,803 thousand euros as of 31 December 2021).

13. Shareholders' equity

Details of the movement in Correos Group's shareholders' equity are shown in the consolidated statement of changes in net equity, which forms an integral part of these consolidated financial statements.

a) Declared capital

The share capital of the Parent Company is distributed across 611,521 shares with a nominal value of 1,000 euros each. All shares have equal voting and dividend rights and are fully subscribed and paid up.

b) Share premium

There is not share premium as of 31 December 2022, nor was there as of 31 December 2021.

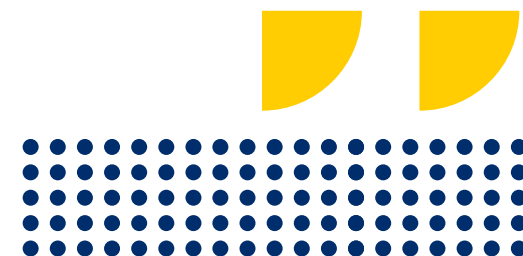
c) Reserves

In accordance with Article 274 of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, companies are obliged to allocate 10% of the profits of each financial year to the Statutory Reserve until it reaches at least 20% of the share capital.

The portion of the Legal Reserve balance exceeding 10% of the company's already increased capital may be used to increase the share capital. Except for the above purpose and while the reserve does not exceed 20 % of the share capital, it may only be used to compensate for losses and as long as there are no other sufficient reserves available for this purpose.

As of 31 December 2022, the Parent Company's Statutory Reserves amounted to 214,119 thousand euros (as of 31 December 2021 214,119 thousand euros).

In 2023, the Directors of the Parent Company intend to request from the Sole Shareholder the authorisation to redistribute the entire balance of the Statutory Reserves to Voluntary Reserves.



Breakdown of reserves:

The breakdown, as of 31 December 2022, is the following:

	Balance at 31/12/2022	Balance at 31/12/2021
Details of Reserves:		
Legal reserve	101,847	101,847
Statutory Reserves	214,119	214,119
Voluntary Reserves	179,110	193,059
Prior periods' negative results	(96,376)	-
Reserves in fully consolidated companies	(161,656)	(165,470)
Reserves in companies accounted for by the equity method	1,617	752
Total	238,661	344,307

The breakdown of reserves in consolidated companies is as follows:

	Balance at 31/12/2022	Balance at 31/12/2021
Details of reserves in consolidated companies:		
Correos Telecom, S.A., S.M.E.,S.U.	10,454	8,209
Nexea Gestión Documental, S.A., S.M.E.,S.U.	(14,370)	(12,636)
Correos Express Paquetería Urgente, S.A., S.M.E.,S.U.	(157,740)	(161,043)
Total	(161,656)	(165,470)

d) Consolidated results of Correos Group

Details of the consolidated result of Correos Group for 2022 and 2021 are as follows:

	2022				
	Individual results	Consolidation adjustments	Consolidated results	For the parent company	For external partners
Correos y Telégrafos, S.A., S.M.E.	(198,114)	(7,726)	(205,841)	(205,841)	-
Correos Telecom, S.A., S.M.E.,S.U.	2,737	-	2,737	2,737	-
Nexea Gestión Documental, S.A., S.M.E.,S.U.	(3,936)	-	(3,936)	(3,936)	-
CEX Group	(8,532)	(1,879)	(10,411)	(10,341)	(70)
KCG E-commerce Solutions Company Limited		18	18	18	-
K-Parcel Company Limited		166	166	166	-
	(207,845)	(9,421)	(217,267)	(217,197)	(70)

	2021				
	Individual results	Consolidation adjustments	Consolidated results	For the parent company	For external partners
Correos y Telégrafos, S.A., S.M.E.	(96,376)	(24,347)	(120,723)	(120,723)	-
Correos Telecom, S.A., S.M.E.,S.U.	2,244	-	2,244	2,244	-
Nexea Gestión Documental, S.A., S.M.E.,S.U.	(1,735)	-	(1,735)	(1,735)	-
CEX Group	15,813	(2,016)	13,797	13,701	96
KCG E-commerce Solutions Company Limited		42	42	42	-
K-Parcel Company Limited		816	816	816	-
	(80,054)	(25,505)	(105,559)	(105,655)	96

e) Breakdown of external shareholders:

The details of external shareholders as of 31 December 2022 and 2021 is the following:

2022							
Company	Percentage external partners	Share capital	Reserves	Integration CEP II	Goodwill CEP	Result for external partners	Total
CEP	49%	123	682	(1,815)	1,437	(70)	357

2021							
Company	Percentage external partners	Share capital	Reserves	Integration CEP II	Goodwill CEP	Result for external partners	Total
CEP	49%	123	682	(2,515)	2,041	96	427



14. Grants, donations, bequests and compensation received for costs arising from the provision of the universal postal service

The breakdown of the movements in the years 2022 and 2021, for compensation received as capital subsidies was as follows:

Financial year 2022	Thousands euros
Initial balance at 01 January 2022	222,929
Grants, donations and bequests recognised	188
Tax effect	(35)
Allocation of the profit and loss account:	
- - due to amortisation	(5,513)
- due to adjustments for impairment	-
- Others	(1,593)
- due to disposals	(49)
Tax effect	1,909
Final balance at 31 December 2022	217,836

Financial year 2021	Thousands euros
Initial balance at 01 January 2021	231,403
Grants, donations and bequests recognised	516
Tax effect	(126)
Allocation of the profit and loss account:	
- due to amortisation	(6,101)
- due to adjustments for impairment	(1,018)
- Others	-
- due to disposals	(3,799)
Tax effect	2,699
Reclassification to non-currents liabilities	(645)
Final balance at 31 December 2021	222,929

The Group measures deferred tax liabilities related to capital allowances received up to 2010 at the tax rates expected at the time of their reversal, according to the regulations in force as of 31 December 2022, and recognises this change in the company's equity (see Note 5q) and Note 18).

15. Provisions

The details and movements under this heading in the years 2022 and 2020 were the following:

Non-current provisions				
	Provision for taxes	Provision claims from the staff	Provision for court actions	Total
Balance at 01 January 2021	1,596	11,785	13,890	27,271
Provisions	234	492	39,539	40,265
Applications / payments	(419)	(431)	(14)	(864)
Reversals / excesses	(277)	(2,088)	(32)	(2,397)
Reclassifications	-	-	8,920	8,920
Balance at 31 December 2021	1,134	9,758	62,303	73,195
Provisions	1,402	2,506	9,981	13,889
Applications / payments	(569)	(836)	(94)	(1,499)
Reversals / excesses	-	(610)	(95)	(705)
Reclassifications	-	-	(23,578)	(23,578)
Balance at 31 December 2022	1,967	10,818	48,517	61,301

The provisions of the financial year 2021 for the amount of 40,265 thousand euros was charged to the profit and loss account according to the nature of the item. 14.7 million euros resulting from penalties proposed to Correos for potential non-compliance

in the provision of the notification service in the centralised contract for administrative and judicial notifications, which has been appealed in court. In addition, on 21 February 2022, the CNMC notified the company of its resolution dated 18 February 2022,

which puts an end to the disciplinary proceedings, opened in 2019, in relation to discounts to large customers. In this decision, the CNMC declared that Correos had committed an infringement and imposed a fine of 32.6 million euros. The company appealed the

resolution before the Audiencia Nacional by filing the appropriate contentious-administrative appeal. The statement of claim of the company was formalised by written submission of 8 July 2022, and State Legal Counsel was requested to respond to same, a response the company is awaiting to date. On the date of formulation of these consolidated financial statements and as of the date of formulation of the consolidated financial statements for 2021 the risk is considered likely with a probability of 75%. In light of this, a provision of 24.45 million euros is considered reasonable.

The reclassifications for a sum of 23,578 thousand euros are penalties that were proposed to Correos for possible non-compliance in the provision of the notification service in the centralised contract for administrative and judicial notifications estimated by the company due to be paid in the financial year 2023 and have therefore been reclassified from non-current provisions to current debts. Within the heading current provisions on the balance sheet, the postal contribution entry shows a sum of 4,434 million euros (see Notes 5.q and 17.k).

The current provisions arise from litigation settlements that have been unfavourable to Correos Group during the year 2022 and which have resulted in the effective payment of certain sums.

Reversals of non-current provisions for the year amounting to 705 thousand euros were credited to the consolidated profit and loss account (2,397 thousand euros in 2021).

Provision for staff claims

The balance of this provision as of 31 December 2022 and 2021 records the estimated amounts payable for employment claims and litigation against Correos Group.

Provision for litigation

The balance of this provision as of 31 December 2022 and 2021 includes the Parent Company's estimated amounts related to certain proceedings which, if decided against the company, will result in an outflow of resources for settlement.

In the 2018 financial year, the National Commission for Markets and Competition issued a resolution sanctioning Correos Express for a total of 19,635 thousand euros for alleged breaches of competition regulation.

In May 2018, Correos Express obtained a precautionary suspension of the payment of the fines imposed and, on 6 February 2019, filed an action before the Audiencia Nacional against the aforementioned resolution.

On 7 December 2022, the Audiencia Nacional issued its judgement confirming the sanctions imposed on the subsidiary Correos Express by the National Commission for Markets and Competition. The Audiencia Nacional's judgement is not final, and is subject to appeal, which the subsidiary company intends to submit.

Nevertheless, and based on the principle of prudence, Correos Express has increased its provisions valued originally at 9,818 thousand euros, to cover the total sum of the sanction imposed. The total of the provision registered at close of financial year 2022 for this item is 19,635 thousand euros.

They are currently pending judicial resolution after the submissions of Correos Express against the resolutions of the Provincial Division of the General Treasury of the Social Security of Toledo arising from the files seized by the Employment Inspection authorities, ruling on the Social Security registration of drivers belonging to supplier companies of CEX and other procedures relating to this principle.

16. Financial liabilities

The composition of Correos Group's long-term and short-term financial liabilities as of 31 December 2022 and 2021, including balances with public administrations that are not considered financial instruments, is as follows:

Non-current payables:	Balance at 31/12/2022	Balance at 31/12/2021
Debts with credit institutions	558,409	329,858
Long-term debts convertible into subsidies	224	653
Deposits and guarantees	1,835	1,321
Other non-current payables	312	268
	560,780	332,100

Current payables:	Balance at 31/12/2022	Balance at 31/12/2021
Debts with credit institutions	6,541	115,126
Creditors for fixed assets	-	-
Money order deposits	8,727	2,628
Deposits and guarantees	7,029	4,283
Financial lease creditors	-	100
Other current payables	22,414	14,599
Total current payables	44,711	136,736
Short-term debts with group companies and associates (Note 20)	1,595	3,654
Trade creditors and other accounts payable		
Suppliers	2,649	1,241
Suppliers, group companies and associates (Note 20)	-	-
Sundry creditors	317,953	266,632
Staff (unpaid wages)	28,692	37,353
Other debts with public administrations (Note 18)	59,324	56,824
Customers advances	197,138	190,830
Trade creditors and other accounts payable	605,756	552,880
Current accruals	5,085	1,562

The financial instrument headings included in the above table are considered 'Liabilities at amortised cost'.

'Drawing deposits' include drawings drawn prior to 31 December 2022 and payable by the Parent Company to the recipients as of that date.

The heading 'Sundry creditors' includes sums collected by the Parent Company on behalf of third parties amounting to 27,305 thousand euros (9,513 thousand euros in 2021). It also includes 1,575 thousand euros (1,866 thousand euros in 2021) of Sociedad Correos Express Paquetería Urgente, S.A., S.M.E. For sums collected on behalf of third parties for performing the delivery service, with refund at the request of clients.

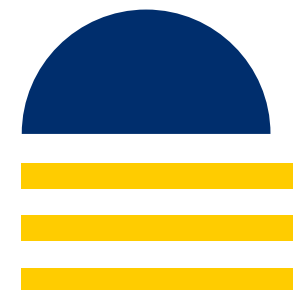
In addition, 'Sundry creditors' and 'Customers Advances' includes 253,492 thousand euros arising from outstanding obligations to various third-country postal operators for postal services received from them (240,381 thousand euros as of 31 December 2021).

The non-current accruals includes a sum of 14,133 thousand euros of Parent Company, which corresponds to the long-term portion to be attributed to results non-refundable payment for exclusivity from client Western Union, which is deferred over the duration of the contract, due for expiry in July 2027. The short term portion is booked in the current deferrals under current liabilities on the consolidated balance sheet for a sum of 4,000 thousand euros. It also includes a sum of 11,810 thousand euros of the subsidiary

Telecom, corresponding to the registration fees charged in advance for customer contracts for the provision of telecommunication services and rent on infrastructure.

At year-end, the Parent Company has no outstanding balances payable to suppliers constituting a deferral exceeding the legal period established by Law 15/2010 of 5 July.

In accordance with the provisions of Law 18/2022, the Parent Company's information on the average period for payment to suppliers in commercial transactions as of 31 December 2022 and 2021, as it is the most representative of the Group, as follows:



	Financial year 2022	Financial year 2021
	Days	Days
Average settlement period for supplier invoices	20	12
Ratio of paid transactions	19	12
Ratio of outstanding transactions	37	15

	Thousands of euros	Thousands of euros
Total payments made in a period shorter than that established in the regulations	143,042	475,612
Total payments made in a period longer than that established in the regulations	277,074	
Total outstanding payments	9,318	5,141

	Invoice number	Thousands of euros
Total payments made	83,726	420,116
Invoices paid in a period lesser than the maximum established in the payment defaults regulations	15,556	143,042
% of total invoices paid	19%	34%

16.1 Non-current and current debt with financial institutions

During the 2019 financial year, the subsidiary Correos Express Paquetería Urgente S.A., S.M.E. (Sole-Shareholder Company) took out a fixed-interest credit facility with Bankinter, S.A. for 15,000 thousand euros, maturing in 2024.

Bankinter, S.A. delivered the amount of 5,000 thousand euros to the company, on 23 April 2019. In addition, related to this policy, it granted an extension dated 26 April 2019 for the sum of 10,000 thousand euros.

The conditions of the policy are a fixed interest rate of 0.73%, with 4 annual payments and a term of 5 years. The arrangement fee was 0.15%. As it was not representative, the Subsidiary recorded this fee as an expense for the period and did not record the policy at amortised cost. The policy does not incorporate any covenants.

The breakdown of the amortisation table of the loan is the following:

Financial year	Capital outstanding	Interest rate	Instalment	Interest	Capital
2022	4,500	0,73%	3,047	47	3,000
2023	1,500	0,73%	1,525	25	1,500
2024	-	0,73%	4	4	-
Total			4,576	76	4,500

The breakdown of the amortisation table of the loan in 2021 is the following:

Financial year	Capital outstanding	Interest rate	Instalment	Interest	Capital
2021	7,500	-	-	-	-
2022	4,500	0.73%	3,047	47	3,000
2023	1,500	0.73%	1,525	25	1,500
2024	-	0.73%	4	4	-
Total			4,504	145	7,500

The Group also has other financial liabilities with financial institutions, the most representative of which is a loan granted by the financial institution Bankinter, S.A. to the Portuguese company CEP for

a sum of 1,000 thousand euros, dated October 2019. The conditions of this loan are a fixed interest rate of 1.35%, with monthly payments and a term of 5 years and a credit account granted by the financial

institution Banco Sabadell, S.A. to CEP and drawn down in its entirety with a variable interest rate of 0.85% + Euribor 3 months with a renewable term of one year.

The breakdown of the amortisation table of the loan is the following:

Financial year	Capital outstanding	Interest rate	Instalment	Interest	Capital
2022	325	1.35%	207	6	201
2023	121	1.35%	207	4	203
Remaining	-	1.35%	155	1	154
			569	11	558

In 2021, the Parent Company contracted a loan of 325 million euros to be repaid in full on 14 April 2024 at 0% interest with the financial institution Kutxabank.

This year, the Parent Company has taken out three credit policies, detailed below:

Company	Contract date	Due date	Interest rate	Credit Policy limits(euros)	Amount drawn at 31.12.2022 (euros)
Caixabank	18/03/2022	18/03/2025	Eur, 3 month	123,500,000	123,012,785
Ibercaja	28/06/2022	28/06/2025	Eur, 3 month + 0.200%	10,000,000	10,000,000
Caixabank	05/07/2022	05/07/2025	Eur, 3 month + 0.380%	98,800,000	98,740,929
				Total amount drawn	231,753,713

In the last financial year, the Parent Company contracted a line of credit with a financial institution for a limit of 108.8 million euros at an interest rate of 0% pa, expiring 28 June 2022, with the balance available as of 31 December 2021 some 108.8 million euros. This sum is included under the heading 'Current debts with financial institutions' as of 31 December 2021.

As a result of the signing of the aforementioned loan agreements and credit policies, the Parent Company is obliged to comply with certain financial obligations that are normal in this type of financing. At year-end, the Parent Company's management considers that there is no reason for early termination of the above contracts, as it considers that all financial obligations have been fulfilled or waived by the financial

institutions. They are also expected to be complied with within the next 12 months or, if non-compliance is expected, a waiver will be obtained.

17. Revenue and expenditure

a) Postal revenue

The Parent Company is the operator designated by law to provide the universal postal service in Spain, in accordance with the requirements of quality, reliability, accessibility and affordability that delivers on the right of all citizens to postal communications, in a market that was fully liberalised on 1 January 2011, in accordance with Law 43/2010, of 30 December, on the Universal Postal Service, Users' Rights and the Postal Market.

This Act, together with Royal Decree 1829/1999 of 3 December 1999 (Postal Regulations), deals mainly with the regulation of the conditions of collection, acceptance, distribution and delivery of the universal postal service required of the designated operator, as well as the cost and financing of these obligations, prices and other tariff conditions for postal services.

b) Revenue from parcel services

The Group offers a wide range of parcel delivery options and is subject to Law 16/1987 of 30 July 1987 on the Regulation of Land Transport and Law 15/2009 regulating the Contract of Land Transport of Goods. Most of the contracts are short-term and with different types of companies.

c) Revenue from layout services

The Group's extensive portfolio of services includes layout services for its clients. The revenue for these services is identified in the contracts signed with customers, detailing the rates proposed and accepted by the parties.

Revenues for these services are recognised when the layout and subsequent communication requested by the customer are all completed, fulfilling the performance obligations set out in the contract. The Group does not invoice in advance for these services, as they do not require significant hourly charges.

d) Revenues from printing and enveloping services

These services are intended for any type of company, in any sector, that wishes to establish physical communications with its customers.

Revenues for these services are generated over time as the Group provides services according to the requirements and standards of its customers and once these services are provided, the right to receive payment for these services is generated. It is not the Group's practice to invoice for these services in advance.

e) Revenues from digital communication services

These types of services are included in the portfolio of services offered to customers to qualify for omni-channel services. They are mainly intended for private companies and public administrations that need to establish communications with their customers through digital devices, such as e-mail, mobile devices (smartphones or tablets), etc.

f) Telecommunications infrastructure rental

Rental of dark fibre, rights of way, co-location on radio sites mainly for telecommunications operators. Revenue for these services is recognised over time as the Group provides services to each customer.

Some contracts include multiple obligations. Sometimes, the development of the project, laying of the fibre, and subsequent periodic maintenance. Consequently, in these cases, the transaction price is allocated between the different obligations in the contract. These are usually long-term agreements. In this type of contract, the Group usually invoices advances to finance the development of the project and is therefore recognised as an advance from customers under the balance sheet heading 'long-term accruals and short-term accruals'. In this type of contract, the Group begins to recognise revenue when the customer can make use of the asset.

g) Connectivity services

Optical transport services offering high bandwidth connectivity between different customer sites, via circuits connected at their ends to terminal equipment, without access to public networks.

Revenue for these services is recognised over time, to the extent that the Group provides a tailored, customer-specific service and has the right to collect for all work performed for the customer to date.

h) Revenue from provision of services

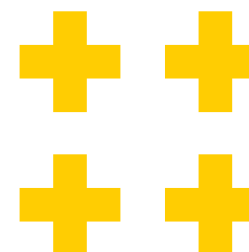
Revenue from provision of services is valued at the fair value of the compensation received or to be received, arising from same, after deducting any discount or similar, as well as any indirect taxes on transactions which may be charged on to third parties.

Revenue is booked depending on the financial significance of the transaction and is recognised when all of the following conditions are met.

- The amount of income may be reliably assessed.
- It is probable that the Group obtains financial benefits or returns arising from the transaction, and
- The costs incurred or to be incurred in the transaction may be reliably measured;

There are no financial components in the transactions of these kinds of services described above.

Revenue and expenditure are allocated based on the actual flow of the goods and services they represent and irrespective of when the monetary or financial flow arising from them occurs.



i) Revenue

The distribution of the revenue of Correos Group corresponding to the ordinary activities for categories of activities, and for geographic markets, for the financial years 2022 and 2021 is as follows:

	Financial year 2022	Financial year 2021
Segmentation by origin		
Clients under contract	1,476,650	1,565,207
Cash collections	310,000	321,907
Franking machines	35,661	35,086
International (ETOE and activity in Portugal)	83,780	106,625
Penalties	(6,324)	(18,280)
Other	62,611	70,900
Total	1,962,378	2,081,445
Segmentation by geographical markets		
National	1,939,808	2,057,480
International	22,570	23,965
Total	1,962,378	2,081,445

The heading 'Customers under contract' is presented net of the figure for rebates granted by Correos Group to its customers during the year amounting to a sum of

1,407 thousand euros (with the same figure for 2021 equivalent to 1,519 thousand euros).

j) Supplies

The breakdown of the heading 'Supplies' in the consolidated profit and loss account for the financial years 2022 and 2021 is as follows:

	Financial year 2022	Financial year 2021
National purchases of merchandise-		
Stamps and other franking signs	2,267	3,314
Other products	9,926	8,808
Changes in inventories	(296)	(4,317)
Merchandise used	11,897	7,805
Impairment of merchandise, raw materials and other supplies	848	350
Work carried out by other companies	374,999	374,327
Supplies	387,744	382,482

'Work carried out by other companies' includes the Parent Company's 'international mail expenses', which include the costs invoiced to the company by postal operators in the various countries in connection with the provision of postal and telegraphic services for recipients residing in those countries, 39,792 thousand euros in 2022 (43,374 thousand euros in 2021). It also includes expenditure on transport sub-contracted

to third parties, 92,289 thousand euros in the 2020 (91,339 thousand euros in 2020).

This heading also includes charges received from suppliers who work on their own account providing goods distribution services for the Correos Express Group, 236,358 thousand euros in the financial year 2022 (232,259 thousand euros in the financial year 2021).

k) Compensation for costs arising from the provision of the universal postal service

The Parent Company has recognised compensation for the provision of the universal postal service for a sum of 114,522 thousand euros in 2022 (110,000 thousand euros in 2021).

	Compensation for provision of the UPS pending collection as of 31 December 2020	-
Financial year 2021	UPS compensation:	110,000
	- From the transfers consigned in the State's general budgets (PGE) for the year 2021	
	Compensation collected from UPS Financing Fund:	(110,000)
	- Transfers consigned in the PGE of 2021	
	Compensation for provision of the UPS pending collection as of 31 December 2021	-
Financial year 2022	UPS compensation:	
	- From the transfers consigned in the PGE for the year 2022	110,000
	- From the 2021 postal contribution of the rest of the operators	90
	- From the 2022 postal contribution of Correos	4,434
	- Amounts discounted by the CNMC	(2)
	Compensation collected from UPS Financing Fund:	
	- Transfers consigned in the PGE of 2022	(110,000)
	- From the 2021 postal contribution of the rest of the operators	(90)
	- Bank charges discounted by the CNMC	2
	Compensation for provision of the UPS pending collection as of 31 December 2022	4,434

The Parent Company received other subsidies for the sum of 491 thousand euros in 2022 (167 thousand euros in 2021).

I) Staff costs

The breakdown of personnel costs for the years ending 31 December 2022 and 2021 were the following:

	Financial year 2022	Financial year 2021
Salaries, wages and similar	1,148,986	1,189,002
Social Security contributions	323,423	328,009
Other expenses	7,239	8,209
	1,479,648	1,525,220

The social charges for the financial years 2022 and 2021 do not include any sum for pension contributions and endowments. In accordance with the provisions of Article 2 of Royal Decree 20/2011 of 30 December

on urgent budgetary, tax and financial measures to correct the public deficit, the Group does not make contributions to pension plans (see Note 5-o).

m) External services

The breakdown of the heading 'External services' for the years ending 31 December 2022 and 2021 is as follow:

	Financial year 2022	Financial year 2021
Leases	60,457	54,634
Repairs, preservation and maintenance	74,256	81,257
Independent professionals	132,737	99,664
Insurance premiums	3,148	3,473
Supplies	68,630	43,319
Advertising, marketing and public relations	18,242	17,577
Banking and similar services	688	817
Other expenses	50,477	50,532
	408,635	351,273

'Other expenses' include, inter alia, costs arising from the maintenance and management of the data processing centres by a third party, as well as legal, advisory and consultancy fees of the Group.

At 31 December 2022 and 2021, the minimum future non-cancellable payments arising from the operating lease contracts signed by the various companies of Correos Group are broken down in the following table:

	Financial year 2022	Financial year 2021
Up to one year	24,078	25,511
Between one and five years	18,781	16,942
More than five years	26,452	27,113
	69,311	69,566

n) Taxes

The heading 'Taxes' includes the effect of the adjustment of the pro rata of indirect taxes on investment property from previous years and the effect of the adjustment of the definitive pro rata for the year 2022 (see Note 5-s).

In the financial year 2022, there was no change in the pro-rata percentage in the Parent Company of the

Group, therefore any sum was entered as definitive pro-rata correction with respect to the provisional entry (in 2021 revenue of 1,594 thousand euros was entered), while the subsidiary Nexea did register income under this heading, for the sum of 102 thousand euros. With regard to the effect of the correction of investment assets in previous years, income of 163 thousand euros was entered (in 2021 the same figure was 211 thousand euros).

With regard to other taxes, the most significant is property tax, which resulted in a cost of 5,935 thousand euros in 2022 (6,000 thousand euros in 2021).

o) Impairment and loss/gain on disposal of fixed assets

The breakdown of this heading for the years ending 31 December 2022 and 2021 was as follows:

Financial year 2022					
Fixed assets and non-current assets held for sale					
	Intangible fixed assets	Land and buildings	Other assets	Technical installations	Total
Adjustments for impairment:					
Provisions	-	2,294	-	-	2,294
Reversals	-	(2,376)	-	-	(2,376)
	-	(82)	-	-	(82)
Income from disposals and other results:					
Profits	-	(2,433)	-	-	(2,433)
Losses	-	1,779	-	-	1,779
	-	(655)	-	-	(655)
	-	(737)	-	-	(737)

Financial year 2021					
Fixed assets and non-current assets held for sale					
	Intangible fixed assets	Land and buildings	Other assets	Technical installations	Total
Adjustments for impairment:					
Provisions	-	4,872	-	-	4,872
Reversals	-	(4,075)	-	-	(4,075)
Reclassifications	-	-	-	-	-
	-	797	-	-	797
Income from disposals and other results:					
Profits	-	(14,675)	-	-	(14,675)
Losses	149	840	-	-	989
	149	(13,835)	-	-	(13,686)
	149	(13,038)	-	-	(12,889)

p) Financial income and expenses

The breakdown of this heading for 2022 and 2021 was as follows:

	Financial year 2022	Financial year 2021
Financial Income		
From related companies:		
Loans	19	42
From third parties:		
Other financial income	299	89
	318	131
Financial expenses		
Group companies	-	4
From third parties:		
Other financial expenses	644	377
	644	381

18. Tax situation

The breakdown of the balances held by the Group with public administrations as of 31 December 2022 and 2021 is as follows:

	Balance as of 31/12/2022	Balance as of 31/12/2021
Non-current assets		
Deferred tax assets	53,681	61,417
Total non-current assets with public administrations	53,681	61,417
Current assets		
Others (Note 11)	685	1,143
	685	1,143
	(Note 11)	(Note 11)
Non-current liabilities		
Deferred tax liabilities	72,194	74,389
Current liabilities		
Personal Income Tax – (IRPF as per the Spanish)	22,121	20,350
Value Added Tax - VAT	7,731	7,639
Social security	27,656	26,560
MUFACE and passive rights	852	1,009
Other	964	1,266
Total current assets with public administrations	59,324	56,824
	(Note 16)	(Note 16)

In 2011, Correos Group was taxed under the tax consolidation regime, Tax Group no. 38/11, comprising all the companies of Correos Group and the company Correos y Telégrafos S.A., S.M.E. (Sole-Shareholder Company), as Parent Company.

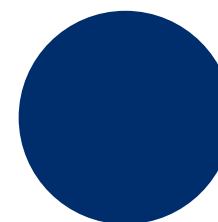
During the 2012 financial year, as a result of the transfer of the company's shares to SEPI, formalised in the Act of 5 June 2012, all the companies of Correos Group were integrated into the SEPI Tax Consolidation Group with number 9/86, and the consequent extinction of Tax Group no. 38/11.

This integration took effect as from 1 January 2012, and was notified by SEPI (as the Parent Company of the Tax Group) to the Central Office for Large Taxpayers of the Tax Authorities when filing the second instalment payment of the 2012 Corporate Income Tax, in compliance with the provisions of Article 70.6 of the Consolidated Text of the Law on Corporate Income Tax.

The taxable income of the Tax Group is determined by adding the individual taxable income of the companies that make up the Group, taking into account that they would be outside the Tax Group detailed above, CEP and CEP II. Notwithstanding the above, all companies of Correos Group present their individual liquidation.

The Corporate Income Tax of each Group company is calculated based on the financial or accounting result, which is obtained by applying generally accepted accounting principles, which do not necessarily have to coincide with the tax result, understood as the tax base.

In order to determine the individual tax bases, certain adjustments or eliminations of inter-group transactions are made at the individual level, i.e. these are transferred to the individual tax bases of the Group companies instead of being made at the consolidated level. The most common of these transactions relate to dividends received by Group companies and provisions for impairment of investments in subsidiaries. The aim of this 'homogenisation' of the tax bases to be included in the base of Tax Group no. 9/86 is to avoid duplication in the calculation of tax debts and credits.



The breakdown of deferred tax assets and liabilities is as follows:

	Financial year 2022	Financial year 2021
Temporary differences:		
Provisions for risks and costs	1,916	1,754
Goodwill amortisation	1,131	1,523
Staff-related provisions	348	274
Provisions related to fixed assets	5,374	6,418
Amortisation of fixed assets	3,673	4,880
Other	106	70
	12,548	14,919
Adjustment for change in tax rate	(180)	(180)
Credits for negative tax bases Portugal	626	998
Credits for negative tax bases Spain	19,804	27,937
Credit for deductions	20,884	17,743
Deferred tax assets	53,681	61,417
Temporary differences:		
Tax effect of universal postal service capital offsets received up to 2010	71,739	73,614
Intangibles generated in Business Combinations	437	765
Other temporary adjustments	18	10
Deferred tax liabilities	72,194	74,389

Movements in deferred tax assets for Corporate Income Tax for 2022 and 2021 are as follows:

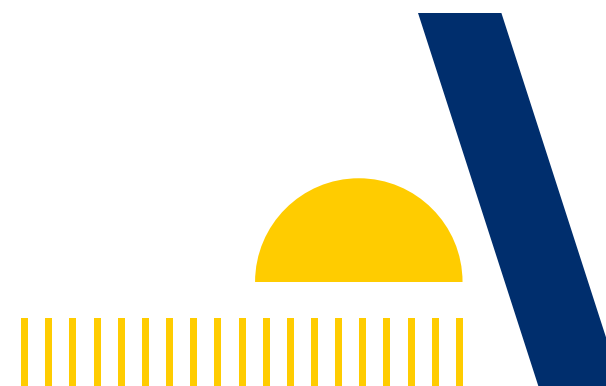
	Balance at 01/01/2021	Recognitions	Adjustments	Reversal	Balance at 31/12/2022
Deferred tax base	173,288	9,513	-	(52,574)	130,227
Tax effect:					
Temporary differences	14,740	2,378	(180)	(4,582)	12,356
Credits for losses to compensate (Portugal)	998	-	-	(361)	637
Credits for losses to compensate (Spain)	27,937	-	-	(8,132)	19,805
Credit for deductions	17,742	3,141	-	-	20,883
Total deferred tax assets	61,417	5,519	(180)	(13,075)	53,681

	Balance at 01/01/2020	Recognitions	Adjustments	Reversal	Balance at 31/12/2021
Deferred tax base	184,458	12,742	98	(24,010)	173,288
Tax effect:					
Temporary differences	16,243	3,185	(156)	(4,534)	14,738
Credits for losses to compensate (Portugal)	1,291	-	-	(293)	998
Credits for losses to compensate (Spain)	29,058	-	-	(1,121)	27,937
Credit for deductions	14,245	3,685	(26)	(161)	17,743
Total deferred tax assets	60,836	6,871	(182)	(6,108)	61,417

The main temporary differences in 2022 relate, on the one hand, to the impairment losses on fixed assets (956 thousand euros) and provisions for expenses arising from implicit or tacit obligation (1,392 thousand euros) both entered by the Parent Company, on the other hand, the allocation of provisions for risks and costs caused by Correos Express Paquetería Urgente, S.A. S.M.E. (Sole-Shareholder Company), highlighting the provisions for claims and credit memos (4,332 thousand euros) and the provisions implicit or tacit obligations to staff (1,673 thousand euros). The aforementioned expenses are considered non-deductible expenses in accordance with the provisions of Law 27/2014 on Corporate Income Tax and, therefore, have led to an increase in the positive temporary differences arising in 2022.

On the other hand, the sum of the recoveries of temporary differences recorded in 2022 mainly corresponds to the reversal of the temporary measures established by Law 16/2012 adopting various tax measures aimed at consolidating public finances and boosting economic activity, by virtue of which the deductibility of fixed asset depreciation expense in 2013 and 2014 was limited to 70%, establishing its recovery in years commencing on or after 1 January 2015. The sum corresponding to this recovery in 2022 is 3,600 thousand euros in the case of the Parent Company and 253 thousand euros in the case of the

subsidiaries as a whole. All these adjustments to the tax base have resulted in a reduction of the temporary differences arising in previous years. Also, arising from the tax amortisation of the goodwill of the subsidiary Correos Express Paquetería Urgente, SA. S.M.E. (Sole-Shareholder Company), this company reduced its taxable income by 1,565 thousand euros.



Movements in deferred tax liabilities for Corporate Income Tax for 2022 and 2021 are as follows:

Financial year 2022					
	Balance at 01/01/2022	Recognitions	Adjustment Rate change	Reversal	Balance at 31/12/2022
Deferred tax liability universal postal service capital compensation	73,624	-	-	(1,867)	71,757
Deferred tax liability business combination	765	-	-	(328)	437
Temporary differences	-	-	-	-	-
Tax effect of temporary differences	-	-	-	-	-
Total deferred tax liabilities	74,389	-	-	(2,195)	72,194

Financial year 2021					
	Balance at 01/01/2021	Recognitions	Adjustment Rate change	Reversal	Balance at 31/12/2021
Deferred tax liability universal postal service capital compensation	76,179	10	-	(2,565)	73,624
Deferred tax liability business combination	1,092	-	-	(327)	765
Temporary differences	-	-	-	-	-
Tax effect of temporary differences	-	-	-	-	-
Total deferred tax liabilities	77,271	10	-	(2,892)	74,389

The reconciliation of the consolidated result with the tax base for profit tax as of 31 December 2022 and 2021:

Financial year 2022			
	Increases	Decreases	Total
Aggregate pre-tax result	-	-	(269,679)
Consolidation adjustments	-	-	(9,741)
Consolidated profit before taxes			(279,420)
Permanent differences:			
-Individual companies	18,629	(13,896)	4,733
-Consolidation adjustments	9,741	-	9,741
Temporary differences:			
-Arising in the financial year	10,576	(63)	10,513
-Arising in previous financial years	-	(18,414)	(18,414)
Preliminary tax base (tax result)			(272,847)
Compensation for negative tax bases generated outside the SEPI Tax Group			(2,532)
Tax base after offsetting			(275,379)
Tax base Spain			(276,834)
Tax base Portugal			1,455

Financial year 2021			
	Increases	Decreases	Total
Aggregate pre-tax result		-	(111,125)
Consolidation adjustments		-	(25,824)
Consolidated profit before taxes			(136,949)
Permanent differences:			
-Individual companies	26,211	(25,244)	967
-Consolidation adjustments	25,824	-	25,824
Temporary differences:			
-Arising in the financial year	12,645	(63)	12,582
-Arising in previous financial years	-	(18,219)	(18,219)
Preliminary tax base (tax result)			(115,795)
Compensation for negative tax bases generated outside the SEPI Tax Group			(5,704)
Tax base after offsetting			(121,499)
Tax base Spain			(122,032)
Tax base Portugal			533

In 2022, the Parent Company made a provision for the impairment of loans to subsidiary Nexea for the sum of 6,723 thousand euros (727 thousand euros in 2021), and the subsidiary Correos Express Paquetería Urgente S.A. S.M.E registered provisions for sanctions arising from the file opened by the National Commission for Markets and Competition for the sum of 9,818 thousand euros. Both provisions are considered non-deductible for insofar as they correspond to the provisions for non-deductible

expenses of a permanent nature, in accordance with Law 27/2014 on Corporation Tax. Both permanent positive adjustments are therefore made to the accounting result.

On the other hand, in the year 2022, a permanent negative adjustment is made corresponding to the dividend received by Correos from the subsidiary Correos Express, an adjustment aimed at homogenising the taxable bases of both companies

for integration into the Consolidated Fiscal Group. The sum of the negative adjustment amounts to 13,752 thousand euros, a sum corresponding to 95% of the dividend received (14,476 thousand euros).

The aggregate effective tax expense and the aggregate corporate income tax expense are calculated as follows:

	Financial year 2022	Financial year 2021
	Consolidated profit and loss account	Consolidated profit and loss account
Aggregate results before tax	(269,679)	(111,125)
Consolidation adjustments	(9,741)	(25,824)
Aggregated results before tax	(279,420)	(136,949)
Detail of aggregated results before tax		
- Positive accounting basis	3,978	22,331
- Negative accounting basis	(273,657)	(133,456)
- Non-taxable accounting base	(9,741)	(25,824)
	(279,420)	(136,949)
Theoretical tax charge	(1,311)	(5,953)
Tax credits	68,778	33,804
Non-calculable income	3,511	6,311
Non-deductible expenditure	(4,921)	(6,570)
Deductions	3,733	3,685
Effective aggregate taxable income / (expense)	69,790	31,277
Detail of effective aggregate taxable income / (expense):		
Current taxes	(2,247)	(4,086)
Repurchase tax credit	-	-
Tax credits	72,050	34,636
Deferred taxes	(13)	727
Total effective aggregate taxable income / (expense)	69,790	31,277

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	Financial year 2022	Financial year 2021
Tax rate change adjustment	(180)	(180)
Adjustment tax rate change repurchase tax credit	-	-
Corporate income tax adjustment for previous year	-	(26)
Activation negative tax bases and temporary	(7,500)	-
Consolidation adjustment	(286)	(9)
Tax effect business combination	328	328
Aggregate income / (expense) from corporate income tax	62,152	31,390

The calculation of corporate income tax payable and receivable as of 31 December 2022 and 2021 is as follows:

	Financial year 2022		Financial year 2021	
	Tax current debtor	Tax current creditor	Tax current debtor	Tax current creditor
Aggregate current tax	72,050	(1,595)	34,635	(3,654)
Repurchase tax credit SEPI	-	-	-	-
Withholdings and payments on account	615	-	545	-



For corporate income tax purposes, the companies resident in Spanish territory of Correos Group are included in the Consolidated Tax Group no. 9/86, formed by Sociedad Estatal de Participaciones Industriales and all companies resident in Spanish territory that form part of its consolidated financial group under the provisions of Articles 42 and following of the Commercial Code, in accordance with the provisions of Law 5/1996, of 10 January, on the Creation of Certain Public Law Entities.

The application of the consolidated tax regime means, on the one hand, that the individual credits and debits for corporate income tax are integrated into the Parent Company (Sociedad Estatal de Participaciones Industriales) and, on the other hand, the right to obtain compensation for the tax credits included in the consolidation.

The negative taxable income generated in 2022 by the Parent Company of Correos Group amounts to 284,362 thousand euros, and therefore, in accordance with the procedure established in Group 9/86 for tax consolidation, SEPI will pay Correos an amount of 25% of this negative taxable income once the consolidated tax return has been filed, which amounts to a sum of 71,091 thousand euros.

In accordance with Law 27/2014 on Corporate Income Tax, with effect for years commencing on or after 1 January 2015, if, by virtue of the rules applicable to the determination of the tax base, the tax base is negative, there is no maximum period for offsetting this sum. The offsetting shall be carried out at the time as the filing of the corporate income tax return, without prejudice to the powers of verification that correspond to the tax authorities.

The negative tax bases prior to integration into Tax Group no. 9/86, generated in 2011 and prior years by the companies of Correos Group, may be offset against future tax losses generated by these companies, since SEPI, the Parent Company of this tax consolidation group, allows this. In any case, and in accordance with the provisions of the Fifteenth Additional Provision of Law 27/2014 following the approval of Royal Decree Law 3/2016, the maximum compensation limit will apply, by virtue of which companies whose net turnover in the 12 months prior to the start date of the tax period exceeds 60,000 thousand euros may compensate a maximum of 25 per cent of the previous positive taxable income.

In the financial year 2022 Correos Express Paquetería Urgente S.A., S.M.E. (Sole-Shareholder Company) has proceeded to offset 2,532 thousand euros (4,473 thousand euros in 2021) from the negative

taxable income generated by this subsidiary prior to its inclusion in the SEPI Tax Group. Moreover, on 31 December 2022 the taxable bases whose fiscal effect has constituted 7.5 million euros with an entry for 'tax on profits' in the consolidated profit and loss account of the Group as of 31 December 2022 were deactivated. In 2021 no tax base was deactivated whatsoever.

As of 31 December 2022, the Group companies, except CEP and CEP II, have negative tax bases to offset against possible future taxable profits (generated prior to their inclusion in the SEPI Tax Group) for the sum of 183,737 thousand euros (186,269 thousand euros in 2021). These taxable bases correspond to Correos Express Paquetería Urgente, S.A., S.M.E. (Sole-Shareholder Company) (181,036 thousand euros) and to Nexea Gestión Documental S.A. S.M.E. (Sole-Shareholder Company) (2,701 thousand euros), and are detailed below:

Year	Correos Express Paquetería Urgente, S.A., S.M.E,	Nexea Gestión Documental, S.A., S.M.E,
2001	3,655	-
2002	19,350	-
2003	52,569	83
2004	38,670	135
2005	22,011	-
2006	11,179	-
2007	9,769	-
2008	1,475	-
2009	6,134	947
2010	6,933	115
2011	9,291	1,421
	181,036	2,701

The balance existing as of 31 December 2022, corresponding to the tax credit recorded in prior years by Correos Express Paquetería Urgente S.A. S.M.E., i.e. 19,804 thousand euros, corresponds to sum of negative tax bases pending offset against future taxable profits of 79,216 thousand euros (111,748 thousand euros as of 31 December 2021).

The company Nexea Gestión Documental S.A., S.M.E. has not recorded any tax credits for this sum from of its negative tax bases pending offset.

The negative tax bases corresponding to CEP II pending compensation as of 31 December 2022 amount to 3,334 thousand euros (4,919 thousand euros on 31 December 2021) of which, on 31

December 2022, 3,110 thousand euros are activated (4,695 thousand euros on 31 December 2021), as detailed in the following table:

Generation year	Expiry year	Negative tax bases	Compensation	Negative tax bases pending
2015	2026	40	(40)	0
2016	2027	1,061	(1,061)	0
2017	2023	789	(484)	305
2018	2024	978	-	978
2019	2025	1,005	-	1,005
2020	2026	1,046	-	1,046
		4,919	(1,585)	3,334

The subsidiary companies CEP I and CEP II are taxed at 21% in Portugal and the company CEP II has been active negative tax bases of 3,334 thousand euros, corresponding to the years 2015-2020, and the directors consider that taxable income will be generated in this company over the next five years which, in accordance with Portuguese legislation, will allow for the recovery of the asset.

There exists a tax credit arising from the tax deductions generated and not applied by the Parent Company for the sum of 20,883 thousand euros corresponding to the following deductions: for Technological Innovation (13,017 thousand euros), for investments in fixed assets made in the Canary Islands (4,245 thousand euros), for investments in events of exceptional public interest (1,520 thousand euros), for reversal of temporary measures under Law 16/2012 (817 thousand euros), for job creation for persons with disabilities (1,183 thousand euros) and for donations to non-profit entities (101 thousand euros).

Current legislation provides that taxes may not be deemed fully paid until the submitted tax returns have been duly reviewed by tax authorities or the four-year inspection period has elapsed. As of 31 December 2022, the companies comprising the Group remain open to inspection by the tax authorities for all applicable taxes from 1 January 2018. The directors of the Parent Company do not expect any significant additional liabilities to arise for the Group as a result of an inspection.

19. Other information

a) Number of employees

The breakdown the Group's average headcount (Full Time Equivalent), in number of employees, for the financial years 2022 and 2021 is as follows:

	Financial year 2022	Financial year 2021
Management Committee	18.99	20.29
Rest of workforce:		
Civil servants	5,259.64	6,571.54
Workers under ordinary employment contracts	43,062.23	43,657.91
	48,340.86	50,249.74

As of 31 December 2022 and 2021, the number of employees of Correos Group by category and gender was as follows:

	Data at 31/12/2022			Data at 31/12/2021		
	Men	Women	Total staff	Men	Women	Total staff
Management Committee	14	5	19	14	5	19
Rest of workforce:						
Civil servants	3,162	1,623	4,786	3,953	1,991	5,944
Workers under ordinary employment contracts	20,800	24,604	45,404	20,062	23,909	43,971
	23,976	26,233	50,208	24,029	25,905	49,934

The average headcount (Full Time Equivalent) of the Group for persons with a disability of 33% or above during the financial years 2022 and 2021 was as follows:

	Financial year 2022	Financial year 2021
Civil servants	158	181
Workers under ordinary employment contracts	963	831
	1,121	1,012

b) Commitments and contingencies

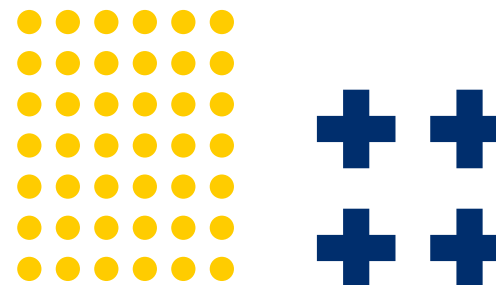
As of 31 December 2022, guarantees granted by various financial institutions to Correos Group amounted to 140,817 thousand euros (101,162 thousand euros in 2021), of which 58,636 thousand euros (56,446 thousand euros in 2021) were arising from contracts with customers, 79,133 thousand euros (42,065 thousand euros in 2021) were arising from legal matters, and the remainder arising from other causes. The Directors of the Parent Company estimate that additional liabilities, if any, which may arise from sureties and guarantees provided would not, in any case, be significant.

In addition, fees accrued for non-audit services during the financial year 2022 by other companies in the Grant Thornton, S.L.P. network for a sum of 80.4 thousand euros (30.3 euros as of 31 December 2021).

c) Fees of auditors and their group or related companies

The amounts accrued during the financial year 2022 for the audit services of Grant Thornton S.L.P. amounted to 201 thousand euros excluding VAT (150 thousand euros in 2021).

The auditors of the accounts of the subsidiary companies CEP I and CEP II is Carmo & Cerqueira, SROC, and the audit fees for the year ending 31 December 2022 were 14 thousand euros excluding VAT, regardless of the time of invoicing (14 thousand euros as of 31 December 2021).



20. Related parties

a) Related companies

The related companies with whom the companies of Correos Group have maintained transactions in the financial years 2022 and 2021 and the nature of the relationships are the following:

Name of the company	Nature of the relationship
Sociedad Estatal de Participaciones Industriales (SEPI)	Parent Company tax group no. 9/86
Grupo SEPI	SEPI Group companies
Rangel Invest, S.A.	Grupo Rangel company (Portugal)
Rangel Invest Africa, S.A.	Grupo Rangel company (Portugal)
Eduardo Rangel Despachante Oficial, Lda	Grupo Rangel company (Portugal)
Rangel Transitários, S.A.	Grupo Rangel company (Portugal)
Rangel Distribuição e Logística, S.A.	Grupo Rangel company (Portugal)
Rangel Internacional- Aérea e Marítima, S.A.	Grupo Rangel company (Portugal)
Gerastro, SGPS	Grupo Rangel company (Portugal)
K Parcel	Company accounted for by the equity method (China)

The balances receivable and payable from and payable to the related companies listed in the table above as of 31 December 2022 and 2021 are as follows:

	Customers		Suppliers	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
SEPI	-	1	-	-
Rangel Group	1,758	2,824	559	593
K-Parcel Company Limited	10,075	4,269	-	-
SEPI Group, remainder	197	142	-	-
	12,030	7,236	559	593
	(Note 11)	(Note 11)	(Note 16)	(Note 16)

	Short-term debts		Long-term credits	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
K-Parcel Company Limited	-	-	589	555
	-	-	589	555

The cross receivables and payables relating to the Tax Group's operations (see Note 18) are as follows:

	Balances Fiscal Group N°, 9/86			
	Debtors, Group companies		Debts, Group companies	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
SEPI	72,665	35,180	(1,595)	(3,654)
	72,665	35,180	(1,595)	(3,654)

The breakdown of the tax balances with SEPI is the following:

	Balance at 31/12/2022			Balance at 31/12/2021	
	Debtor	Creditor		Debtor	Creditor
Telecom	-	287	Telecom	-	(462)
Nexea	959	-	Nexea	577	-
Correos Express Group	-	1,308	Correos Express Group	-	(3,192)
Correos:			Correos:		
- Tax fee SEPI	71,091	-	- Tax fee SEPI	34,058	-
- Tax withholdings and prepayments 2021	306	-	- Tax withholdings and prepayments 2021	216	-
- Tax withholdings and prepayments 2022	309	-	- Tax withholdings and prepayments 2022	329	-
Total (Note 18)	72,665	1,595	Total (Note 18)	35,181	(3,654)

The transactions with SEPI Group and Rangel Group companies in the years 2022 and 2021 were the following:

	Income from provision of services		Operating expenses	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
SEPI	-	4	-	-
Rangel Group	3,908	5,073	1,447	-
SEPI Group, remainder	443	362	576	292
	4,351	5,439	2,023	292

	Financial income	
	31/12/2022	31/12/2021
K-Parcel Company Limited	19	42
	19	42

**b) Directors and senior management of Parent Company**

The members of the Board of Directors and senior management of the Parent Company have not participated, either directly or indirectly, in the financial years 2022 and 2021 in unusual and/or significant transactions with companies of Correos Group.

- Remuneration and other benefits of directors and senior management personnel of the Parent Company during the financial year

Remuneration accrued for all items during the financial year 2022 by the members of the Parent Company's Board of Directors and senior management personnel amounted to 1,601 thousand euros (1,650 thousand euros in 2021), of which 153 thousand euros correspond to

allowances received by the members of the Parent Company's Board of Directors for attending Board meetings (155 thousand euros in 2021), and the remainder relates to salaries and/or other remuneration items (including compensation) of the senior management Parent Company.

As as of 31 December 2022, no member of the company's Board of Directors or senior management had any balances receivable or payable from the company, nor did the company have any pension and/or life insurance obligations to them.

- Other information concerning the Board of Directors

In the duty to avoid situations of conflict within the Group companies, the Directors who have sat on the Board of Directors of Group companies have fulfilled their obligations under article 228 of the recast text of the Capital Companies Act. Both the directors and people related to them have refrained from any conflict of interest provided for under article 229 of said Law.

The Board of Directors of the Parent Company at the date of preparation of these financial statements consisted of 9 men and 5 women.

21. Business combination

On 1 March 2021, the Board of Directors of CEP approved the transfer of 100% of its international transport business to CEPII through a capital increase with a contribution in kind.

CEPII recognises the assets acquired and liabilities assumed at fair value at the acquisition date, capped at the value recognised as of the business combination date in 2019.

The breakdown of the compensation paid, at the fair value of the net assets and goodwill acquired was the following:

	Thousands of euros
Fair value of compensation given	2,541
Net identifiable assets acquired	
Current assets	2,541
Current liabilities	2,541
Goodwill	2,541

As a result of the recognition of the aforementioned assets and liabilities, goodwill of 2,541 thousand euros was recognised for CEPII.

The increase in CEP II's share capital implicitly involved an inflow of assets, as legally defined in number 3 of article 73 of the Portuguese Corporate Income Tax Code. From a tax perspective and taking into account

that CEP transferred its international transport business to CEPII without dissolving it, the asset deal in question was carried out under the tax neutrality regime. All the assets assigned to the business transferred have been transferred.

The combination of the businesses detailed above has no effect whatsoever on the figures of these

consolidated financial statements, removing in the consolidated process.

22. Segmented information

The Group's segment results for the financial years 2022 and 2021 as well as the balance sheet and cash flow statement are as follows:

Financial year 2022				
	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Revenue	1,567,123	412,222	(16,967)	1,962,378
Supplies	(140,201)	(254,330)	6,787	(387,744)
UPS compensation	114,522	-	-	114,522
Staff costs	(1,415,780)	(63,944)	76	(1,479,648)
Other results	(395,881)	(95,617)	2,571	(488,927)
Result before tax	(270,217)	(1,669)	(7,533)	(279,419)
Financial year 2021				
	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Revenue	1,680,259	411,872	(10,686)	2,081,445
Supplies	(140,806)	(246,129)	4,454	(382,482)
UPS compensation	110,000	-	-	110,000
Staff costs	(1,460,716)	(64,565)	61	(1,525,220)
Other results	(321,642)	(81,740)	(17,310)	(420,692)
Result before tax	(132,905)	19,438	(23,481)	(136,949)

Balance at 31/12/2022

	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Fixed assets and investment property	1,389,695	66,851	-	1,456,546
Non-current investments in Group companies	193,190	-	(188,552)	4,638
Other non-current assets	6,213	1,287	(168)	7,332
Deferred tax assets	30,045	23,636	-	53,681
Non-current assets	1,619,143	91,774	(188,720)	1,522,197
Trade and other receivables	517,166	101,553	(14,793)	603,926
Other current assets	25,272	24,689	(24,677)	25,284
Cash	104,259	7,214	-	111,473
Current assets	646,697	133,456	(39,470)	740,683
Total assets	2,265,840	225,230	(228,190)	2,262,880

Balance at 31/12/2021

	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Fixed assets and investment property	1,402,522	68,099	-	1,470,621
Non-current investments in Group companies	191,879	-	(187,465)	4,414
Other non-current assets	4,196	1,530	(23)	5,703
Deferred tax assets	29,033	32,384	-	61,417
Non-current assets	1,627,630	102,013	(187,488)	1,542,155
Trade and other receivables	462,275	99,215	(8,554)	552,936
Other current assets	32,196	27,964	(32,012)	28,148
Cash	137,744	3,587	-	141,331
Current assets	632,215	130,766	(40,566)	722,415
Total assets	2,259,845	232,779	(228,054)	2,264,570

Balance at 2022	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Shareholder's equity	763,183	41,392	(171,590)	632,985
External partners	-	357	-	357
Grants, donations and bequest received	216,256	195	1,385	217,836
Equity	979,439	41,944	(170,205)	851,178
Non-current provisions	41,437	19,864	-	61,301
Deferred tax liabilities	559,275	1,673	(168)	560,779
Other non-current liabilities	86,219	30,266	(18,346)	98,139
Non-current liabilities	686,931	51,803	(18,514)	720,219
Current payables	38,137	6,573	-	44,711
Trade creditors and other accounts payable	505,868	114,682	(76,451)	544,100
Other current liabilities	55,465	10,228	36,979	102,672
Current liabilities	599,470	131,483	(39,472)	691,483
Total equity and liabilities	2,265,840	225,230	(228,190)	2,262,880

Balance at 2021	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Shareholder's equity	961,297	67,407	(178,531)	850,173
External partners	-	428	-	428
Grants, donations and bequest received	221,273	235	1,420	222,928
Equity	1,182,570	68,070	(177,111)	1,073,529
Non-current provisions	63,135	10,060	-	73,195
Deferred tax liabilities	327,265	4,858	(23)	332,100
Other non-current liabilities	73,969	21,398	(10,357)	85,010
Non-current liabilities	464,369	36,315	(10,380)	490,305
Current payables	130,096	6,640	-	136,736
Trade creditors and other accounts payable	454,371	107,063	(78,626)	482,808
Other current liabilities	28,439	14,692	38,061	81,191
Current liabilities	612,906	128,395	(40,565)	700,736
Total equity and liabilities	2,259,845	232,780	(228,055)	2,264,570

Financial year 2022

	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Operating activities				
Result for the financial year before tax	(270,216)	(1,669)	(7,534)	(279,419)
Adjustments to the result	37,582	18,390	17,531	73,503
Changes in current capital	76,889	12,252	(4,372)	84,769
Other cash flows from operating activities	49,188	72	(17,805)	31,455
Total cash flows from operating activities	(106,557)	29,045	(12,180)	(89,692)
Investment activities				
Payments for investments	(63,946)	(18,304)	8,131	(74,119)
Proceeds from disposals	6,911	4,871	(4,871)	6,911
Total cash flows from investment activities	(57,035)	(13,433)	3,260	(67,208)
Financing activities				
Total cash flows from financing activities	122,892	(11,984)	8,920	119,828
Effect of exchange rates fluctuations	7,215	-	-	7,215
Net variation in cash or equivalents	(33,485)	3,628	-	(29,857)
Cash and other cash equivalents at the start of the financial year	137,744	3,587	0	141,331
Cash and other cash equivalents at the end of the financial year	104,259	7,215	0	111,474

Financial year 2021

	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Operating activities				
Result for the financial year before tax	(132,905)	20,019	(24,063)	(136,949)
Adjustments to the result	41,554	14,803	29,687	86,045
Changes in current capital	29,341	(23,303)	11,008	17,046
Other cash flows from operating activities	92,085	(5,904)	4,383	90,564
Total cash flows from operating activities	30,074	5,615	21,016	56,705
Investment activities				
Payments for investments	(88,718)	(4,678)	(8,292)	(101,688)
Proceeds from disposals	28,095	711	(711)	28,095
Other financial assets				
Total cash flows from investment activities	(60,622)	(3,967)	- 9,003	(73,594)
Financing activities				
Total cash flows from financing activities	120,827	(1,871)	(11,512)	107,444
Effect of exchange rates fluctuations	6,308	-	-	6,308
Net variation in cash or equivalents	96,587	(223)	501	96,865
Cash and other cash equivalents at the start of the financial year	41,157	2,776	-	44,466
Cash and other cash equivalents at the end of the financial year	137,744	2,551	-	141,331

23. Environmental information

Details of the Parent Company's investments and expenses for environmental protection and improvement for the financial years 2022 and 2021 are the following:

	Financial year 2022	Financial year 2021
Investments	3,456	3,488
Expenses		
Environmental protection services	318	491
Environmental management costs	289	206
Environmental taxes	582	620
Clean-up costs	4	102
Prevention costs	2,811	625
Total expenses	4,004	2,044

Environmental grants of 108 thousand euros were received during the financial year (503 thousand euros in 2021).

The Directors of the Parent Company deem there to be no significant contingencies relating to the protection and improvement of the environment, not deeming it necessary to make any allocation to the provision for environmental risks and costs as of 31 December 2022.

● 24. Contingent liabilities

On 4 June 2020, UNIPOST S.A.U. filed a lawsuit before Barcelona Commercial Court no. 7, in which the company brought an action for non-contractual liability against Correos, seeking to order the Parent Company to pay UNIPOST compensation for the sum of 301,259,464 euros, as well as interest from the date the lawsuit was filed and the costs of the proceedings. This case is pending the adoption of certain measures and then a date will be established for the hearing of the pending trial, where the oral conclusions shall be made on the part of the representation of the parties, and therefore the sum of provisions cannot be estimate yet. Indeed it would be wise to wait for the processing of the pending evidence. At the date of preparation of these financial statements, the risk is estimated as possible.

They are currently pending judicial resolution after the submissions of Correos Express against the resolutions of the Provincial Division of the General Treasury of the Social Security of Toledo arising from the files seized by the Employment Inspection authorities, ruling on the Social Security registration of drivers belonging to supplier companies of CEX and other procedures relating to this principle (Note 15). At the date of preparation of these financial statements, the risk is estimated as possible.

● 25. Events after the closing date

In the judgement of the Directors of the Parent Company no further events after the closing date have arisen that would have a material impact on these consolidated financial statements.



Management Report

1. Business model and evolution

Correos Group operates in the physical and digital communications sector, as well as in the parcel delivery market. In the latter, it leads the non-urgent transport segment, a benchmark for e-commerce companies.

Correos, the Group's Parent Company, is the leader in the Spanish postal market and one of the benchmark companies in the B2C (business-to-consumer) parcel delivery sector, due to the excellence and reliability of its service. It is also the operator designated by law to provide the universal postal service throughout the territory, with criteria of efficiency, quality and affordability, contributing to the sustainability of postal communications for all citizens.

Correos complements its activities with those of its subsidiaries:

- Correos Express, dedicated to express parcel delivery for the B2B (business-to-business) and B2C (business-to-private) segments.
- Correos Nexea, specialising in multichannel solutions for mass physical and digital corporate communications.
- Correos Telecom, responsible for the management and marketing of Correos' telecommunications infrastructures, as well as providing technological support to the rest of the Group's companies.

- Correos Express Portugal, a subsidiary incorporated into the Group in April 2019, following the acquisition of 51% of Rangel Expresso by Correos Express. With this incorporation, the Group embarked upon the international expansion process defined in its strategy, offering an integrated express parcel service for the entire Iberian market.

In May 2019, the Board of Directors of Correos also approved the creation of two new joint ventures with Asian operators Kerry Logistics Network Limited and Global Freight Systems (GFS), each with a 35% stake. These two companies were created in the first half of 2020. The joint ventures KCG Ecommerce Solutions Company Limited and K Parcel Company Limited provide integrated outbound parcel management from China and Hong Kong in response to growing international e-commerce activity.

2. Environment and trends

Impact of the energy and cost of living crisis

If a year ago all forecasts pointed to 2022 as the year in which the expected post-pandemic economic recovery would finally take place, the invasion of Ukraine and its effects dramatically altered these forecasts.

The war triggered a general increase in the cost of raw materials, which was passed on to energy, transport and finally to consumers' prices in most countries.

Inflation climbed to 10.6% in the euro area in October. In Spain, it reached 10.8% in July, and was gradually reduced over the following months, closing December at 5.7%, almost half the European average, partly thanks to tax aids or to the adjustment mechanism applied to electricity production cost, also known as the 'Iberian exception', which helped to curb increases in energy prices.

In addition, the National Response Plan to the economic and social consequences of the war in Ukraine, which introduced fuel price subsidies in force until December 2022 (extended until June 2023 for road transport professionals and other groups), also helped partially mitigate the impact of the fuel price increase.

In this environment, not only were Correos and its subsidiary Correos Express affected by the increase in energy and transport costs, but the subsidiary Nexea was also disturbed by the rising costs of supplies such as paper, with a particular impact on its document management and mass corporate communications business. This factor, together with the precarious situation already faced by the industry, as well as the current risks arising from shrinking demand, make it advisable to embark on a restructuring of the company.

As a result, Correos decided to take over its subsidiary, an operation which was authorised at the end of 2022.

Against an inflationary backdrop, central banks opted to raise interest rates in order to appease the markets, making a U-turn in their most recent monetary policies and leading to a tightening of financing conditions for citizens and companies. In the face of rising credit costs, European recovery funds once again emerged as an important mechanism for boosting business growth in the coming years.

Moreover, shortages of critical raw materials further aggravated tensions in supply chains, with intermittent disruptions to production in certain industries, even though pandemic-related bottlenecks had begun to ease and shipping prices had started to fall.

China's zero-COVID restrictions and the persistent level of dependence on China by European companies further deepened the difficulties for maintaining trade flows, causing some companies to start questioning the resilience of their value chain and to rethink the degree of diversification of their suppliers, including those in logistics.

All these factors - worsening inflationary pressures, tightening monetary policies, deteriorating confidence and loss of purchasing power - placed a burden on consumption, causing the global and European

economies to begin to lose momentum in the second half of the year.

This sluggish economy is expected to continue in 2023, as the main financial institutions foresee. Thus, forecasts point to a sharp slowdown in global GDP this year, especially in Europe and America, while Asia is expected to remain the motor of whatever weak growth there is in the coming two years. As for Spain, growth is expected to be close to 1%, much lower than in 2022, but higher than the European average.

Price evolution, the behaviour of external demand and the development of the Ukrainian conflict will determine whether it is ultimately a slowdown in growth or a long-lasting economic recession.

Postal market

In the Spanish postal market, following the approval in 2021 of the plan for the provision of postal services agreed between Correos and the Ministry of Transport, Mobility and the Urban Agenda, last year it was expected the development of the contract regulating the universal postal service and the new postal services regulation, the legal processing of which shall not be completed until 2023.

At European level, preparatory studies continued for a possible fourth reform of the Postal Services Directive by the European Commission. Based on the results of these studies, the European Commission will assess the extent to which a redefinition of an universal postal service is required in order to address the impact of digitalisation and e-commerce on the evolution of the sector and to promote environmental sustainability.

As for the sector's performance in Spain, the shift towards electronic communications and changes in social habits, accelerated by the pandemic, continued to impact on the decline in postal volumes. The unfavourable economic context and uncertainty also pushed companies to reduce costs, with a further impact on the reduction of physical communications. In recent years, mail has declined steadily, losing more than half of its volume since 2013.

Parcel market

In contrast, parcel delivery services continued to grow in 2022, with a steady increase in demand for B2B and B2C delivery services, mainly driven by e-commerce.

E-commerce turnover in Spain returned to strong growth last year, with year-on-year increases of 25.3% and 33.2% in the first and second quarters, respectively; such figures had not obtained since the end of 2019. However, the increase in the number of transactions (and therefore in

the number of deliveries) was more modest, in line with the results of 2021, after the record figures of 2020.

In terms of the origin of e-commerce volumes, consumer preference for the use of large marketplaces continued to increase, but a preference of for second-hand platforms was also noticeable as the demand for sustainable and local consumption grew. In this regard, the Correos Market marketplace continued to incorporate new sellers and items last year, helping to make Spanish companies' products visible and distribute them.

Last year, international parcel delivery saw a certain degree of stabilisation of volumes from the UK, following a fall in 2021 due to Brexit. In contrast, the trend observed in recent years of a decline in inbound small-value goods from China to Europe continued, intensified by the entry into force of the new EU VAT regulations in 2021. This is leading to a significant change in the types of cross-border e-commerce volumes, with an increase in the percentage of heavier packages.

On the other hand, the free returns policy of online retailers had driven the increase in reverse logistics volumes in recent years. This generates higher costs for sellers, prompting some companies to start charging customers for returns in 2022, introducing alternatives to collection, such as deposit in shops, parcel lockers or offices of business partners such as the Correos' post office network.

In the coming years, revenues from the parcel sector are expected to continue to grow, albeit at a slower pace, due to the slowdown of the domestic and international economies. This was already evidenced by a lower level of recruitment in the sector during the last Christmas season, and employment forecasts for 2023 are also less ambitious.

Secure and accessible digital services

In 2022, the new geopolitical environment also led to an increased risk of cyber-attacks against strategic assets of European countries, with logistics chains being particularly vulnerable to these events, due to their digitisation and interconnections.

Cybersecurity therefore continued to be strategic for the sectors in which Correos Group operates, and even more so for public service providers. In this respect, the development of the obligations arising from its designation as critical operator and the adaptation to the new requirements of the National Security Scheme were priorities for the Group.

Last year also saw the approval of the new general law on telecommunications, which envisages the investment of 4 billion euros over the next few years to extend digital connectivity to the entire population, boost the development of 5G and promote a secure cyber ecosystem.

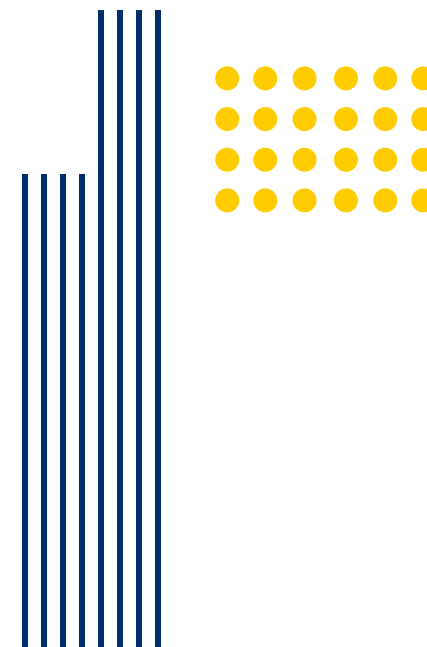
The regulation introduces new measures to encourage investment in the telecommunications sector and to facilitate the roll-out of very high capacity networks. These measures include greater flexibility for co-investment agreements between operators and the possibility of deploying small cells (low power base stations), which the subsidiary Correos Telecom will continue to facilitate by renting space in Correos locations to market operators.

The two new calls for bids in 2022 of the Universalization of Digital Infrastructures for Cohesion (UNICO in Spanish) programme, financed with funds from the Resilience and Recovery Mechanism, were precisely aimed at extending the deployment of the ultra-fast broadband network in Spain, as well as delivering pilot development projects for 5G technology. This support for network expansion, mainly in rural environments, stimulated the development of market neutral operators, some of them specialised in providing services in these territorial areas.

In addition, the strategy of extending high-speed digital infrastructures, which was contemplated through the measures of the Plan for Connectivity and Digital Infrastructures, was updated in 2022 with the launch of the 'España Digital 2026' agenda. One of the strategic axes of this agenda will also be the promotion of 5G technology, for which extensive development is expected in the coming years and which is one of Correos Telecom's lines of business, through the commercialisation of networks and sites for telecommunications equipment.

3. Future Trends

In its business environment, Correos Group has identified a number of external factors with a potential short, medium or long-term impact on its activity and on the markets in which it operates. These trends can represent both a challenge and an opportunity, depending on the strategic responses adopted by the Group:





Economic challenges

- > Inflationary pressures
- > Rising cost of credit
- > Energy crisis
- > Disappearance of companies
- > Supply crisis
- > Economic recession and reduced consumption
- > Diversification and re-localisation of supply chains
- > European funds as catalysts for growth
- > Public-private partnerships

Climate emergency

- > Decarbonisation of the economy
- > Sustainable logistics and mobility
- > Energy transition
- > Circular economy and sustainable packaging
- > Spain's climate resilience and water management
- > Ecosystem recovery
- > Extreme weather events
- > Biomaterials and nature-based solutions
- > sustainable policies in the public sector

Demographic and social challenges

- > Ageing of the population
- > Rural depopulation and loss of services in rural areas
- > Sustainable urbanism, population concentration and smart cities
- > Increasing social inequality
- > Digital and financial divide
- > Food crisis and migration
- > Gender gap and inclusion
- > Evolution of the pandemic



Active citizens

- > Increased preference for local and sustainable consumption
- > Increased price sensitivity
- > Activist consumption
- > Questioning of globalisation
- > Revival of a sense of community
- > Increased demand for corporate transparency and sustainability
- > Development of the silver economy



Resilient and responsible companies

- > WFH and remote operations
- > Importance of employee health and safety and well-being
- > Retention of specialised talent
- > Business activism
- > Open Innovation
- > Servification and exchange of assets and services model
- > Sustainable finance
- > Protection of human rights

Geopolitical and regulatory evolution

- > National and international regulatory changes
- > Macroeconomic uncertainty
- > Geopolitical risks and military conflicts
- > Transformation of the European tax and customs framework
- > Economic protectionism
- > Political tensions, polarisation and the strengthening of democracies



Digitalisation of the economy and society

- > Electronic substitution of postal communications
- > Blockchain and Big Data
- > 5G, IoT and digital twins
- > Artificial Intelligence
- > Cloud computing and edge computing
- > Cybersecurity and privacy
- > Quick e-commerce and omnichannel services
- > Metaverse and extended reality
- > Autonomous driving, drones and robotisation
- > 3D printing



4. Main financial results

Correos Group closed December 2022 with negative EBITDA (Operating profit/loss + net depreciation of subsidies + Provisions + Impairment and earnings from property divestment) of -211.7 million euros, 112.1 million euros worse than the figure recorded in 2021. The result after tax is negative 217 million euros, 112 million euros worse than the figure recorded in 2021.

Revenue accumulated up to December was 1,962.4 million euros, down 5.7% on 2021.

Correos Group ended the year 2022 with a workforce of over 48,000 employees.

5. Risk management

The activity of Correos Group is conditioned both by factors that are common to their sectors and by unique impacts that only affect each of them. Among the most important risks are market risk, operating risk, employment risk, environmental risk, reputational risk, legal risk, tax risk and financial risk.

Market risk concerns among other factors, the progressive decline in postal activity due to the electronic substitution, increased competition and the emergence of disruptive technologies leading to rapid changes in demand.

Operating and technological risk pertain to the structural complexity of Correos Group, the need for the flexible incorporation of new technologies to increase the efficiency of distribution and delivery processes and the challenges to cybersecurity. As an employer of more than 48,000 professionals, Correos Groups also faces an employment risk, in relation to the need to maintain a presence across the entire country.

There is also a significant environmental risk, due to the impact on the environment of the extensive network of infrastructure and fleet of vehicles and a reputational risk in terms of unpredictable changes in the perception that different stakeholders have of Correos Group.

In addition to these, there are legal risks arising from possible changes in sectoral regulations and the company's own operations.

Finally, Correos Group is exposed to financial risk, including:

- Credit risk arising from the possible losses due to breach of contractual obligations on the part of the counterparties of the companies, that is, the possibility of failing to recover financial assets for the sum entered and the term established.
- Liquidity risk concerns the possibility of Correos Group not availing of liquid funds or accessing

them in sufficient quantity to meet their payment obligations at any time.

- Market risk relates to possible losses due to changes in fair value or in future cash flows of a financial instrument due to fluctuations in market prices. This includes interest rate risk, exchange rate risk and other price risks.
- Correos Group's exposure to the risk of exchange-rate fluctuations is mainly associated with the sales and purchases made in currencies other than the operating currency. These balances arise from services provided to, and received from, foreign postal operators and from the provision of the international money order service.

The detail of these financial risk are explained in Note 11.3 of the consolidated financial statements.

6. Human team

Integral people management is one of the essential elements of the strategy of Correos Group, one of the largest public groups in terms of size and human capital. Its main employment impacts are related to job quality and stability, training and career development, talent attraction and retention, diversity and inclusion, as well as occupational health and safety.

These impacts are managed through a policy, whose lines of action and monitoring indicators are designed in accordance with current labour legislation and in line with the main reference frameworks in the Spanish public sector and in the international postal sector.

At the end of 2022, Correos Group had an average workforce of 48,341 (FTE). The Parent Company, Correos, contributed the largest proportion, 46,602 professionals, 89% of whom were employees and 11% civil servants.

Average workforce <i>(Full Time Equivalent)</i>	2022	2021
Correos	46,602	48,446
Correos Express	1,392	1,451
Correos Express Portugal	149	135
Correos Nexea	153	175
Correos Telecom	46	42

7. Protection of the environment

The information relating to environmental activities is included in Note 23) of the Consolidated report of the financial statements of Sociedad Estatal Correos y Telégrafos, S.A., S.M.E. (Sole-Shareholder Company) and Subsidiaries for the year ended 31 December 2022.

8. Events after the closing date

In the judgement of the Directors of the Parent Company no further events after the closing date have arisen that would have a material impact on these consolidated financial statements.

9. Others

At year-end, the Parent Company has no outstanding balances payable to suppliers constituting a deferral exceeding the legal period established by Law.

In accordance with the provisions of Law 18/2012, the Parent Company's information on the average period for payment to suppliers in commercial transactions as of 31 December 2022 and 2021, as it is the most representative of the Group, as follows:

	Financial year 2022	Financial year 2021
	Days	Days
Average settlement period for supplier invoices	20	12
Ratio of paid transactions	19	12
Ratio of outstanding transactions	37	15
	Thousands of euros	Thousands of euros
Total payments made in a period shorter than that established in the regulations	143,042	475,612
Total payments made in a period longer than that established in the regulations	277,074	
Total outstanding payments	9,318	5,141
	Invoice number	Thousands of euros
Total payments made	83,726	420,116
Invoices paid in a period lesser than the maximum established in the payment defaults regulations	15,556	143,042
% of total invoices paid	19%	34%

Correos Group does not hold any treasury shares, nor has it carried out any transactions with financial products during the financial year 2022.

Over the course of the financial year 2022, Correos Group has made investments in R&D&I amounting to 28,671 thousand euros (17,165 thousand euros in 2021).



10. Non-financial information statement

The non-financial information statement 2022 of Correos Group forms part of this consolidated management report, which is presented in a separate 94-page document and which is formulated with this consolidated management report.

PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 OF SOCIEDAD ESTATAL CORREOS Y TELÉGRAFOS, S.A., S.M.E. AND SUBSIDIARIES

The previous **CONSOLIDATED** Annual Accounts of Sociedad Estatal Correos y Telégrafos, S.A., S.M.E, comprising the Consolidated Balance Sheet (on two pages of ordinary paper), the Consolidated Profit and Loss Account (on one page of ordinary paper), the Consolidated Cash Flows Statement (on two pages of ordinary paper), the Consolidated Statement of Recognised Income and Expenses (on one page of ordinary paper), the Consolidated Statement of Changes in Equity (on one page of ordinary paper) and the accompanying consolidated report on the common sheets of paper numbered consecutively from page 1 to 104 (both inclusive) for the year ended **31 December 2022**, as well as the management report for the same year contained on the pages numbered consecutively from page 1 to 11 (both inclusive), were submitted for approval by the Board of Directors of the Parent Company on **28 February 2023**. In accordance with the provisions in force, the directors proceed to sign and approve all the aforementioned documents.

In Madrid on 28 February 2023.

D. Juan Manuel Serrano Quintana

VOCALES

D. Pedro Enrique Blanco Chinarro

D^a. Dolores Alonso Galdo

D^a Marta Fano González

D^a Aida Joaquín Acosta

D^a Noelia M^a Gutiérrez Retuerto

D. Juan Pablo Martín de Andrés

D. Carlos Olmo López

D. Jaime Pérez de la Cruz

D. Guillermo Martín Jiménez

D. Alberto Requena Navarro

D. Luis Gonzaga Serrano de Toledo

D. Tomás Suárez-Inclán González

D^a Belén Triana Reyes