



# Integrated Annual Report **2023**



grupoCorreos



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This Integrated Annual Report of the Correos Group 2023 has been made in digital format. 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](mailto:rsc@correos.com) or send them to: ▶

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**Pedro Saura García**  
Chairman



# Chairman's statement

GRI 2-22

At the end of 2023, I took over the presidency of Correos with the responsibility and, at the same time, the enthusiasm of someone who joins a three-hundred-year-old company, which at every stage of its history has been able to adapt and transform itself to continue to meet the needs of society.

I am not denying that today's business environment is complicated. In addition to the electronic substitution of mail, the lasting effects of the pandemic on global supply chains and, subsequently, geopolitical tensions that led to higher procurement and transport costs, there was an uncertain economic context and intense competition in the sector, both nationally and internationally.

But I also have no doubt that the Correos Group has significant assets and human capital not only to continue to be the first choice for our customers, but also to take on a growing and strategic role in providing essential public services to the citizen in a

way that takes advantage of and exploits its unrivalled territorial presence throughout the country to the full extent. This is why its role must go beyond its postal and parcel service, which is crucial for communicating with physical and digital means between people, businesses and governments, and extend to other services of general interest whose provision, with quality standards and universal character, is essential for the improvement of productivity, economic growth and general welfare.

To achieve this goal, the company needs to transform itself and redirect its resources to adapt its business model to the modern world. Moving towards a new business model that addresses revenue diversification, more modern and efficient operations across the territory, greater customer satisfaction and improved customer experience, and our commitment to people, climate change and care for the planet will be our main focus in the coming years. Only in doing so will we be

able to fulfil our public service mission to the full, as well as to acquire better tools to compete with the private sector in the areas where we compete with the market.

At the heart of this strategy, for it to be successful, are people and digitalisation and technological innovation. Undoubtedly, it is the professionals of Correos, distinguished on countless occasions for their dedication, approachability and expertise, who make







possible that amazing task that defines our identity and makes us unique and strategic for the country: to be able to reach the doorstep of every home in Spain in a day. Not only do they deliver a wide range of products and services to the homes of individuals and companies on a daily basis, but they have been an example of professionalism and commitment with all the logistical support provided during the pandemic or in the solid management of postal voting, ensuring that all citizens can exercise their right to vote in a safe and reliable manner. Building working environments that promote talent, diversity and inclusion, and strengthening our governance instruments, are some of the areas in which we will focus our efforts in the coming years.

However, in order to facilitate and complement the admirable work of all postal workers, we need investment in digitisation,

data governance and technological innovation, especially in these times. It is this vector, to a large extent, that allows us to achieve operational gains through process automation, route optimisation or inventory management, improve customer experience through real-time shipment traceability and more effective communication with users, ensure service reliability or implement more efficient sustainable solutions for our operation along the entire value chain. In its turn, more advanced data analysis will allow us to reorient the company towards business intelligence and data-driven decision making to identify opportunities for competitive advantage in an extraordinarily dynamic industry.

This is our work plan and, in order to carry it out, I am in the right place. In these months I have felt welcomed and have perceived an environment of collaboration and dedication

for which I would like to express my deepest gratitude. I join this exciting project, to which I invite everyone to continue to contribute, in order to continue to deserve the trust of customers and society in general.



# 01

Correos Group  
in 2023





## Correos Group's triple impact



**2,113 M€**

in revenue



**79%**

of customers who were  
attended to at a Correos  
post offices were satisfied  
with the service



**98%**

of national  
suppliers



**75 M€**

in investments



**2,161**

work centres  
certified in line with  
UNE EN:ISO 9001 standard



**24.2 M€**

in charges for companies and  
Administrations managed  
through Correos Pay



**Economic**



**Environmental**

**Social**



Purchase of

**100%**

renewable electricity



**1.9 M€**

environmental  
investments



**100%**

biodegradable and  
recyclable materials  
used for Línea Bosques  
packaging



**2,685**

eco-friendly vehicles  
at Correos



**6,806t**

of CO<sub>2</sub> emissions  
compensated for through  
Correos Compensa



**93%**

of total waste recycled  
or recovered

**50,221**

employees (FTE)



**53%**

of the workforce is made  
up of women



**11,750**

direct beneficiaries



and **689,220**

indirect beneficiaries of  
employee volunteering

**270,000**

direct beneficiaries



and **830,000**

indirect beneficiaries of  
engagement with NGOs

**100%**

of contracts include  
environmental, social or  
innovation criteria



**7,757**

new permanent  
employees recruited



**1.2 M**

training hours



## Correos in numbers





## Correos Group's subsidiaries



**1,900**  
employees (FTE)



**59**  
operating centres



**5,656**  
distribution and  
hauling routes



**108,390 m<sup>2</sup>**  
of operating area



**177**  
employees (FTE)



**11**  
operating centres



**583**  
distribution and  
hauling routes



**20,825 m<sup>2</sup>**  
of operating area



**50**  
employees (FTE)



**4.9M**  
metres of marketed  
fibre optic network



**442**  
marketed  
telecommunications  
sites



# Milestones



▶ **We are expanding our offer to meet e-commerce needs**

- The Correos Market e-commerce platform has integrated the Correos Frío temperature-controlled transport service to streamline order distribution in the food industry.
- The branch offer has been enhanced with the Consignments and Buzón Ecommerce services, as well as the addition of a range of coin, bill and stamp products (such as TUSELLO) and new convenience items from partner companies.
- The Rampa 7 logistics centre at Adolfo Suárez-Madrid Barajas airport commenced operations, further enhancing the processing of international import shipments.

▶ **We are increasing our service quality**

- Correos collaborated in the 28 May 2023 Spanish regional and municipal elections and the 23 July Spanish general elections, ensuring postal voting ran smoothly.
- Correos Express and Correos Express Portugal saw a notable reduction in the total number of complaints and claims.
- Correos has seen a 13.4-point improvement in its Net Recommendation Index.

▶ **We are fostering employment growth that is egalitarian, diverse and inclusive**

- The Correos Group expanded its workforce by 4% and Correos added 7,757 individuals to its permanent staff, representing its largest employment offer for public-sector jobs in decades.
- Correos signed the UN LGBTIQ+ standards of conduct and renewed its commitment to the European Diversity Charter.
- Correos Telecom started developing its Equalities Plan, which will be implemented following the planned workforce expansion in 2023.





### ► We are promoting healthy workplaces

- Correos was awarded a renewed certification as a Healthy Company, with an increased score of 93%.
- Correos Express obtained the ISO 45001:2018 certificate for occupational health and safety management systems at its post offices in Getafe, Benavente, Sevilla and the Madrid headquarters.
- Correos was the first Spanish logistics operator to certify its Madrid headquarters as a 'stroke-protected brain space'.

### ► We are enhancing our operations' circularity and energy efficiency

- Correos offset 6,806 tonnes of CO<sub>2</sub> emissions through Correos Compensa, in addition to its existing emission reduction measures.
- The solar panels installed at the Madrid processing centre generated 26% of the centre's total energy consumption.
- Correos and Correos Express have achieved impressive recycling and revaluation rates, with 93% and 94% of total waste, respectively, being recycled or revalued. This equates to nearly 2,800 tonnes of waste not deposited in landfill.

### ► We are committed to promoting positive social impact

- Correos, through Correos Pay, collected 24 million in taxes and fees for public bodies and institutions and Pay handled the sale of 1.4 million environmental badges for the General Directorate of Traffic (DGT)
- The Rounding up with an impact programme successfully secured over 418,000 micro-donations for projects with a positive social and/or environmental impact.

### ► We are fortifying our employees' and customers' security

- The Correos Group has approved its Corporate Competition Compliance Policy and implemented an ethics channel.
- Correos Group updated its Internal procurement instructions and Asset management rules.
- The Correos Group has updated its Information Security Policy, and Correos is the first company in the SEPI Group to have obtained certification under the new National Security Framework (ENS).
- The Correos Group has approved a Security Policy for the effective protection of people, goods and facilities. Correos also implemented a Business Continuity and Resilience Plan.
- A total of 42,300 employees received training in data protection and information security.





# Recognitions

## ► Best technology solution

- World Post & Parcel Award 2023 to the omnichannel marketplace Correos Market, as the Best Technology Solution.

## ► Postal evolution

- World Post & Parcel Award 2023 to Correos Frío in the Postal Evolution category.

## ► Most relevant technology innovation

- AUTELSI 2023 Award to the innovation pilot with Urban Drones connected by 5G, as the best Project for technological innovation to improve productivity.
- Recognitions of the association of technology companies Aslan to the projects 'Transformation of the workplace' and 'Correos automation and digitalisation centre'.
- Finalist in the World Post & Parcel Award 2023 for assisted delivery trolley means.

## ► Best company to work for in the sector

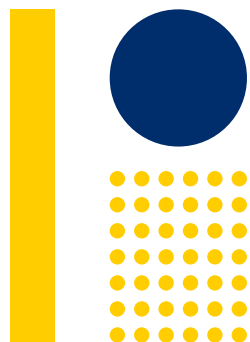
- Randstad Award as the most attractive company in the logistics sector in Spain.
- Finalist in the InfoJobs Awards as one of the 50 best-valued companies in Spain.

## ► Promoting gender diversity

- Diversity Leading Company recognition to the company's leadership in inclusion and diversity, and Empowering Women's Talent acknowledgement as a company committed to female talent.
- Recognition at the 13th Solidarity Awards for Women's Equality for Dialogue and Education 2023 for the exemplary practices and long-standing commitment to gender diversity.
- Finalist in the PostEurop Coups de Coeur Awards, in the employee category, for women's development initiatives.

## ► Promoting rural development through effective leadership

- Connected Spain Award, at the Next Spain awards, presented by the Vocento Group, for the contributions and services to the rural community.
- Finalist in the 10 Supply Chain Awards for Excellence in Logistics and Transport, in the Logistics category.
- Finalist in the Parcel & Postal Technology International Awards 2023, in the category of Best Service Provider of the Year.
- First Mention to the innovation of the UPAEP.







► **Correos Telecom's commercial offer and job security**

- National 21st Century Technology Award to Correos Telecom, in the Telecommunications category, for its residential fibre and mobile services.
- Digital seal, awarded by Fraternidad-Muprespa, to the Correos Telecom's exemplary safety record, with no occupational accidents registered over the past five years.

► **Contribution to the Spain brand**

- Marca España prize of Corporate magazine, in recognition of Correos' contribution to the country's brand building through social and territorial cohesion, as well as economic and business development.
- Special award at the Effectiveness Awards 2023, for 'Turning a public service into a brand'.

► **'So humanos, so', Best advertising campaign**

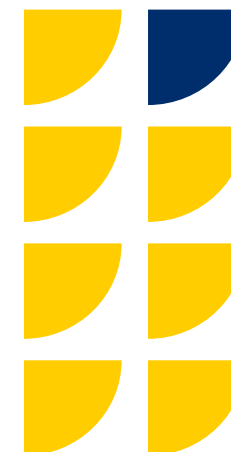
- Ocare Award for Best Integrated CSR Communication Campaign.
- Gold recognition at the Ideas Awards.
- Silver award at the National Creativity Awards in the craft category.
- Bronze recognition in the Inspirational 2023 Awards, awarded by IAB Spain, in the Strategic Thinking category.
- Bronze in the Film and Craft categories at the El Festival Iberoamericano de la Publicidad 'El Sol' Awards.

► **Best branding building**

- Correos Market was awarded Silver at the National Marketing Awards in the Brand Building category.
- Control Award for Best Advertising Company.

► **Recognition for the campaigns 'Despierta España' and 'Difíciles de ver'**

- Silver recognition at the Ideas Awards in the content category for the 'Difíciles de Ver' campaign.
- Bronze recognition in the National Creativity Awards, in the craft category, for the 'Despierta España' campaign.



# 02

Lines of business





# Global physical and digital communications offer

GRI 2-6, 203-2, SDG 9, 11

The Correos Group is a **leading provider** of **physical and digital communications** and **parcel services** in Spain.

The parent company, **Correos**, is the **leading company in the Spanish postal market and one of the most recognised by the public**, due to its high presence and national coverage. The company provides communication and business solutions to businesses and the public across Spain daily, using **a comprehensive network of hubs, transport, intake and delivery points**.

The company offers a range of commercial services, including **physical mail distribution**, parcel delivery, direct

marketing, and the distribution of books and publications. It also provides **digital communication solutions**.

In line with its strategic diversification objective and leveraging its extensive reach, Correos has recently expanded its portfolio to include various services that bring proximity services. The company's extensive network of offices and distribution staff **enables the public to complete a wide range of procedures** with various administrations and companies.





## Correos Group's Activities



### 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



### 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
- ▶ Integral logistics and customs management



### Solutions for e-commerce market

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



### Telecommunication services

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





## Post offices all over Spain

The company has a network of **8,267 service points throughout Spain**. This extensive network of rural offices and services ensures access to public services and **contributes to territorial cohesion and economic development** for individuals and businesses in both urban and rural areas.

The **service points** offer a convenient one-stop shop for the public, allowing them to contract services, purchase products or easily do paperwork requirements with Administrations. This enables communication and business activities for the public, regardless of where they live.

The post office offer available was expanded last year with:

- ▶ The **consignment service** provides a flexible and temporary storage solution for goods.

- ▶ The **Buzón Ecommerce** is a service designed to streamline parcel delivery from any logistics operator to the recipient of an e-commerce shipment.
- ▶ We are pleased to announce the launch of new **convenience products** from partner companies. These include pet care accessories, parapharmacy and optician's products, as well as **coins, bills and stamp products**. For example, TUSELLO allows the private issuance of personalised stamps for the customer.

Furthermore, Correos plays a role in reducing the relocation of services and the financial and administrative exclusion of rural areas through its extensive **network of postal delivery staff**. These delivery professionals use portable computer terminals (PDAs) **to deliver a vast range of products and services from the office to the home**.



**The Correos network plays a vital role in ensuring equal access to quality, safe and affordable basic services for the public, contributing to the achievement of the Sustainable Development Goals**







## Commercial services at post offices



Domestic and international postal and parcel services



Fintech and prepaid solutions



Payment of regional or local taxes and company bills can be made via Correos Pay



Correos Telecom's mobile and fibre optic solutions



Sale of environmental badges, collection of traffic fines and other procedures for the Directorate General of Traffic (DGT)



Lottery ticket sales and prize payments (ONCE and Red Cross)



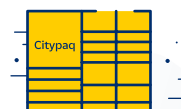
Lead referrals for service companies



Pre-paid packaging



Office of Virtual Entity Registration (ORVE)



Citypaq lockers for sending and receiving parcels



Stamp and collectors' products



Correos Cash, currency exchange and other money remittance solutions



Applying for and submitting a postal vote



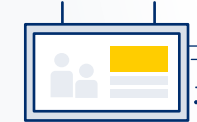
Consignment service and Buzón Ecommerce



Marketing of products and services of various companies



Bookstore items, solidarity products and convenience items



Marketing of advertising space on office screens



## Philatelic and numismatist collecting products

Correos offers a comprehensive range of coin, bill, and stamp products through its extensive network of post offices, the philatelic service, the Correos Market e-commerce platform and the website [www.correos.es](http://www.correos.es). The company offers a range of collectables, including stamp books, engravings, postmarks, first day covers, folders, diptychs and triptychs with stamps and commemorative coins.

- ▶ In 2023, **105 philatelic issues** were made available to the public through various channels, including [the philately blog](#), the newsletter Sellos y mucho más, and public presentations of issues.
- ▶ As part of the **TUSELLO service**, special stamps were issued for tourists or stamp exhibitions, among other themes requested by customers. These stamps were part of the personalised postal effects with images or original artistic creations by the customer.





# Integrated parcel and logistics solutions

GRI 2-6, 203-2, SDG 9

Correos and its subsidiaries Correos Express and Correos Express Portugal **offer a comprehensive range of parcel solutions on the Iberian Peninsula**, catering to all delivery time requirements.

To meet the growing demand for parcel distribution, the Group has **an extensive network of centres**, with **automated sorting equipment** and the **latest technologies for tracking and monitoring** shipments. It also has a **flexible transport network**, with **national and international coverage**, to meet the specific demands of customers. Furthermore:

- ▶ In 2023, the **logistics hub Rampa 7**, located at Adolfo Suárez-Madrid Barajas Airport, started operations. It is dedicated entirely to the **processing of international import shipments**. The enhanced operational capacity of this centre has enabled us to respond to the sustained growth in volume over recent years, driven by the expansion of cross-border e-commerce.

- ▶ Correos' automated processing centres in Zaragoza and Madrid have been upgraded with **new automated sorting systems** for large-format parcels and correspondence.

The Correos Group is **also present in Asia**, through its participation in the companies **KCG eCommerce Solutions and K Parcel**. These companies are responsible for the consolidation, processing and management of international parcel shipments from China. At the international level:

- ▶ The company has consolidated its presence in Asia, with **stable growth in volumes from this region**. Furthermore, the appeal of new Asian investment has helped to counterbalance the recent trend of major e-commerce platforms in Spain establishing their own delivery networks.
- ▶ Correos continued to be the **preferred supplier of large international marketplaces** for the distribution of

orders in Spain due to the quality of its service, comprehensive offering, and wide range of delivery options (home, office and Citypaq lockers). The comprehensive offer includes transport, customs clearance and reverse logistics, a service that is becoming increasingly demanded by Chinese customers.

- ▶ By joining the company's **PRIME Express agreement with the US Postal Service**, customers were able to benefit from more competitive rates for their shipments with end-to-end traceability to the US, making it possible to increase the volumes transported.

**Correos allows for cross-border trade by developing infrastructure to support economic development and affordable and equitable access to parcel services for the public. This contributes to the Sustainable Development Goal**







## Correos Logística

Correos Logística offers a **comprehensive range of fulfilment services**, including goods receiving, order picking, reverse logistics, warehousing and special handling, for both B2B and B2C customers.

This solution also facilitates the transport of **B2B palletised goods** in Spain and Portugal from the customer's facilities to the final recipient, as well as the distribution and last mile of **B2C bulky goods**, including assembly, installation, collection and returns management.

This service is available at the Sant Esteve (Barcelona) and Illescas (Toledo) centres, which are also authorised to **manage non-perishable foodstuffs**. As part of the development of this service offer:

- ▶ In 2023, Correos Logística implemented several modules to streamline the **synchronisation of orders and stock for the main e-commerce platforms**.
- ▶ The company has expanded its **specialisation in logistics services**

**for the optical sector** through operational integration with leading companies in this market.

## Commercial customs

One of the most crucial stages in the international parcel distribution chain today is **customs clearance**. Correos offers a commercial Customs Service that has been specifically designed for e-commerce shipments (of low value and destined for private individuals). This service allows customers to declare import goods to the tax authorities in a simple and agile manner. In 2023:

- ▶ The company **has extended this service's availability to high-value shipments**, making it easier for Spanish buyers using international platforms to import goods with reduced overall delivery times.





## Correos Frío, temperature-controlled transport

Correos Frío provides a comprehensive range of **temperature-controlled transport** solutions tailored to the specific requirements of various sectors, including the pharmaceutical and food industries.

The company **delivers refrigerated and/or frozen products** using a fleet of refrigerated vehicles for last-mile delivery and the latest advances in passive cooling solutions, including sensorised isothermal boxes and real-time traceability systems. These technologies **guarantee the maintenance of the cold chain**.

These solutions are also available to private customers through **Paq Frío**, which allows them to request the timely door-to-door shipment of products that require controlled temperatures.

Correos also offers the **transport of medicines or medical products**, with online monitoring of their temperature and humidity conditions. The company

is certified in good distribution practices (GDPS) for medicines for human use.

This business line, created in 2021, underwent a process of consolidation during the past year. This was made possible thanks to:

- ▶ The increased demand from e-commerce vendors in the food industry, particularly for the transport of frozen products, has led Correos to develop a unique solution.
- ▶ The rollout of refrigerated routes in 10 cities for last-mile delivery, primarily for the prepared food and fruit and vegetable sectors.
- ▶ The announcement that Correos Frío solutions have been approved by various pharmaceutical companies, already providing services to some of them.





## E-commerce solutions

Correos Market is **Correos' e-commerce platform**, which aims to promote the visibility and commercialisation of **Spanish products**, without intermediaries or commissions. It offers **access to the largest distribution network** in Spain. This marketplace offers an additional sales channel for companies and freelancers, enabling them to send orders to any destination in Spain or Portugal.

Correos Market also **offers a selection of products available at Correos post offices**, including packaging, stamp items, merchandising, fair trade products and vehicle tax. environmental badges, among others. In turn, customers can purchase products offered by sellers in Correos Market at Correos **post offices** and receive them at any address. Since 2023:

- **Correos Market offers the Paq Frío service** as a distribution option for the

**transport and home delivery of fresh and frozen products.**

- The marketplace has launched a **new communication channel** for weekly news and offers.

Correos also offers companies a range of digitalisation services, including **Crear Tienda Online, Crear Web** and **Marketplaces**, which facilitate e-commerce. Similarly, the **Local ecommerce** service helps with the promotion of local commerce, while **Correos Sampling** enables the delivery of product samples and personalised promotional actions, assisting companies in cultivating customer loyalty and gaining insight into customer preferences.

## Citypaq lockers for convenient and sustainable delivery

There is a growing demand from dealers and e-commerce customers for alternative **home delivery solutions** that offer greater flexibility and convenience. Correos has a nationwide **network of 2,241 intelligent Citypaq lockers**, which provide a collection and acceptance point for parcels, in addition to the existing network of Correos **post offices**.

In 2023, volumes managed through Citypaq increased due to:

1. The **number of shipments from shops integrated** with Citypaq has increased because of new customers, **including large international e-commerce vendors**.
2. The implementation of **self-service delivery**, via Citypaqs, of non-domiciled parcels and those **redirected by customers, through the Correos Modify app**.





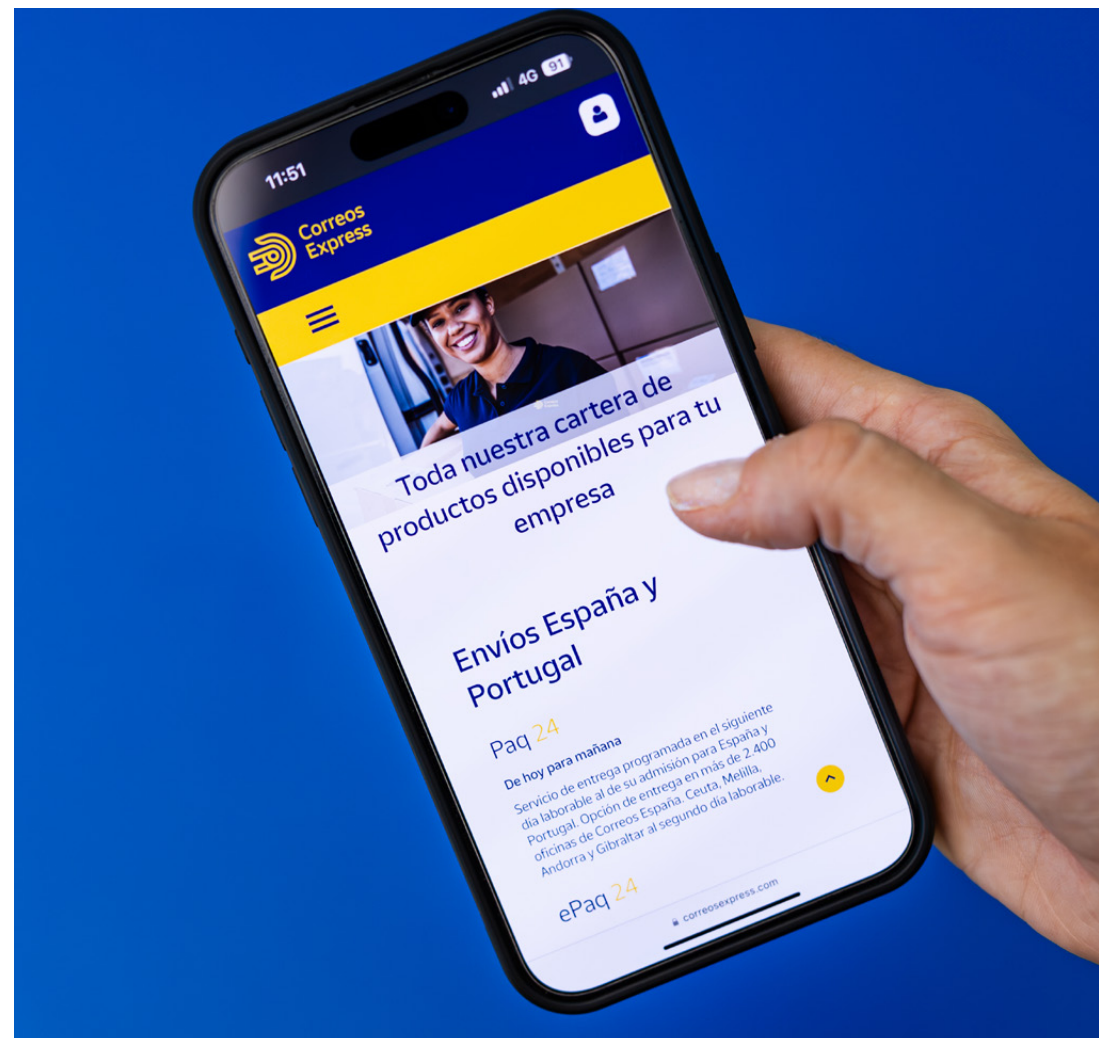


## Express parcel services

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

- ▶ Correos Express kept experiencing a high level of demand for its **24-hour delivery services, particularly for home delivery, in the e-commerce sector**. It also saw a rise in demand for **tailor-made solutions for the optical sector**, a business area in which it specialises.
- ▶ Correos Express enhanced its integration with major international e-commerce vendors, providing express services, as well as **integration with their business systems and network of centres**. This allows for end-to-end traceability of their shipments and returns.

**Correos Express Portugal**, with 11 post offices in the Portuguese market, offers **express parcel delivery services for small B2C customers**, primarily in the e-commerce sector. The Group offers a comprehensive express delivery service throughout the Iberian Peninsula.





Correos Express and Correos Express Portugal parcel solutions



Correos  
Express



Individuals

National services



International services



Internacional Express



Internacional Estándar



Businesses

Services for the Iberian Peninsula





# Innovation in logistics and distribution

SDG 8


Correos promotes innovation, entrepreneurship, and development of alternative business models through **Correoslabs**. This **open innovation space** engages in activities with external partners, intra-entrepreneurship programmes with employees and information sessions on new products and services. Its facilities are also available for shared use by the startup community, SMEs and freelancers, coworking and external events.

Correoslabs is also part of **Reto Lehnica**, the company's business project kick-start programme. Correos is demonstrating its commitment to entrepreneurs who bring **innovative improvements to logistics or distribution processes**, incorporate emerging technologies to new products and services or propose new business opportunities. It also seeks out ideas to help revitalise and promote the transformation of regions affected by Spain's population crisis, as well as projects that have a positive impact on the environment.

## Partnerships with the innovation ecosystem

Correos also collaborates with entities and companies in innovation, applied to logistics and distribution. These include **European projects** such as **SENATOR** and FoodRUs, as well as national projects such as:

### ▶ Intelligent System of Autonomous Mailboxes

In collaboration with the [University of Alcalá, Cátedra Correos](#)  has developed the SIBA project (Intelligent System of Autonomous Mailboxes). This project has resulted in the creation of an autonomous sensor for mailboxes, designed to optimise item collection. In 2023, this device was tested in mailboxes in the Community of Madrid, for a further deployment.

### ▶ 'Electric-Powered Delivery Trolleys'

The pilot programme for the use of **'Electric-Powered Delivery Trolleys'** to make delivery easier in urban environments with low concentrated deliveries was designed to assess their ability to increase load capacities and delivery distances. The data obtained in this test phase, carried out in 32 locations, will allow its incorporation into the distribution network throughout 2024. **This project was selected in the state aid programme Next Gen, Moves Singulares II.**





### ► Urban Drones Connected by 5G

Correos and Telefónica have collaborated on the pilot of the **first use case in Spain** for parcel delivery, based on **5G-connected drone air traffic control**. The collaboration was part of the second call for the development of 5G, which was supported by Red.es and the Ministry of Economic Affairs and Digital Transformation. In recognition of this project, the company was presented with the AUTELSI 2023 Award.

### ► Application for the Management of Deliveries by Drone

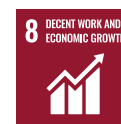
The company collaborated with Aldoratech, a startup participating in Reto Lehnica, to develop a project for the **management of parcel deliveries**

**with drones in cities and rural areas**. The project also involved an app design for requesting, tracking and confirming deliveries.

In 2023, Correos successfully finished the **European DELOREAN project** (Drones and Egnss for LOw aiRspace urbAN mobility), which aimed to develop the operational, safe and efficient use of **self-operated drones in urban environments for goods transport, especially small parcels**. Last year, controlled environment tests were conducted in various locations to validate cargo systems, delivery accuracy, navigation and safety systems, operations, long-range navigation requirements and coordination with air traffic.



**The intensive application of technology and innovation to distribution allows higher levels of productivity economic in the business fabric national and greater efficiency and security of delivery professionals, in one of the most labor-intensive sectors working. This contributes to the Sustainable Development Goal**





# Telecommunication services

GRI 2-6, 203-2, SDG 9, 11

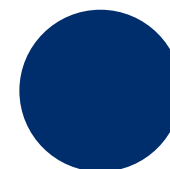
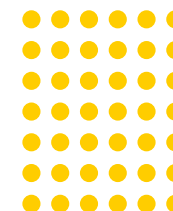
The Group's subsidiary, **Correos Telecom**, operates in the **telecommunications** sector. Its activities include the wholesale marketing of **high-capacity connectivity services, the rental of linear infrastructure** (dark fibre and rights of way for laying fibre cables), and the rental of **sites for telecommunications and radio broadcasting equipment**.

Operators' mobile and landlines coverage is increased in areas of low competition, **reducing the digital divide in these areas**. The following new projects were developed during the past year in this area:

▶ The deployment of **optical equipment to provide capacity circuits between Madrid and Zaragoza** is a further step in the expansion of our network in Spain. This supplements the fibre optic cable laying carried out in 2022 between Madrid and Somport and will support the deployment of large international operators in Spain.

▶ The **laying of fiber optic cable and construction of the necessary sections for the advanced communications network connections** between four Madrid universities, required by the IMDEA Software Institute (Madrid Institute for Advanced Studies in Software Development Technologies) for the development of its research activities.

▶ The installation of **diverse fibre optic links between several of RTVE's principal communication hubs** in Madrid is intended to provide them with redundancy.







## Marketing of retail services

Since 2021, Correos Telecom has been **offering fibre and mobile phone packages** under its own brand, targeting different types of customers. These packages are available for purchase through the Correos network of post offices and the Correos website, as well as through rural postal delivery staff and on the Correos Market platform.

Correos Telecom also offers a bespoke **Certified Secure Erasure service** solution for the **secure and guaranteed erasure of sensitive information** from any electronic device. The service, the only one certified by the Spain's National Cryptology Centre, ensures compliance with personal data protection regulations and the National Security Framework.

## Telecommunications support for Correos Group

Correos Telecom offers technical support to the rest of the Group's companies for the development of its main technological projects. In 2023, these included, among others:

- ▶ Tendering of communications and IT support services for the Group.
- ▶ Migration of the Group's main corporate communications equipment and communication circuits.
- ▶ Connection of the Correos Telecom cloud project to the LAN communications network of the Correos backup centres.
- ▶ Defining of the network access models for new card payment devices (Pin Pad devices) in Correos post offices.

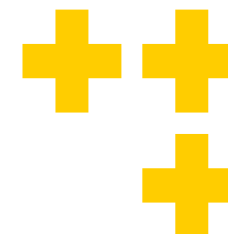


# 03

## Non-financial information statement



# General information



## Sustainable business model

- ▶ 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
- ▶ Sustainability framework





# Correos Group and its business model

GRI 2-1, 2-6

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.

Since 2019, Correos 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 management services for export parcels originating in China and Hong Kong as part of international e-commerce flows.



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**

Correos Express 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**

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



## Business model







# Generated and distributed economic value

GRI 2-6, 201-1, 201-4

Correos Group, through the development of its operations, has a direct economic impact on society, creating wealth that benefits both its employees and the country as a whole. In addition to this direct contribution, it also generates distributed economic value, arising from the payments it makes to its various stakeholders. Correos Group is one of the largest employers in the public sector, maintaining 50,221 direct jobs and spending 1.66 billion euros on salaries.

In 2023, the Group achieved a net turnover of 2.11 billion euros, 7.7% higher than in 2022. Although the recovery of the parcel business was accentuated during the year, this did not neutralise the full effect of the decrease in the postal business. Thus, the Group ended the year with a net result of -120.3 million euros. However, this figure represents a 45% improvement compared to the result for 2022. The growth of the parcel business was also reflected in the profit obtained in Portugal by the subsidiary Correos Express Portugal, which was 2.3 million euros, 38% more than the previous year.

In the previous year, the Correos Group capitalised tax credits in accordance with corporate income tax regulations from tax loss carryforwards generated in previous years, resulting in aggregate income tax income for the year of 55.9 million euros.

As part of its participation in European projects for the development of innovation or sustainability in the postal industry, the parent company, Correos, received subsidies of 1.1 million euros for the purchase of electric vehicles or the development of new mobility models, as well as for training.





# Business environment and market trends

GRI 2-6

## Economic uncertainty in 2023...

At the beginning of the previous year, economic forecasts suggested a new recession, in a context of **persistent inflation, restrictive monetary policy and severe geopolitical stress**. However, the global economy performed, at least in the first half of the year, better than expected, albeit with notable differences between nations and without the threat of a new crisis having fully disappeared.

**Spain was one of the EU countries where developments would have been most positive.** Last year GDP growth reached 2.5% (compared to 0.6% in Europe), thanks to the contribution of net external demand, the recovery of business investment, job creation, the extension of public support measures and an increased household consumption, especially between April and September<sup>1</sup>.

However, in the fourth quarter, Spain's economic activity, similarly to Europe's, would have begun to weaken, due to the **deceleration in global trade** and the combination of the **decrease in purchasing power** of citizens, tighter financing conditions, low levels of confidence and the continent's reduced competitiveness.

Furthermore, after some volatility in oil prices in September and October, due to the decrease in oil supply and the conflicts in Ukraine and the Gaza Strip, the decline in demand from advanced economies promoted further **declines in energy prices, helping to reduce inflation**.

## ...which will not decrease in 2024

In 2024, this moderation in inflation is expected to continue, together with some stability in interest rates and the continued strength of the European labour market,

which would contribute to an increase in disposable income. Coupled with an increase in exports, **the continent's GDP could start to recover from the first quarter of the year<sup>2</sup>**.

However, this forecast is still **subject to many uncertainties**, related to the growth rate of **China**, the main export destination for some European countries<sup>3</sup>, or a hypothetical **extension of the confrontations** in Ukraine and the Middle East, which could have impacts on energy or logistics prices, as evidenced by the recent conflict in the Red Sea.



<sup>1</sup>Bank of Spain (March, June and September 2023). *Quarterly report and macroeconomic projections of the Spanish economy*.

<sup>2</sup>[https://www.ecb.europa.eu/pub/projections/html/ecb.projections202312\\_eurosystemstaff~9a39ab5088.es.html](https://www.ecb.europa.eu/pub/projections/html/ecb.projections202312_eurosystemstaff~9a39ab5088.es.html).

<sup>3</sup><https://www.eleconomista.es/economia/noticias/12587396/12/23/la-eurozona-afrenta-2024-bajo-la-amenaza-de-una-recesion.html>.



## Parcel services market stabilises after extraordinary pandemic boost

The slowdown of economic growth in some European countries was reflected in the performance of e-commerce and thus in the demand for parcel services. After the **post-pandemic** peak in 2021, **households normalised their consumption patterns** in 2023, reducing non-essential spending and balancing online and physical shopping. Consequently, **the increase rate in parcel volumes also slowed down** (again with differences between nations).

In Spain, although e-commerce turnover in the second quarter of 2023 (latest available data) increased by 12.7%, this was half of the growth recorded in the same period of 2022<sup>4</sup>. Nevertheless, **Correos and its subsidiary Correos Express accelerated their volume growth**, albeit in a context where all companies in the parcel delivery industry faced **higher costs and a squeeze on already tight business margins**.

Similarly, in Portugal, where Correos Express Portugal operates, in the first half of the year, parcel volumes increased by 14.6%<sup>5</sup>, which would have driven the subsidiary's activity. In the last months of the year, growth in the sector is also reported to have weakened.

**In other European countries**, increased competitive pressures, alongside with high labour and fuel costs, led to **deteriorating profits for some postal operators**. The most widespread response to this unfavourable scenario was **price increases** or the application of rate supplements linked to energy prices and, to a lesser extent, **job cuts**.

As in previous years, some companies also chose to pursue **inorganic growth** plans in high-potential markets such as **cold chain logistics**, technology or healthcare-related services. Other postal operators, on the other hand, **divested businesses**

**outside their core business**, rethinking their diversification and internationalisation strategies.

In Spain, some companies in the industry halted their infrastructure investment plans due to the slowdown in the growth of e-commerce and the oversizing of their hub networks as a result of the pandemic<sup>6</sup>. However, **investments in alternative home delivery solutions** and in the **transition to more sustainable fleets** continued, as measures that also contribute to transport cost containment.

The deceleration in e-commerce in Spain also drove **business combinations**, especially among smaller, newer operators focused on last-mile delivery and highly dependent on volume growth<sup>7</sup>.

At the European level, in the emerging business of **ultra-fast delivery**, especially linked to online shopping, many companies either **left the market or were absorbed** by other, motivated by low business

margins and the need for high levels of investment with uncertain returns. Thus, some postal operators that invested in this business segment in the past opted to exit the market due to its low profitability.

The **forecasts for the Spanish market** in 2024 still pose many unknowns. Although the postal and parcel industry's turnover in the last months of 2023 could reveal a recovery in demand, **a decrease in the national economy this year could impact e-commerce**, the main driver of the parcel and logistics business, by slowing its growth rate.

<sup>4</sup><https://www.cnmec.es/prensa/ecommerce-2T23-20240105>.

<sup>5</sup><https://www.anacom.pt/render.jsp?contentId=1754327>.

<sup>6</sup><https://es.nttdata.com/documents/informe-ecommerce-2023.pdf>.

<sup>7</sup><https://elmercantil.com/2023/10/20/la-desaceleracion-del-ecommerce-en-espana-empuja-a-la-concentracion-empresarial/>.





## The transformation of the postal model

Last year in Spain was marked by national, regional and local elections. The extraordinary mobilisation of resources, both material and human, and the solvency of its management showed, once again, the **important role of Correos in providing public services to the citizens.**

Although postal volumes continued to decline as a result of electronic substitution, the **growing demand for proximity services** provided by the company's distribution and post office networks continued to confirm their potential to **provide additional public services** effectively and efficiently, contributing to solutions to the country's demographic challenge and to bridging the financial and digital gaps.

In this regard, the **debate on the future role of incumbent postal operators** was discussed last year in a number of countries in Europe. Some of them promoted the modification of their regulations within opposite paths: one **reducing the levels of universal postal service requirements** (longer delivery times, easier quality requirements or even the disappearance of the universal service, as in the case of Denmark), due to changes in social habits, other, **extending the range of services** provided by these operators to citizens and administrations.



## The AI that is here to stay

2023 was also the year of the **consolidation of generative artificial intelligence** and the increase of its practical applications in all aspects of everyday life. Its potential seems limitless and its use in business could become a decisive **competitive advantage**, with many companies already exploring how to improve productivity through its use.

The **European regulation** in progress will seek to address and resolve the issues that still raise concerns about the consequences

of the development of this technology, including **cybersecurity**, digital sovereignty and the personal data protection.

In the postal and parcel business, the **use of machine learning models** will continue to grow as they can be used to identify patterns in demand, streamline routes, reduce delivery and logistics processing times or handle customer enquiries, thereby improving quality, reducing costs and increasing efficiency<sup>8</sup>.

<sup>8</sup>International Post Corporation (2023). *Global Postal Industry Report 2023*.



## Further consolidation of the Spanish telecommunications market

The Spanish **telecommunications industry** experienced a turbulent situation in 2023, due to the **combination processes of the largest companies** in the market.

First, Orange and MásMóvil agreed to combine their businesses in Spain, in order to increase their economies of scale and make their mobile and fibre network deployments in Spain more profitable<sup>9</sup>.



Given its significant impact on competition, the European Commission initiated an assessment of the transaction, still open at year-end, negotiating with both companies the assets to be divested in order to reduce the risk of dominance. These assets could be acquired by Digi, which would thus gain access to part of the infrastructure and customers of Orange and MásMóvil<sup>10</sup>.

With this agreement, Digi would have its own mobile network (although it would still need to cooperate with other companies to expand its coverage and be able to provide services nationwide), which until now only Orange and MásMóvil, as well as Movistar and Vodafone offered, making it the fourth operator in the sector.

In parallel, the British fund Zegona bought 100% of Vodafone Spain. Following this transaction, also pending approval, the firm

would seek to reach agreements with other operators for the joint use or deployment of fibre and 5G networks<sup>11</sup> (the same objective sought by Orange and MásMóvil).

Both processes, which are expected to result in a **network consolidation, could impact the commercialisation of the telecommunication assets that Correos Telecom offers** to these companies, which will depend on the efficiency levels achieved by these consolidated networks.

Thirdly, following the entry of STC Group into Telefónica's shareholding, the Government announced that SEPI Group (the sole shareholder of Correos Group) had been commissioned to acquire shares in the Spanish company. Following this process, **SEPI Group would hold stakes in two companies in the telecommunications industry.**

In parallel, in the past year, the European Union continued to drive forward

initiatives for the **transformation of the connectivity sector**. The Strategic Programme for the 2030 Digital Decade aims to ensure that all end-users in a permanent location are covered by a **Gigabit network and that all populated areas** have high-speed wireless networks, with performance equivalent to **5G**.

To this end, the European Commission proposed the adoption of a Regulation with measures to reduce the cost of deploying these networks, facilitating **access by electronic communications operators to the physical infrastructures of other sectors**, such as gas, electricity, water or the public sector. This regulatory development could be an **opportunity for Correos Telecom to complement the Group's current network** and expand its marketing business, depending on the access prices that are finally set.



<sup>9</sup><https://www.xatakamovil.com/orange/masmovil-depender-cada-vez-a-orange-necesidad-fusionarse-red-movil-yoigo-se-esta-apagando-poco-a-poco>.

<sup>10</sup><https://elpais.com/economia/2023-12-12/masmovil-y-orange-ceden-sus-redes-moviles-a-digi-para-que-bruselas-apruebe-su-fusion.html>.

<sup>11</sup><https://www.expansion.com/empresas/tecnologia/2023/11/02/6542bf6ce5fdea91638b4628.html>.



## Europe renews its commitment to decarbonise its economy

At the end of 2023, the UN Climate Change Conference (COP28) closed with the **agreement, for the first time, to phase out fossil fuels**. In Dubai, the European Commission also announced its intention to drive a global initiative to triple the world's share of renewable energy and double energy efficiency<sup>12</sup>.

In this sense, with the approval of Directive 2023/1791<sup>13</sup>, **new energy efficiency objectives** were established, **applicable to the public sector**. Correos Group has been making progress in energy efficiency in recent years.

In addition, a number of **regulations** were introduced to **restrict CO<sub>2</sub> emissions**. For light commercial vehicles, Regulation

2023/851<sup>14</sup> set 2035 as the end date for the sale of cars and vans powered by fossil fuels. Furthermore, with regard to systems for greenhouse gas emission allowance trading, Directive 2023/958<sup>15</sup> and Directive 2023/959<sup>16</sup> sought, respectively, **to phase out free allowances in aviation and to establish a new emission allowance trading system** for some industries, such as **road and maritime transport**, from 2025 onwards.

Thirdly, Regulation 2023/956<sup>17</sup>, establishing a **Carbon-Border Adjustment Mechanism (CBAM)**, was a further step in European climate ambition beyond the EU's borders. This initiative addresses the risk of carbon leakage by **taxing imports of the most polluting goods** (worth more than 150



euros) from third countries. From 2024, parties subject to taxes (importers and **indirect customs representatives**) will have to start collecting data for the reporting of emissions associated with these imports, which will generate payment obligations from 2026.

Also, the expected adoption this year of the **Corporate Sustainability Due Diligence Directive** which, among other issues, extends environmental responsibility to the value chain, **will encourage companies to address and act on the impacts of their suppliers**

<sup>12</sup>[https://ec.europa.eu/commission/presscorner/detail/es/ip\\_23\\_6053](https://ec.europa.eu/commission/presscorner/detail/es/ip_23_6053).

<sup>13</sup>Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955.

<sup>14</sup>Regulation (EU) 2023/851 of the European Parliament and of the Council of 19 April 2023 amending Regulation (EU) 2019/631 as regards strengthening the CO<sub>2</sub> emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition.

<sup>15</sup>Directive (EU) 2023/958 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC as regards aviation's contribution to the Union's economy-wide emission reduction target and the appropriate implementation of a global market-based measure.

<sup>16</sup>Directive (EU) 2023/959 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system.

<sup>17</sup>Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism.



(especially transport and distribution) in order to reduce their own Scope 3 emissions, which generally represent a majority proportion of an organisation's carbon footprint<sup>18</sup>.

Increased transparency relating to decarbonisation strategies will also be encouraged by the **Directive aimed at empowering consumers for the green transition**, which will oblige companies to justify any environmental claims on their products or services and thus reduce greenwashing.

At the national level, the call for national elections led to the halt of various regulatory initiatives on sustainability, which were being processed and which are expected to be resumed again this year.

One of them is the draft **Sustainable Mobility Act**, which would allow municipalities to **tax entry to low-emission zones** with restricted vehicles and will oblige companies in the transportation

sector to **calculate and disclose their carbon footprint**, as well as to **implement sustainable mobility plans** to work.

Additionally, the regulatory development of the **Climate Change and Energy Transition Act**<sup>19</sup> is expected to be approved, which will define the obligations of corporate reporting on the **financial impact of climate risks** and mitigation strategies and goals, as well as the amendment of Royal Decree 163/2014<sup>20</sup>, to determine which companies are obliged to calculate their carbon footprint and to **publish their greenhouse gas emission reduction plan**.

In the transportation sector, one of the foreseeable effects of this **greater regulatory intensity on decarbonisation strategies** will be an increase in the efforts to accelerate the **transition of fleets**, in line with the **commitments assumed by Correos for the incorporation of alternative vehicles**. In this adaptation, especially for long-distance travel, the pace of development and competitiveness of

energy sources such as **green hydrogen** will play a crucial role, as will the **speed of deployment in Spain of public electric charging stations**, the number of which is still much lower than in other European countries.

Finally, again at the European level, the **Packaging and Packaging Waste Regulation**, which is expected to be enacted in 2024, will address the excessive use of plastic and other materials linked to the increase in online sales. To this end, it will encourage the reduction of overpackaging, including an established maximum allowable empty space, as well as the use of eco-design criteria and reusable materials.

These measures will drive packaging innovation in the e-commerce industry and will also **help parcel operators to optimise their distribution operations and reduce their own carbon emissions** by reducing the transport needs in a context of high fuel prices, through a reduction in the amount of empty space in shipments.



<sup>18</sup><https://ethic.es/2024/01/las-7-tendencias-clave-en-sostenibilidad-e-impacto-empresarial-en-2024/>.

<sup>19</sup>Law 7/2021, of 20 May, on Climate Change and Energy Transition.

<sup>20</sup>Royal Decree 163/2014, of 14 March, on the creation of the Registry of carbon footprint, offsetting and carbon dioxide absorption.



## 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.



### 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





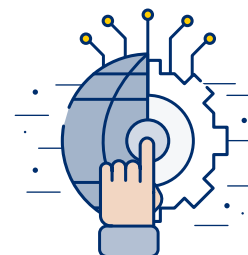
### Activist citizens

- ▶ Increased preference for local and sustainable consumption
- ▶ Increased price sensitivity
- ▶ Sustainable consumption
- ▶ Globalisation concerns
- ▶ Revival of a community sense
- ▶ Increased demand for corporate transparency and sustainability
- ▶ Development of the 'silver' economy



### Resilient and responsible companies

- ▶ WFH and remote operations
- ▶ Importance of employee health, 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



### 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



### 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 strengthening of democracies







# Materiality analysis and relationship with stakeholders

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

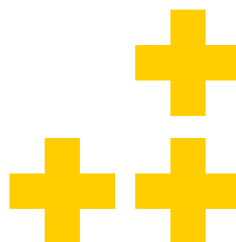
The contents of the non-financial information statement (NFI) of the Correos Group for the year from 1 January to 31 December 2023, are covering the main activities of Correos and the subsidiaries Correos Express, Correos Express Portugal and Correos Telecom.

The non-financial information statement complies with the **information requirements provided by Law 11/2018<sup>21</sup>**, 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, to identify and prioritise the economic, social, environmental and governance issues that have the greatest impact** on the Group's financial performance and stakeholders.



<sup>21</sup>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** (in accordance with **Corporate Sustainability Reporting Directive**<sup>22</sup> and its Delegated Regulation (EU) 2023/2772<sup>23</sup>) 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 2023, which is expected to be published in June 2024.

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. These **13 priority issues are included in the Sustainability Plan** and are closely linked to the company's vision and purpose.



<sup>22</sup>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.

<sup>23</sup>Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.



Double materiality matrix





Relevant issues





Issue	Chapter	Business or stakeholder impact
● <b>Diversification and internationalisation</b>	Business environment and trends. Strategy. Integrated annual report	<b>Highest</b>
● <b>Corporate sustainability</b>	Business environment and trends. Strategy. Risk and opportunity management. Sustainability framework. Integrated annual report	<b>Highest</b>
● <b>Response to climate change</b>	Risk and opportunity management. Sustainability framework. Environmental impacts and opportunities	<b>Highest</b>
● <b>Energy efficiency and sustainable buildings</b>	Sustainability framework. Environmental impacts and opportunities	<b>Highest</b>
● <b>Service security and cybersecurity</b>	Risk and opportunity management. Clients and users	<b>High</b>
● <b>Customer satisfaction and commitment</b>	Clients and users	<b>High</b>
● <b>Sustainable mobility and air quality</b>	Sustainability framework. Environmental impacts and opportunities	<b>High</b>
● <b>Risk Management</b>	Risk and opportunity management. Business conduct	<b>High</b>
● <b>Transparency, ethics and the fight against corruption</b>	Sustainability framework. Business conduct	<b>High</b>
● <b>Innovation, new technologies and digital transformation</b>	Environmental impacts and opportunities. Integrated annual report	<b>High</b>
● <b>Attracting and retaining talent</b>	Our team	<b>High</b>
● <b>Safety, health and well-being</b>	Our team	<b>High</b>
● <b>Contribution to the community and local economy</b>	Our team. Value chain. Clients and users	<b>High</b>
● <b>Responsible recruitment</b>	Value chain	Average
● <b>Responsible governance</b>	Business conduct	Average
● <b>Eco-design, circular economy and sustainable resource and waste management</b>	Environmental impacts and opportunities	Average
● <b>Fair competition and responsible influence</b>	Business conduct	Average
● <b>Defence and protection of biodiversity</b>	Environmental impacts and opportunities	Average
● <b>Human rights</b>	Value chain. Business conduct	Moderate
● <b>Diversity, equality, inclusion and social dialogue</b>	Our team	Moderate



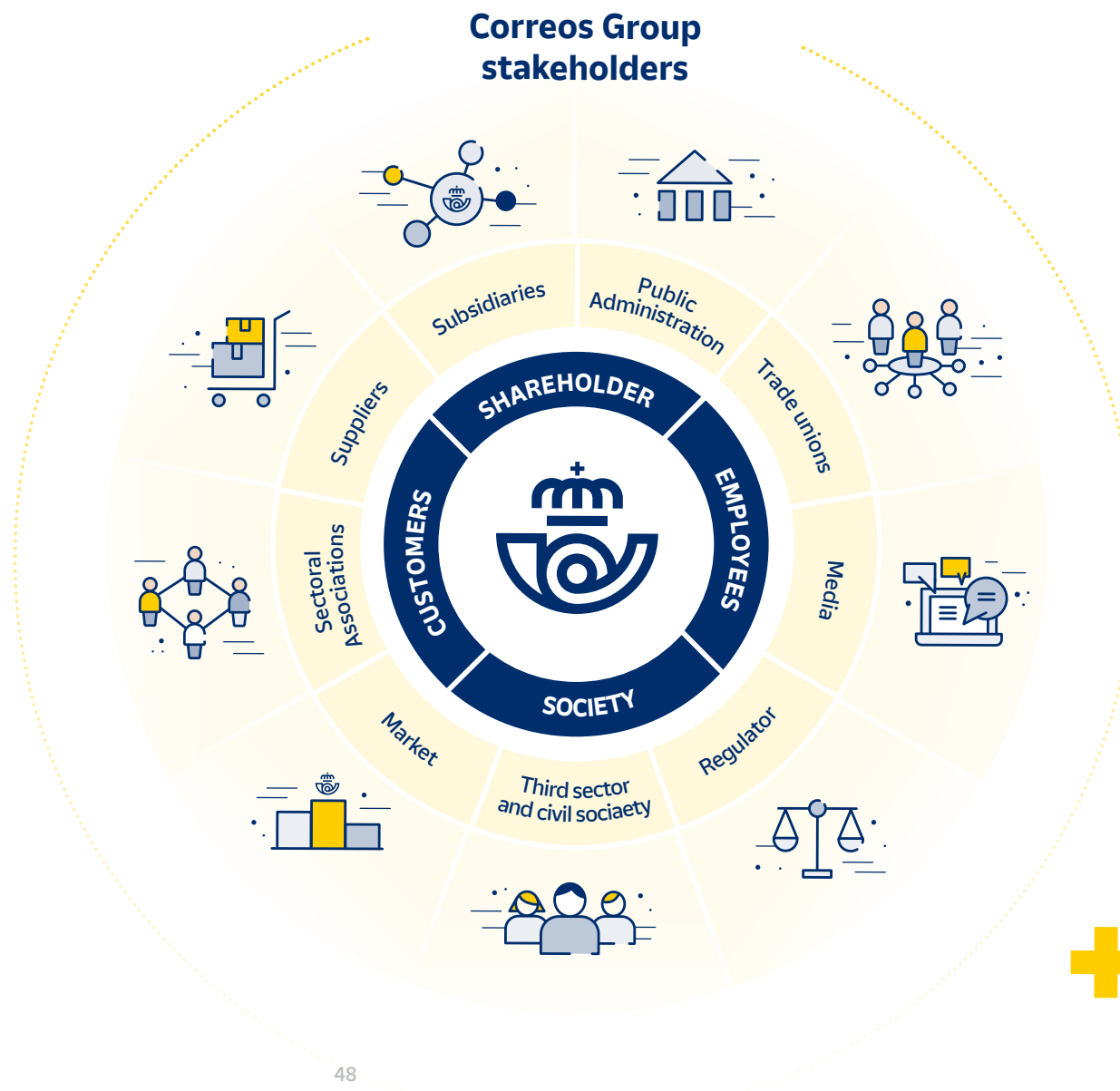
## Relationship with stakeholders

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 defence of the community interests**.







## Main communication channels with the Correos Group's stakeholders



### Shareholder

- ▶ General Meeting of Shareholders
- ▶ Board of Directors
- ▶ Annual Operational Plan and Medium Term Plan
- ▶ Annual Audit Plan
- ▶ Integrated annual report
- ▶ Corporate Intranet/Web
- ▶ E-mail
- ▶ Meetings
- ▶ Ethical Channel
- ▶ 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
- ▶ Ethical Channel
- ▶ 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
- ▶ Meetings
- ▶ Informal meetings
- ▶ Newsletters and surveys
- ▶ Suggestion boxes
- ▶ Ethical Channel
- ▶ 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)



### Society

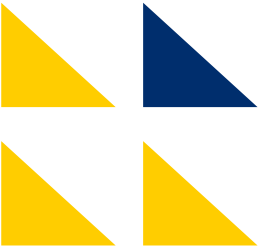
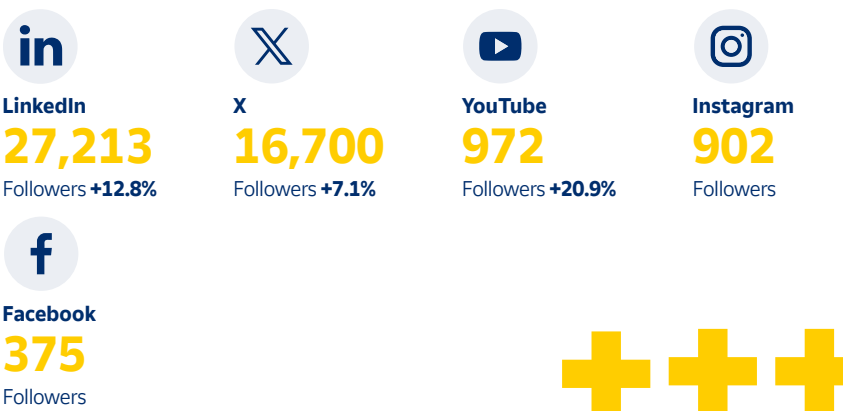
- ▶ Integrated annual report
- ▶ Corporate Intranet/Web
- ▶ E-mail
- ▶ Meetings
- ▶ Informal meetings
- ▶ Ethical Channel
- ▶ Social media
- ▶ Channels and customer service points
- ▶ Fairs, forums and other meetings
- ▶ Advertising campaigns and branded content
- ▶ Partnerships and collaborative projects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





**Digital channels** allow to establish a **close and immediate link** and maintain a fluid interaction with the stakeholders. In 2023, **Correos social media followers grew by 6.4%**, to reach 405,409, while those of **Correos Express rose by 16.2%** to 46,162. Correos Telecom also increased its followers on social media where it is present (LinkedIn, Facebook, Instagram and Twitter), while Correos Express Portugal launched its LinkedIn profile.

Social media presence of Correos and Correos Express





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

- ▶ **Visit Correos**, which highlighted how the post offices are one of the most visited destinations in Spain and invited the public to discover the wide range of products and services they offer.
- ▶ **12 October**, with the slogan 'Making life easier for you, wherever you live. That is what it means to build a country', reminded people of the role that Correos workers play every day, bringing services closer to all citizens.
- ▶ **Responsible delivery**, which on the occasion of Black Friday, invited people to think about the environmental impact of the excessive use of express courier with the campaign Sirens, in order to promote the responsible use of this service.
- ▶ **#8MAIYear**, with which the company promoted equality, through philately, by means of stamps dedicated to women who have played an important role in the country's modern history.

In 2023, the number of communications about Correos grew in the national, regional and local media, with 62,900 publications and nearly **27,800 million audience impacts** in the press, radio, television and digital media, 64% more than the previous year, with an increase of 557% in audience.

Communications on **postal voting** for the national, regional and municipal elections were particularly relevant, which impact in the media was particularly high compared to previous elections.

Another issue that generated the most media attention was the development of the **call for employment**, with great local impact. The topics covered in the various communication channels also included information on citizen services, digital solutions, **cybersecurity**, as well as **philatelic** issues and presentations.

Correos spread 129 national press releases, 30% more than in 2022, which **generated around 12,000 pieces of information published in the media**, as well as **1,445 territorial area releases**, reflected in more than 8,000 publications, both in print and digital media, as well as on radio and television channels.



The company thus disclosed the development of products and services, especially financial, with the extension of agreements with banks for the provision of **Correos Cash** or **Correos Prepaid Cards**. Both Correos and Correos Express also made their **advances in sustainable mobility**, with the incorporation of alternative fuel vehicles and zero-emission transport routes.

Other issues reported by **Correos Express** included the presentation of the **subsidiary's study on e-commerce**, its commercial solutions for the needs of different industries and the development of the 'Young Talent' programme. The main topics covered by **Correos Express Portugal** and **Correos Telecom** were related to their commercial offer and, in the case of Correos Telecom profiles, also the latest technological developments.

Furthermore, Correos was for the fourth year in a row the **official logistics provider of La Vuelta**, being responsible for the transport of the equipments along the more than 3,000 kilometres of the cycling race, in its 42 venues. It also gave the Best Team Award and took part in the *Parque Vuelta* at each stage, presenting its products and services to the public. Furthermore, it collaborated with the Spanish Basketball Federation, the Royal **Spanish Handball Federation**, the **Zarzuela Hippodrome**, the **Royal Theatre and the Royal Spanish Academy**.

Similarly, Correos Express once again took part in the campaigns carried out by **Asociación Visión y Vida to raise awareness of the importance of eye health** and was the logistics provider for the 2023 *San Silvestre Vallecana* race.

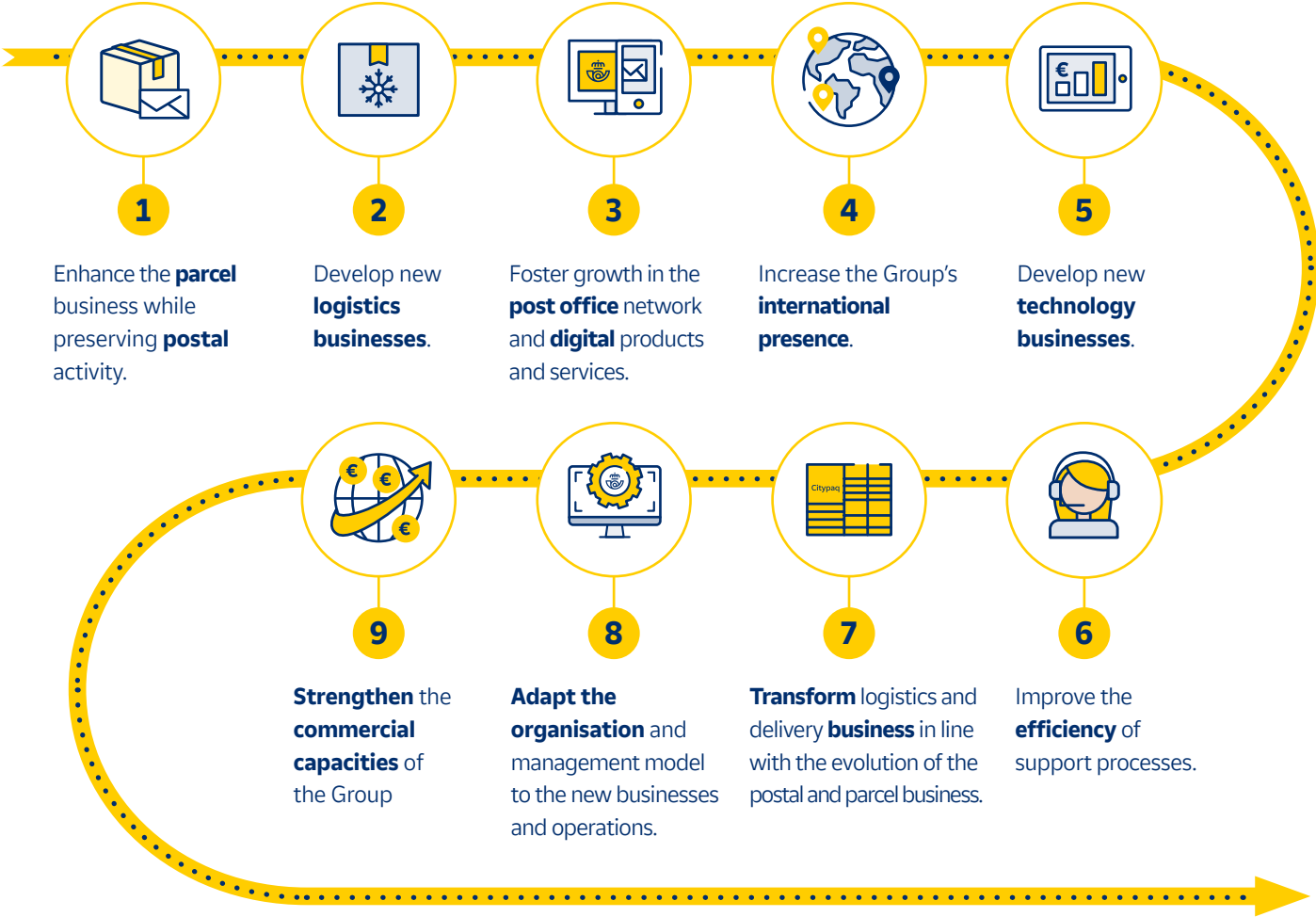


# Strategy

Last year, Correos Group completed the development of the 2020-2023 Future Plan, which was based on 9 guidelines.

This plan comprised 62 action areas, aimed at 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.

The new draft 2024-2027 Strategic Plan was presented to the Board of Directors of Correos at the end of 2023. This roadmap for the next four years aims to reinforce the transformation of the company, with the dual objective of meeting the new challenges of the markets in which Group companies operate and continuing to guarantee the provision of a quality universal postal service.



# Risk and opportunity management

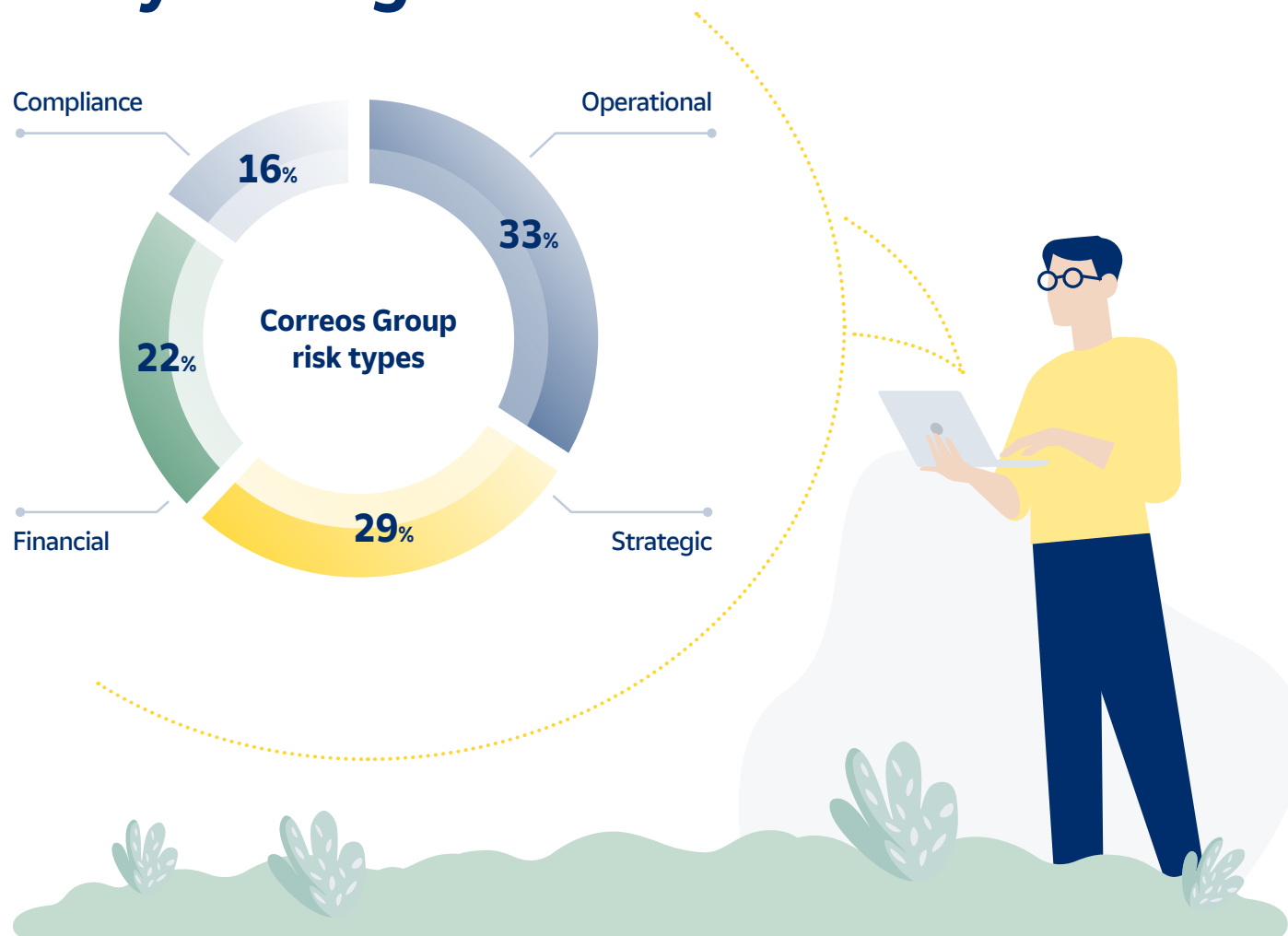
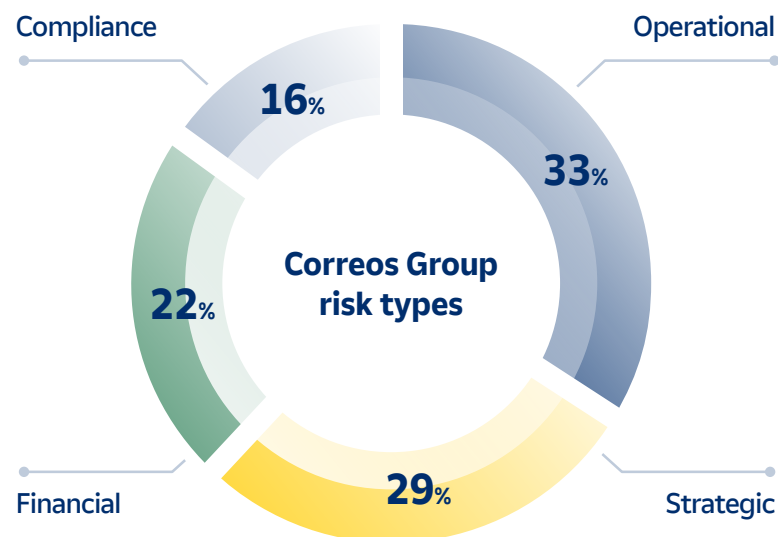
GRI 2-12, 2-13, 2-23, 2-24, 3-3

The Correos Group has a **risk control and management system**, which is based on the **COSO international framework**, aimed at identifying, controlling, preventing and guaranteeing an adequate response to its materialisation.

The Group has an overall [Corporate Risk Control and Management Policy](#) and a **Risk Committee** for the comprehensive monitoring and coordination of contingency plans to ensure business continuity.

The company promotes a corporate culture of risk mitigation through a structure of risk managers and risk responsables, of which 359 received specific training last year.

In 2023, the corporate risk map was updated and submitted to the Audit and Control Committee of the Board of Directors of Correos, upon approval by the Risk Committee.





The Group's risk map contains a total of **45 risks**, of which 20 have been classified as critical, thus ensuring correct management. These risks are grouped into the following categories:

► **Strategic risks:** Responds, among other factors, to the progressive decline in postal activity due to the electronic substitution, a highly competitive market, the evolution of the economic environment, the protection and monetisation of innovation or the emergence of disruptive technologies that lead to rapid changes in demand.



► **Operational risks:** 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, the speed of adaptation of the production model to new demands, the changes in international trade flows, the supply chain or the challenges of personal data management and cybersecurity.



► **Compliance risks:** Is associated with non-compliance with regulations or good governance and ethics codes 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 risks:** Includes liquidity, default and credit risk, which in turn include interest rate, foreign exchange and other pricing risks.



► **Occupational risks:** Is linked to the status as one of the country's major employers, the need to maintain a nationwide presence, the difficulties associated with recruitment procedures, occupational health and safety, talent retention capacity or respect for human rights and labour regulations in the supply chain.



► **Environmental and climate risks:** Arise from 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 risks:** Is associated with unforeseen changes in relationships and expectations of the stakeholders and an appropriate business communication.





# Sustainability framework

GRI 2-12, 2-17, 2-23, 3-3, SDG 8, 9, 11, 12, 13

## Sustainability Plan

In 2023, the Correos Management Committee approved the new **2023-2025 Sustainability Plan**, which sets out the company's ambitions, lines of action and goals for the coming years, with the aim of moving forward **towards a more sustainable business model, from an economic, social, environmental and governance point** of view. Therefore, this programme is structured in **four pillars: environmental, social, governance and economic**, with the understanding that the sustainability topics must be interrelated and closely linked to the development of business activities.

Thus, each of the pillars pursues three goals to be achieved by 2025 and each goal relates to a strategic area. For the development of these **12 strategic areas**, 34 lines of work are identified with specific objectives, activities to be carried out and

performance indicators. All of this **is aligned with the Sustainable Development Goals** (SDGs) promoted by the United Nations and supported by five levers: mobility, energy efficiency of buildings, business, people and government, aspects that have been considered when defining the main impacts of the actions to be developed.

In accordance with the governance structure approved by the Board of Directors of Correos, the **ESG Committee was established** in 2023, an overall instrument aimed at promoting the lines of work set out in the Sustainability Plan, through the coordinated and integrated action of all areas of the company. From 2024 onwards, this Committee will report quarterly to the Management Committee of Correos on progress in each of the strategic areas of the Plan.





## 2023-2025 Sustainability Plan







## SDG Alignment Model

Correos is one of the main employers in Spain and is entrusted with the provision of an essential public service for social development and the structuring of the territory. For this reason, Correos considers that it can play a very important role in achieving the 2030 Agenda. Consequently, the company has identified its potential contribution to each of the Sustainable Development Goals, in order to **prioritise those in which its actions can have the greatest impact.**



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.

The **SDG Alignment Model**, as approved by the Board of Directors of Correos in 2022, integrates the main policies and defines the short and medium-term priorities in the management of environmental, social and governance 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**  
People and planet at the centre



	<b>Local</b>
	<b>Neutral</b>
	<b>Circular</b>
	<b>Smart mobility</b>



<b>Business and social innovation</b> E-local solutions Proximity services Activist products	
<b>Sustainable management</b> Mobility Circularity Climate change	
<b>Community engagement</b> Social commitment Corporate volunteering	



This Model contemplates three priority, transverse lines of action, directly linked to the company's strategy and the Sustainability Plan, 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**, through the commercialisation of proximity services, e-local solutions and circular, neutral and activist products.
- ▶ **Sustainable management** of resources by optimising energy use and reducing emissions, with a

fleet of alternative fuel vehicles, promoting the circular economy and the actions to be 'zero waste'.

- ▶ **Community engagement**, through social and environmental actions with local impact, in collaboration with various associations and entities, as well as 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.

### Contribution to the Sustainable Development Goals

Correos **strategically** supports the achievement of the Sustainable Development Goals through the provision of the universal postal service and other useful services for citizens throughout Spain (**SDG 9. Industry, innovation and infrastructure** and its target 9.1, as well as **SDG 11. Sustainable cities and communities** and its targets 11.1 and 11.6), allocating infrastructure, resources and human capital to this end, with one of the largest workforces in Spain (**SDG 8. Decent work and economic growth** and its target 8.2.).

In addition, it makes a **relevant contribution** to the business network by promoting sustainable public procurement and local trade (**SDG 12. Responsible consumption and production** and its target 12.7), through services such as Correos Market and its own procurement. Correos also has one of the largest sustainable fleets in the sector (**ODS 13. Climate Action** and its target 13.2), leading the sector's decarbonisation efforts in Spain.







## Contribution of the company to the Sustainable Development Goals



### Strategic contribution

#### 8 DECENT WORK AND ECONOMIC GROWTH

**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

- ▶ Generation of **stable and quality employment**
- ▶ **Training**
- ▶ **Professional development**
- ▶ **Talent management**
- ▶ **Workplace health and safety**
- ▶ **Diverse and inclusive work environment**



### Strategic contribution

#### 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

**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

- ▶ Promoting **entrepreneurship: Correoslabs y Lehnica Challenge**
- ▶ Infrastructures for **international trade**
- ▶ **Territorial capillarity** and rapprochement of public services
- ▶ **Financial and Administration services** in post offices and at home versus financial exclusion and digital divide
- ▶ Telecommunication services for the **digital accessibility** of people



### Strategic contribution

#### 11 SUSTAINABLE CITIES AND COMMUNITIES

**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**, as well as close to citizens
- ▶ **Electric vehicles** and with alternative fuels
- ▶ **Sustainable mobility** and improved urban air quality
- ▶ **Sustainability of** external land transport routes
- ▶ **European SENATOR project** for a more efficient urban logistics model



### Strategic contribution

#### 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

- ▶ **Action plan for circular economy**
- ▶ **Sustainable procurement**
- ▶ **Responsible delivery**
- ▶ **Correos Market**
- ▶ Responsible consumption: **Línea Bosques range of packaging**
- ▶ **Rounding Up with Impact**
- ▶ **Sustainable Way of Saint James**



### Strategic contribution

#### 13 CLIMATE ACTION

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

- ▶ **Energy efficiency**
- ▶ Procurement of **100% renewable electricity** and solar self-consumption
- ▶ **Correos Compensa** for the neutralisation of emissions
- ▶ **International Post Corporation SMMS Project** to improve sustainability performance
- ▶ **Awareness-raising on climate change**







## 2030 Commitments

The policies contemplated in the SDG Alignment Model and the lines of action set out in the 2023-2025 Sustainability Plan 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 variety of sustainable products and supporting local businesses through e-local solutions.



### Local

Generating local value



### Neutral

Achieving CO<sub>2</sub> neutrality in activity



### Circular

Adopt circularity to be 'zero waste'



### Smart mobility

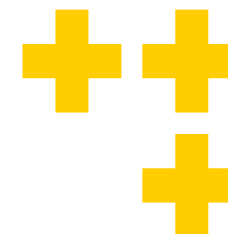
Encourage at least 50% of the fleet to use alternative technologies to fossil fuels



# Environmental information

## Addressing the challenges for the planet

### ► Environmental impacts and opportunities





# Environmental impacts and opportunities

GRI 2-25, 3-3, 301-1, 302-4, 305-5, 305-7, 308-2, SDG 11, 12, 13, 15

The environmental strategy defined in the 2023-2025 Sustainability Plan rests on three pillars, which contribute to the achievement of Correos 2030 Commitments: sustainable mobility, carbon reduction and neutralisation to tackle climate change, and the adoption of a circularity model.

The actions carried out in these three areas are aimed both at mitigating the **company's main impacts** on the environment and at promoting the opportunities that are emerging to lead the ecological transition of the transport sector and facilitate the implementation of a circular economy.





The company's impacts and opportunities are assessed annually and benchmarked against the main international (Paris Agreement, Sustainable Development Goals, European Green Deal, Fit for 55...) and national (National Integrated Energy and Climate Plan, Climate Change and Energy Transition Act, as well as other regulations, initiatives and business collaborations) frameworks.

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.

**Environmental management 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.

The most significant impacts on the respective areas of activity of the Group's subsidiaries are as follows:

- ▶ 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.
- ▶ Fuel consumption, CO<sub>2</sub> emissions and noise (linked to transport in commercial and operational activities), as well as waste generation in works carried out, for Correos Telecom.

In 2023, environmental management systems were **certified in accordance with the standard UNE-EN ISO 14001:2015** "Environmental management systems":

- ▶ At 24 sorting centres and post offices of Correos.
- ▶ At 6 operational centres of Correos Express.
- ▶ At Correos Telecom, applied to the business of marketing, design, operation and maintenance of the fibre optic telecommunications infrastructure network.

The **monitoring of CO<sub>2</sub> emission reduction measures** is also supported by:

- ▶ **Verification** of the results of CO<sub>2</sub> 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 and Correos Express, as well as the attainment of the seal '*Calculo, Reduzco, Compenso*' ('I calculate, I reduce, I compensate') by Correos.
- ▶ 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**.





## 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 global postal operators. This initiative aims to improve the sustainability performance of postal operators. To this end, it annually assesses its performance in **seven areas of action** that are, in turn, **aligned with the five most relevant Sustainable Development Goals for the postal sector**, encouraging their achievement.

The SMMS programme is the evolution of the Environmental Measurement and Monitoring System (EMMS) project, created in 2008. Within this framework, Correos and the other participating postal operators made an initial commitment to reduce their CO<sub>2</sub> emissions by 20%. After achieving it in 2014, a new target was set for 2025, which was the **first industry target to be recognised by the Science Based Targets initiative (SBTi)** as science-based, to help avoid global warming by more than 2°C by 2100.

## Sustainability Measurement and Management System programme



### 7 areas of action

1. Occupational health and safety
2. Professional development and learning
3. Circular economy
4. Sustainable procurement
5. Efficient use of resources
6. Climate change management
7. Air quality



### Relevant Sustainable Development Goals

- SDG 8.** Decent work and economic growth
- SDG 9.** Industry, innovation and infrastructure
- SDG 12.** Responsible consumption and production
- SDG 13.** Climate action
- SDG 11.** Sustainable cities and communities





Currently, the 23 postal operators participating in the SMMS programme have made several **commitments for 2030**, related to **emissions reduction** (under the SBTi initiative), **energy efficiency**, **circular economy**, **professional development and learning**, among others.

Last year, Correos **improved its overall performance** in the qualitative aspects of sustainability management competence **by**

**9 percentage points**, above the average for postal operators. The best scores were recorded in the areas of 'Professional development and learning' and 'Climate change management', while the issues of '**Air quality**' and '**Sustainable procurement**' showed the **greatest progress**. In 2023, the company also successfully passed the **external audit** that the programme periodically conducts on each participating postal operator.

Correos also participated last year in other initiatives promoted by the International Post Corporation, such as the celebration of **Green Postal Day**, which recognises the progress made by the postal sector in reducing the carbon footprint of its activity, and in the international competition for **efficient and sustainable driving** of electric vehicles, **IPC Drivers' Challenge**, in which teams from eight European postal operators took part.



### 2030 targets of the SMMS programme

▶ 50% reduction in CO<sub>2</sub> emissions from Scope 1 and 2

▶ 50% of the fleet made up of alternative fuel vehicles, with at least 25% being electric vehicles

▶ 75% of own buildings' energy consumption from renewable sources

▶ 50% percent of packaging sold be reusable, recyclable or compostable

▶ 75% of waste recycled or reused







# Adaptation to and mitigation of climate change

GRI 302-4

Correos has identified the risks arising from climate change in its value chain, both physical<sup>24</sup> and transitional<sup>25</sup>. 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 IPCC. This choice 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, precipitation shall decrease (more

pronounced in the south of the region) of between 12 percent and 24 percent 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. Consequently, **Spain is already one of the European countries most** exposed to droughts and extreme weather events.

The European Union has set ambitious targets to mitigate climate change and meet the objectives of the Paris Agreement. The **European Climate Law** contains a commitment to reduce net greenhouse gas emissions by at least 55% by 2030 and to achieve climate neutrality by 2050. In order to achieve these objectives, business collaboration is essential.

In Spain, **road transport** is responsible for 28% of total greenhouse gas emissions<sup>26</sup>, being the economic sector

with the highest contribution. The 2021-2030 **National Integrated Energy and Climate Plan** argues that the main lever for decarbonisation of this activity is the substitution of transport modes, with a greater presence of renewable energies and advanced biofuels, and the adaptation of urban mobility (with the configuration of low-emission zones).



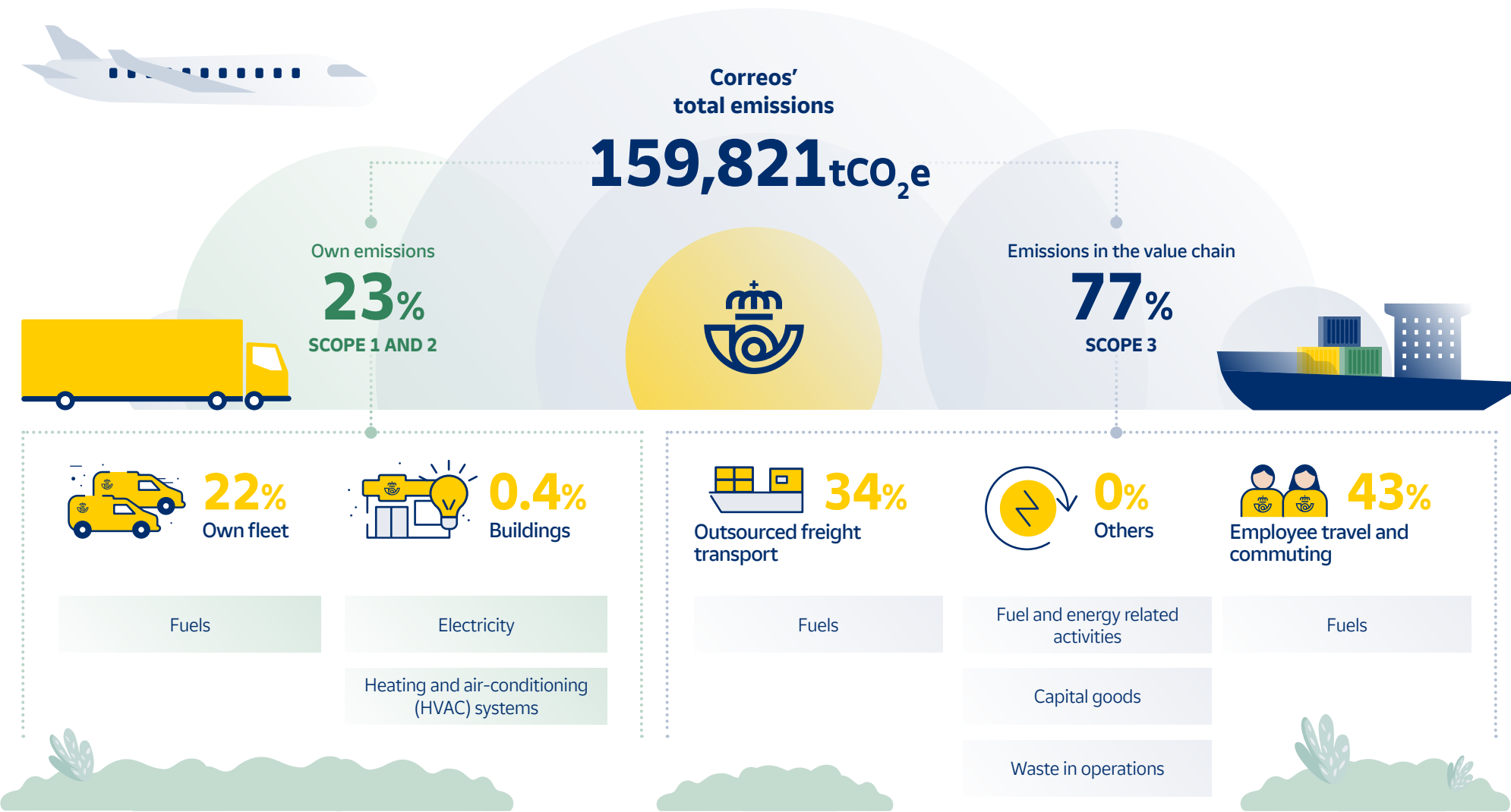
<sup>24</sup>Physical risks are those directly caused by meteorological or climatic elements, such as extreme temperatures or heavy rainfall, which can affect people (customers and employees), means of transport or the company's operational and customer service infrastructures.

<sup>25</sup>Transitional risks arise 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 by its stakeholders.

<sup>26</sup>Ministry for Ecological Transition and the Demographic Challenge (2023).



Correos carbon footprint





More than two thirds of **Correos' carbon footprint** corresponds to **emissions generated in the value chain** (Scope 3). In this respect, business travel and **employee commuting account for more than 40%** of total CO<sub>2</sub> emissions.

This is explained by the **extensive territorial coverage of** the company's services, with a presence in all the country's towns and cities, through the service points and distribution network, where around 85% of the workforce works. As a result, there is a high volume of daily commuting by these professionals to their workplaces, the dispersion of which makes it difficult to group journeys or to implement other measures to make their mobility more sustainable.

In order to assess how employees commute to work and their preferences for more sustainable mobility, a new **mobility survey** was conducted in 2023 via the corporate intranet to identify changes compared to the previous survey and additional solutions to be implemented. Simultaneously, the company monitors the most recent regulatory proposals on employee mobility in order to adapt its management to the new requirements.

**The second largest component** of the carbon footprint is the medium and long-distance journeys made by **transport providers**, where Correos encourages the use of sustainable vehicles. This measure is complemented by the transition of the company's own fleet to alternative modes of transport to fossil fuels, thus acting about more than half of the company's emissions.

Consequently, the **decarbonisation levers** identified to achieve the company's medium-term objectives are related to:

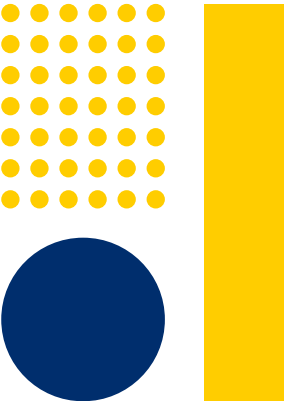
- ▶ Promoting **more sustainable forms** of daily commuting.
- ▶ The **replacement of** own and external **transport fleets** with alternatives to combustion vehicles.
- ▶ **Cutting emissions from last-mile distribution** by streamlining routes, driving efficiency and reducing trips.
- ▶ The reduction of **energy consumption in buildings** for operational or administrative use, the self-consumption of electricity and the use of renewable energy sources.

These lines of action contribute to both mitigating and adapting to climate change, in line with Correos' commitment to neutralise emissions from its activity by 2030.





“  
**Correos offset  
6,806 tonnes of  
CO<sub>2</sub> emissions  
through Correos  
Compensa.**”



**Carbon footprint offsetting**

Reducing CO<sub>2</sub> emissions is the main tool for compliance with the commitment to be 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, the **Correos Compensa** programme makes it possible to **neutralise CO<sub>2</sub> emissions** from postal and parcel volumes of post offices customers, from all responsible deliveries and from those generated in the production of Línea Bosques range of packaging. The projects selected for the purchase of credits seek **a triple impact –environmental, economic and social–** in the communities in which they are developed, with the generation of new employment opportunities, the improvement of air or water quality, the preservation of biodiversity, access to energy or to health and education services, among others.





Energy efficiency

Due to their capillarity and size, Correos Group has workplaces throughout the country. Therefore, optimising the energy needs of these buildings also helps to reduce the carbon footprint.

In 2023, the Action Plan for the control of energy consumption was revised to adapt it to the new regulatory requirements for the public sector, setting more ambitious strategic objectives in terms of electricity consumption savings.

Last year, **energy audits** were carried out in 219 buildings (9% of the total number of buildings) and the implementation of an **energy remote management platform** was started in 571 offices throughout the country, those with the highest energy consumption, which is expected to be completed in the first half of 2024. This equipment will reduce consumption in HVAC and lighting (which account for around 75% of the total energy consumption of a post office), which is estimated to reduce electricity consumption by more than 25% in these establishments.

Since 2018, 100% of the electricity purchased by the Group comes from **fully renewable energy sources** with a guarantee of origin. Likewise, since 2021, Correos has had **solar photovoltaic plants** for electricity generation, in the form of self-consumption, at the automated processing centre in Madrid, the largest in the network, as well as at the Rampa 7 international centre and at two other operating facilities, in Madrid and San Cristóbal de La Laguna (Santa Cruz de Tenerife). In the first year of operation, **self-generated energy** at the Madrid automated processing centre contributed **26% of its total consumption**.

On the other hand, to meet the requirements of the electric fleet, the company had 2,246 parking spaces with **electric charging infrastructures** (539 for four-wheel vehicles and 1,707 for motorcycles) in logistics centres or delivery units throughout the country, the management of which enables optimisation of the charging processes for delivery vehicles.

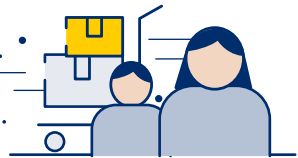
Action Plan for the control of energy consumption



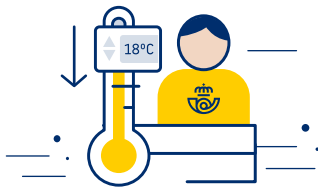
Efficient use of lighting



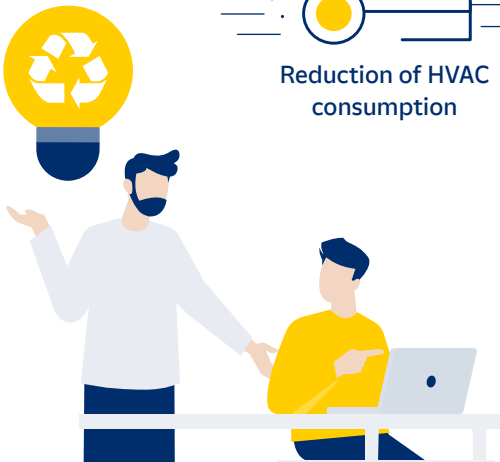
Energy monitoring of the 50 centres with the highest energy consumption by specialised personnel



Efficient use of loading bays



Reduction of HVAC consumption



Internal communication and awareness





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](#)).
- ▶ The replacement of the centres' **lighting systems** with LED technology and efficient air conditioning systems, as well as the implementation of other energy efficiency equipment in post offices and Correos and Correos Express centres.

▶ **Awareness-raising for employees** through:

- Dissemination of individualised reports on energy consumption (electricity, natural gas and diesel) of the main Correos workplaces, through the corporate intranet, accessible to all employees. Correos Express also has a manual of good environmental practices for use in all centres that have UNE-EN ISO 14001:2015 certification.
- Raising environmental awareness through internal communication channels.
- Training and exchange of best practices, with initiatives such as the challenge "We are all needed against climate change", launched on the occasion of the International Day against Climate Change, which encouraged people to share experiences in order to care for the planet and face the climate crisis.







# Pollution and air quality

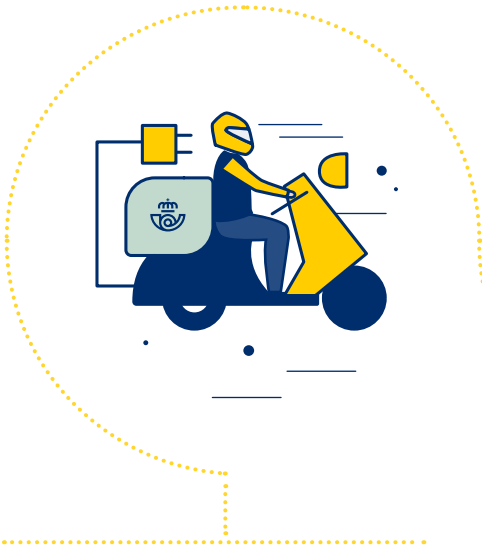
GRI 305-5, 305-7

The **transport and last mile delivery** involves the emission of CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub> and particulate matter into the atmosphere. This activity also represents a **growing challenge for mobility in cities**, exacerbated by the rise of e-commerce and an increased demand of home delivery.

The lines of action for the reduction of pollution and improvement of air quality contemplated by the company aim to implement a sustainable and smart mobility model, with actions aimed at accelerating the transition of the transport fleet, advancing in the development of sustainable delivery routes and logistics streamlining, as well as addressing the mobility of employees.



## Lines of action for corporate and employee mobility



### Fleet transition

Accelerating the transition of the transport fleet, identifying the ideal configuration of delivery vehicles in order to cover low-emission areas of cities and reach 50% of emission-free deliveries in the last mile.



### Sustainable delivery routes

Advancing sustainable delivery route development and logistical streamlining, based on customer needs.

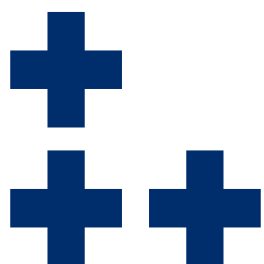


### Employee mobility

Addressing sustainable mobility of the more than 50,000 employees of the Group in their commuting.



“  
With its zero-emission  
fleet, Correos  
contributes to  
improving air quality,  
potentially benefiting  
more than 25 million  
citizens.”



### Delivery fleet transition

Correos has consolidated its position as the company with the **largest zero-emission fleet** in the Administration and one of the largest in the distribution industry in Spain. In 2023, it had **2,685 green vehicles** (2,385 electric (**17% of the total**) and 300 hybrid), after adding 805 new electric means of transport (including vans, three-wheel motorcycles and cyber-safe motorbikes) in the past year.

With these acquisitions, the company continued to make progress in its commitment to reach 25% electric vehicles and 50% alternative technology-based fleet by 2030.

Correos makes deliveries using these sustainable means of transport in **100% of the low-emission zones** established in Spanish cities with more than 50,000 inhabitants, **improving the air quality** of these environments, with a potential direct impact on **25.5 million people**.

In order to adapt the transport network to current and future environmental requirements, ensuring its compatibility

with the efficient provision of the services entrusted to it, the company is developing a project to **design the 'delivery fleet of the future'**.

Thus, taking into account the forecasts for the performance of the activity, the load capacity of the vehicles, the delivery conditions and the transition commitments undertaken, the needs for the composition of the fleet in the medium and long term have been foreseen. This planning also takes into account accessible funding sources and current technological availability.

For example, for journeys where the use of vans or motorcycles is not suitable (journeys of less than 15 km or more than 60 km), alternative vehicles are envisaged. During 2023, tests were carried out with **electric three wheel cargo cycles**, with different capacities, in ordinary and urgent delivery units in Alcázar de San Juan (Ciudad Real), Dos Hermanas (Sevilla) and the city of Sevilla. Also taking advantage of the synergies with the European SENATOR project, led by Correos, these vehicles were tested in the city of Zaragoza, for the distribution of notices and parcels.

The company also considers **alternative fuels**, such as liquefied petroleum gas (LPG) or compressed natural gas (CNG), for both the long-haul and last-mile delivery fleets. 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 subsidiary **Correos Express** promotes the contracting of **sustainable routes** (using bicycles and electric motorcycles) with suppliers and the use of other alternative means such as electric scooters or delivery on foot (walkers).





## Sustainable mobility

Correos is the Spanish company that travels the most kilometres on foot to last mile delivery (**zero-emission deliveries**). Another measure to reduce the impact associated with transport is to **reduce the number of kilometres travelled and the number of trips** required for the effective first attempt delivery, through:

- ▶ The use of the **around 8,300 service points and more than 2,200 Citypaq smart lockers** of Correos as alternative points of admission and delivery. This extensive network, the most accessible in the Spanish sector, is present throughout the country, **saving citizens from travelling**, which contributes to reducing their emissions, while increasing their convenience in receiving their parcels at the time of their choice.
- ▶ The use of systems that facilitate **effective first attempt delivery**, such as the **Correos Modify** app, with which the recipient can easily modify the address where they wish to receive their mail or parcels, to adjust it to their needs.

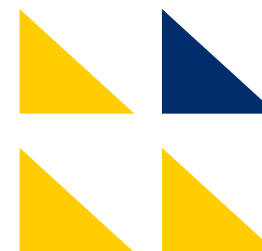
▶ **Route streamlining** using **sensor and geolocation** systems and predictive technologies based on **artificial intelligence and Big Data**. Algorithmic route planning also enables **improvements in delivery times (up to 20%)**, reduction of fuel consumption and distance travelled (up to 25%), as well as reduction of urban traffic. In order to improve route management and rationalise vehicle use, a project was launched in 2023 to install sensors in the load compartment of delivery vans to monitor efficiency in the use of the vehicle's total capacity. In turn, the **dynamic delivery management** tool used by Correos Express makes it possible to optimise distribution areas and the resources consumed.

An **efficient and safe driving** also makes it possible to reduce emissions and energy consumption, extend the useful life of vehicles and reduce the accident rate, for which efficient driving training is provided to delivery employees and **ADAS (advanced driving assistance systems) technology** is used. In the latter area, Correos continued to collaborate in the past year with initiatives such as

the Autonomous Ready Spain project, promoted by the Directorate General of Traffic and the Barcelona City Council, for the implementation of these driving assistance systems.

In addition to making last mile delivery more efficient, the Group acts on the emissions generated by medium and long distance transport. The use of **dynamic purchasing systems (DPS)** 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, the **purchase of 100% renewable energy** for the electricity supply of buildings, operational centres and delivery units contributes to creating zero-emission delivery areas.





## Streamlining of logistics

The growing demand for home delivery of e-commerce orders poses a challenge to the sustainability of cities, where increasing traffic congestion, inefficient overlapping of distribution networks and atomisation of the sector into different delivery companies are frequent.

Correos seeks to contribute to the solution of these challenges by providing its expertise and technology. Since 2020, it has been leading the **European SENATOR project** (Smart Network Operator Platform enabling Shared, Integrated and more Sustainable Urban Freight Logistics), in which the subsidiaries Correos Express and Correos Telecom also participate.

Funded by the European Horizon 2020 framework, it aims to create a **new, more sustainable urban logistics model**, through a platform that enables the planning and integration of all urban logistics operations. Its targets focus on providing four governance frameworks for

urban planning policies relating to:

- ▶ User demand.
- ▶ Transport.
- ▶ Freight transport.
- ▶ Logistics and urban infrastructures.

Once the last phase of this project has begun, after completing the legal requirements for the anonymisation of personal data and technological availability last year, in 2024 the pilot programmes, focused on the reduction of transport emissions and operational improvement, will be developed in the cities of Dublin and Zaragoza.

The Spanish pilot programme will focus on improving logistics around the city's food markets, both for the management of parking areas and for the operation of this business model for fresh deliveries. To this end, the efficiency provided by the model will be assessed by means of real

tests carried out by Correos and Correos Express on route and network streamlining, load balancing between operators and integration with city information and urban infrastructure. The ultimate purpose is to achieve a flexible and more sustainable delivery.

In 2023, the progress of the programme was made public through the **project website**, participation in various events such as the Conference on Results from Road Transport Research in EU funded projects (RTR conference) (with the paper "Freight transport: from new methodologies to innovative solutions") or through specialised publications<sup>27</sup>.

On the other hand, for years **Correos has maintained a Chair with the University of Alcalá**, the purpose of which is to respond to business needs in the field of R&D&I not covered by the market, promoting the creation of technological solutions. Last year the company renewed this agreement with the University until 2026.

One of the projects developed by the Chair in 2023 was the **configuration of a platform** to identify the different types of delivery vehicles required **for distribution in the low-emission zones** in Spain. Using a simulator, two scenarios were evaluated (business as usual and a more restrictive one, in which low-emission zones were applied to towns with more than 40,000 inhabitants and to other types of vehicles). In both scenarios, Correos transport fleet was found to be in full compliance with the various municipal regulations.

The Chair also developed a tool for the optimisation of delivery areas, based on the volumes to be distributed by each delivery unit and the resources available from time to time, which will be applied to the company's operations.

<sup>27</sup>The papers 'An Artificial Intelligence-based software module for the optimization of collaborative delivery in last-mile logistics', developed by the Deusto University, and 'A hybrid decision making support method for parcel lockers selection', and additional references in published documents, such as 'Road Haulage Strategy for next 10 years by the Department of Transport (Ireland)' and 'Enabling Smart and Green Logistics brochure by CINEA'.





## Biodiversity and ecosystems

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. Likewise, the actions carried out thanks to the **Línea Bosques** sustainable packaging, marketed in the post offices and at Correos' website, are focused on promoting forest restoration in Spain and raising awareness of the importance of preserving natural values.

Thus, the Línea Bosques contributes to the financing of **reforestation, fire prevention and biodiversity preservation projects**

in order to mitigate the effects of climate change and contributes to the improvement of air quality and the ecosystem protection.

In the case of the subsidiary **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**.







## Resource use and circular economy

GRI 306-2

One of the commitments assumed by Correos is to be a **'zero waste' company by 2030**, promoting a circular model that maximises the value of materials for as long as possible, encouraging recycling and reuse of waste and avoiding, as far as possible, the final destination of waste to landfill. To this effect, the company is developing two complementary lines of work, the objectives of which are:

- ▶ Improving waste management and segregation, **increasing recovery**.
- ▶ The integration of **circularity criteria in the value chain**.







## Implement circular economy to be 'zero waste'

### Waste management, segregation and recovery



Waste  
concentration  
model



Waste  
recovery



Zero waste  
centres



Training and  
awareness  
raising for correct  
segregation



Donation of  
abandoned parcels

### Integration of circularity criteria in the value chain



Elimination of  
single-use plastics



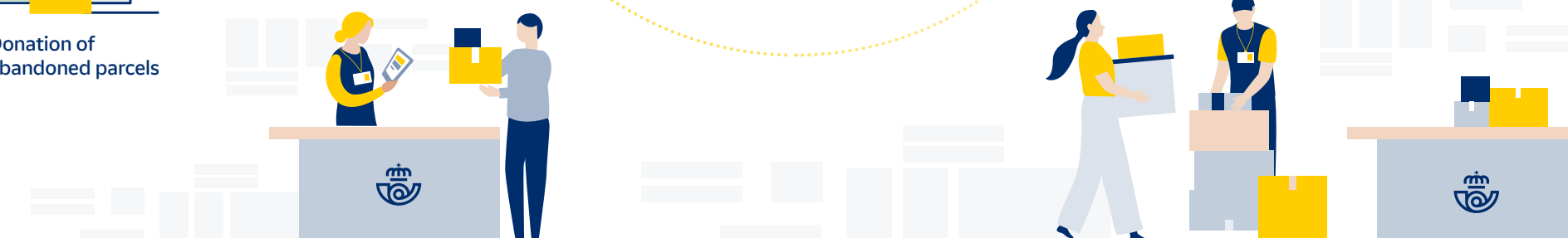
Life cycle analysis of  
products and services



Digitisation of  
processes to  
reduce paper use



Marketing  
of the Línea  
Bosques range of  
packaging





**'Zero waste'**

Correos aims to make waste management increasingly efficient by training and raising awareness among employees and improving identification and classification processes, in order to ensure the correct traceability of materials until the end of their useful life.

Since 2022, the existing framework agreement for the **centralised management of waste** generated at **Correos and Correos Express workplaces** has enabled waste treatment to be concentrated and homogenised, as well as increasing the recovery and recycling of material flows.

In 2023, its scope was extended to all operational centres of both companies, enabling the **recycling or recovery of** at least **93% of Correos' total waste** and **94%**

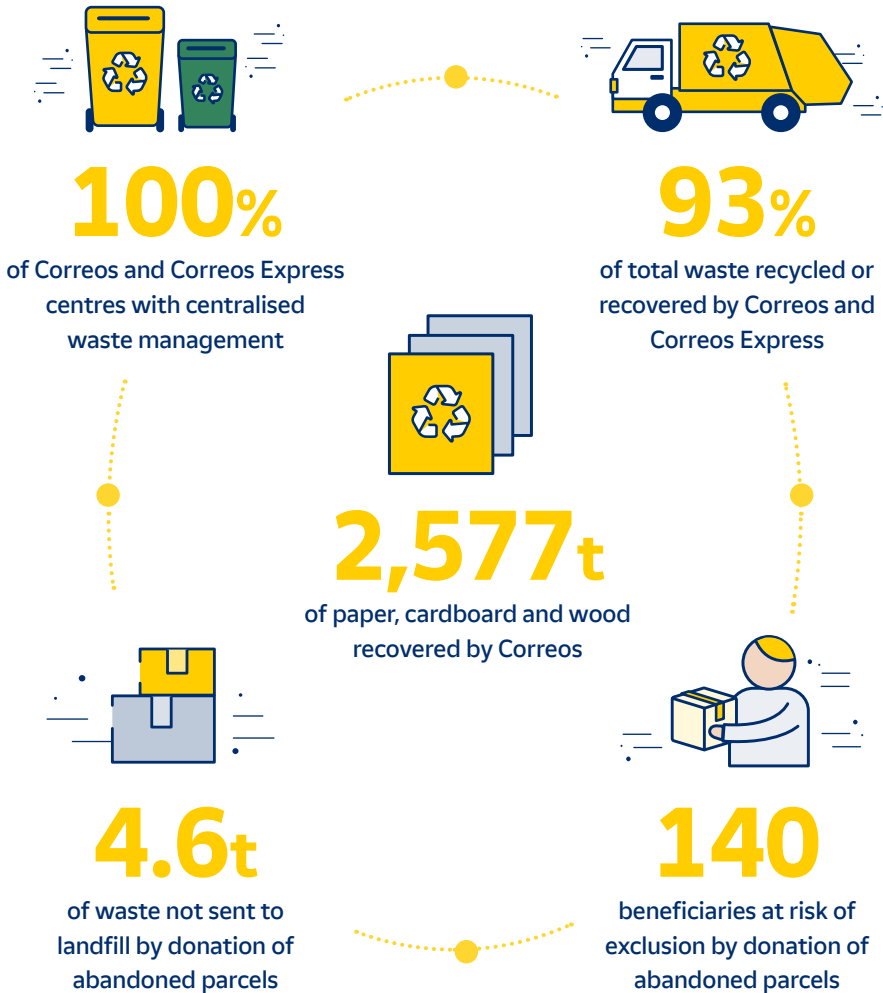
**of Correos Express' waste**, i.e., around **2,800 tonnes**.

In addition, Correos' asset management regulations allow the **recovery of materials** such as paper, cardboard and plastic, making it possible to sell them and encouraging them to be put to new uses.

To maximise the reuse of resources, Correos **donated part of the non-postal parcels declared abandoned** (in accordance with the provisions of Act 15/2009<sup>28</sup>) to various associations and NGOs, providing a second life for these goods, while providing a social benefit to vulnerable groups and those at risk of exclusion. This measure **prevented more than 4.6 tonnes of waste from being landfilled** in 2023. Correos Express also donated a portion of the goods abandoned by customers, subject to regulations.



<sup>28</sup>Act 15/2009, of 11 November, on the Land transport contract for goods.





## Incorporating circularity in the value chain

The company encourages a **change from a linear to a circular business model** by prioritising pay-as-you-go models, promoting the use of alternative materials in its packaging and optimising its procurement processes, fostering the sustainability of its supply chain. This approach minimises and ultimately avoids waste generation.

An example of a business model based on the circular economy is the advertising service for customers through the screens located in the post office network. For its marketing, Correos uses a **leasing model**, in which the manufacturer retains ownership of the digital media, extending the useful life of the technological means, in view of their high obsolescence.

Increased **digitisation of processes also makes it possible to reduce the consumption of natural resources**. Since 2019, Correos has been applying hyper-automation to its activities, combining process robotics with

technologies such as artificial intelligence, machine learning and data analytics to improve customer experience, streamline processes and reduce costs.

In addition, this makes it easier to rationalise the energy consumption of technological systems, optimise transport routes, reduce polluting emissions, improve the supply chain and the procurement of materials or eliminate the use of paper, inks and other materials in operational and management processes, also reducing the waste generated. In this regard, the digitalisation measures implemented to **reduce the use of paper** resulted in savings of more than 3.5 million printouts in 2023, which represents more than **52 tonnes of CO<sub>2</sub>e avoided**.

The growth in demand for courier services also leads to an increase in the consumption of other raw materials for the packaging. The **Línea Bosques** range of packaging, marketed across the post office network and at Correos' website, offers customers a **responsible consumption alternative**, as it is made from **recyclable, biodegradable and certified sustainable management materials**.



These products 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 Línea

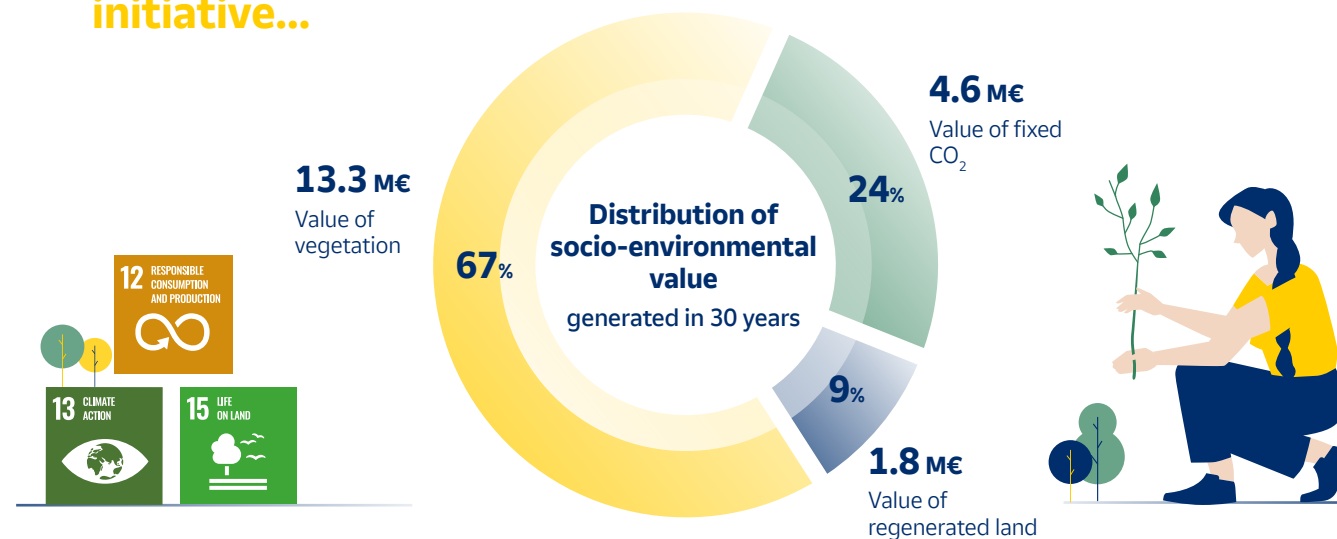
Bosques range of packaging is also **carbon neutral** thanks to the offsetting of emissions created during manufacturing through reforestation projects.



## Línea Bosques

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

€ Since 2001, thanks to the Línea Bosques initiative...



Additionally, the procurement of the suppliers of these products 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, offsetting and carbon dioxide absorption projects" of the Ministry for Ecological Transition and the Demographic Challenge.

Currently, 100% of the packaging sold at Correos post offices includes recycling and reuse features for the materials of which it is made.

For the execution of printing, enveloping and handling of mass communications of companies, Correos uses **responsibly sourced paper**, with certificates FSC® (FSC-C126784) and PEFC (PEFC/14-38-00217), increasingly demanded by customers, to reduce the environmental footprint of its own processes.

Lastly, Correos Express also prioritises the **efficient use of natural resources in the manufacture of advertising and promotional materials**, using recycled cardboard and sustainable inks in its customer welcome packs.



## Environmental indicators

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

Greenhouse gas emissions (tCO <sub>2</sub> )	Correos <sup>1</sup>		Correos Express <sup>2</sup>		Correos Express Portugal <sup>3</sup>		Correos Telecom <sup>4</sup>	
	2023	2022	2023	2022	2023	2022	2023	2022
Direct (Scope 1)	35,598	35,293	13	9	ND	ND	16	28
Indirect (Scope 2)	662	774	0	22	ND	ND	NA	NA
Other indirect emissions (Scope 3)	123,561	119,496	44,977	42,552	ND	ND	ND	ND

<sup>1</sup>Correos figures for 2022 have been updated, based on the results of the emissions verification.

<sup>2</sup>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.

<sup>3</sup>Emissions from vehicles are not a material issue for Correos Express Portugal, as it does not have its own fleet.

<sup>4</sup>Correos Telecom does not generate its own Scope 2 emissions as it shares its buildings with the parent company.

Emissions with official data and emission factors (MITECO and Red Eléctrica de España) available at the closing date of this report. CO<sub>2</sub> emissions are calculated using the GHG Protocol. Once the verification of the 2023 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.

Other atmospheric emissions (kg)	Correos		Correos Express <sup>1</sup>		Correos Express Portugal <sup>2</sup>		Correos Telecom <sup>2</sup>	
	2023	2022	2023	2022	2023	2022	2023	2022
SO <sub>x</sub>	196	209	NA	NA	NA	NA	NA	NA
NO <sub>x</sub>	134,515	141,130	NA	NA	NA	NA	NA	NA
Particulates	12,023	12,651	NA	NA	NA	NA	NA	NA

<sup>1</sup>Correos figures for 2022 have been updated, based on the results of the emissions verification.

<sup>2</sup>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.

Emissions are calculated using the CORINAIR methodology based on billed consumptions.



Raw materials consumption	Correos <sup>1</sup>		Correos Express		Correos Express Portugal		Correos Telecom <sup>2</sup>	
	2023	2022	2023	2022	2023	2022	2023	2022
Water (m³)	312,164	315,765	7,147	12,687	ND	ND	NA	NA
Paper (kg) <sup>3</sup>	2,888,998	829,375	46,345	44,291	ND	ND	20	20
Cardboard (kg)	0	0	303,112	269,880	ND	ND	0	0
Ink (units) <sup>4</sup>	26,072	9,583	684	714	ND	ND	0	0

<sup>1</sup>Estimated consumption data of Correos.

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

<sup>3</sup>Correos paper consumption data for 2023 include the consumption representing the activity carried out by the subsidiary Correos Nexea from the date of its takeover.

<sup>4</sup>Correos ink consumption data for 2023 are influenced by the change of printing equipment supplier.

Consumptions are calculated from the billing amount.

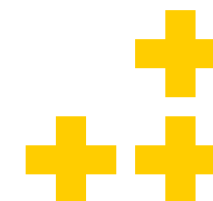
Energy consumption (MWh)	Correos <sup>1</sup>		Correos Express <sup>2</sup>		Correos Express Portugal		Correos Telecom <sup>3</sup>	
	2023	2022	2023	2022	2023	2022	2023	2022
Electricity	106,523	112,574	6,272	5,597	ND	ND	1,465	1,405
Natural gas	15,468	17,059	NA	NA	ND	ND	NA	NA
Gasoil C	9,810	11,903	NA	NA	ND	ND	NA	NA
Automotive diesel	99,008	93,935	NA	NA	ND	ND	NA	112
Petrol	10,980	11,814	NA	NA	ND	ND	59	NA
Others (carbon, butane and propane)	109	140	NA	NA	ND	ND	NA	NA

<sup>1</sup>Correos' electricity, natural gas and gasoil C consumption data for 2022 have been updated.

<sup>2</sup>Correos Express does not consume fossil fuels as it does not have its own fleet of vehicles.

<sup>3</sup>Correos Telecom's electricity consumption corresponds to the marketed sites.

Consumptions are calculated from the billing amount and the certificates that guarantee renewable origin.







Waste generated (kg)	Correos		Correos Express		Correos Express Portugal		Correos Telecom <sup>1</sup>	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Non-hazardous</b>	<b>3,534,781</b>	<b>6,608,802</b>	<b>1,202,838</b>	<b>1,026,090</b>	<b>ND</b>	<b>ND</b>	<b>238</b>	<b>455</b>
Waste sent to the landfill	196,501	2,476,811	0	ND	ND	ND	238	455
Waste not sent to the landfill	3,338,280	4,131,991	1,202,838	ND	ND	ND	0	0
<b>Dangerous</b>	<b>15,359</b>	<b>2,367</b>	<b>176</b>	<b>158</b>	<b>ND</b>	<b>ND</b>	<b>NA</b>	<b>NA</b>
Waste sent to the landfill	2,115	2,367	88	ND	ND	ND	NA	NA
Waste not sent to the landfill	13,244	0	88	ND	ND	ND	NA	NA

<sup>1</sup>Correos Telecom shares its buildings with the parent company Correos, so the waste data relate only to waste generated on construction sites. Data for 2022 have been updated.

Resources for the prevention of environmental hazards (thousands of euros)	Correos		Correos Express		Correos Express Portugal		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
Expenses	2,359.8	4,004.3	94.5	155.3	ND	ND	0	0
Investments	1,931.9	3,455.9	0	0	ND	ND	0	0
Grants	76.5	108.0	0	0	ND	ND	0	0

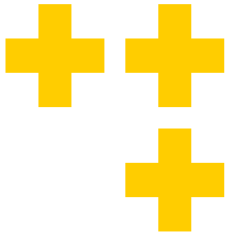
<sup>1</sup>No provisions or guarantees have been made for environmental risks. In 2023, none of the Group's companies faced significant penalties for non-compliance with environmental regulations.



# Social information

## People serving people

- ▶ Our team
- ▶ Value chain
- ▶ Customers and users





# Our team

GRI 2-7, 2-8, 3-2, 3-3, SDG 8

**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, talent attraction and retention, training and career development, diversity, equality and inclusion**, as well as **occupational health and safety**.

These impacts are managed through lines of action, 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.



## 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 bargaining agreement for Correos workers**

sets out, in title II, the general principles of trade union participation and collective bargaining and the functions (interpretation and implementation of the agreement, monitoring of collective compliance with the agreement, out-of-court settlement of collective disputes, mediation and application) of the central (central employment, social action, training, equality, working time, transfer competition 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 representatives 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).





**All employees and civil servants of Correos have trade union representation.**

Within the framework of social dialogue, **almost 30 meetings of the different negotiating tables** were held last year to address issues such as the definition of the training plan, the development of the call for permanent employees, the monitoring of the 2nd Equality Plan, the awarding of the transfer competition, the partial retirement programmes linked to relief contracts and voluntary incentivised leave of absence, the instructions on productivity and remuneration for work during the local, regional and national elections or during the Christmas campaign, and pay increases, among others. In the field of health and

safety, **4 ordinary meetings of the state occupational health commission** and 97 meetings of the provincial health and safety committees were held.

In Correos Express, 48 workplaces have **legal worker representatives** (where 99% of the total workforce works), of which 7 are constituted as works councils and the rest are channelled through staff representatives (a total of 111). The dialogue is carried out through two trade union sections at national level and two more in Madrid. In the area of health and safety, 45 workplaces have prevention representatives, with a health and safety committee in 7 of them.

The main issues discussed last year by the subsidiary and the various trade unions included the call for recruitment processes, professional classification and the updating of the Equality Plan.

At Correos Telecom and Correos Express Portugal, workers have not promoted their

union representation and relationships between employers and employees are channelled directly through the area managers, who receive proposals.

In 2023, the percentage of Correos **workers covered by collective bargaining agreements** was 91%. The small number of employees who are not covered by collective bargaining agreements are governed by the provisions of Royal Legislative Decree 2/2015<sup>29</sup>. For Correos Express and Correos Express Portugal the percentage of employees covered is 100%.

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. At Correos Express Portugal, the collective agreement for road freight transport in Portugal applies, while Correos Telecom does not apply any collective agreement.



<sup>29</sup>Royal Legislative Decree 2/2015, of 23 October, which approves the revised text of the Workers' Statute Law.



## Organisation and flexibilisation 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**. Likewise, any substantial modification of working hours, schedules and/or shifts is subject to negotiation with trade unions that make up the legal representation in each province.

At Correos Express, operational staff work round the clock in morning, afternoon and evening shifts, while management and supervisory staff work split shifts. At

Correos Express Portugal the working day is split according to national legislation. At Correos Telecom, working time is organised according to the projects assigned, within the legal limit, which makes the working day more flexible.

The criteria and conditions for establishing a remote work programme in the Group's companies, as well as the policies relating to the right to digital disconnection, will be developed in accordance with the provisions of Act 10/2021<sup>30</sup> and in accordance with the instructions for application as a state company.



<sup>30</sup>Act 10/2021, of 9 July, on remote working.



## Correos Group employment

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

At the end of 2023, **Correos Group had an average workforce of 50,221 (FTE)**. The parent company, Correos, accounted for 48,094 professionals, 92% of whom were employees and 8% civil servants.

### Call for applications for permanent staff

In 2023, Correos concluded the **call for employment for 7,757 jobs**, in the areas of delivery, sorting agents and customer service. The selection processes, for which more than 84,000 people applied throughout the country, were held in May and the new recruits were recruited on 23 October.

This **public employment offer, the largest one organised by Correos in the last decades**, 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<sup>31</sup> and in Royal Decree-Law 32/2021<sup>32</sup>.

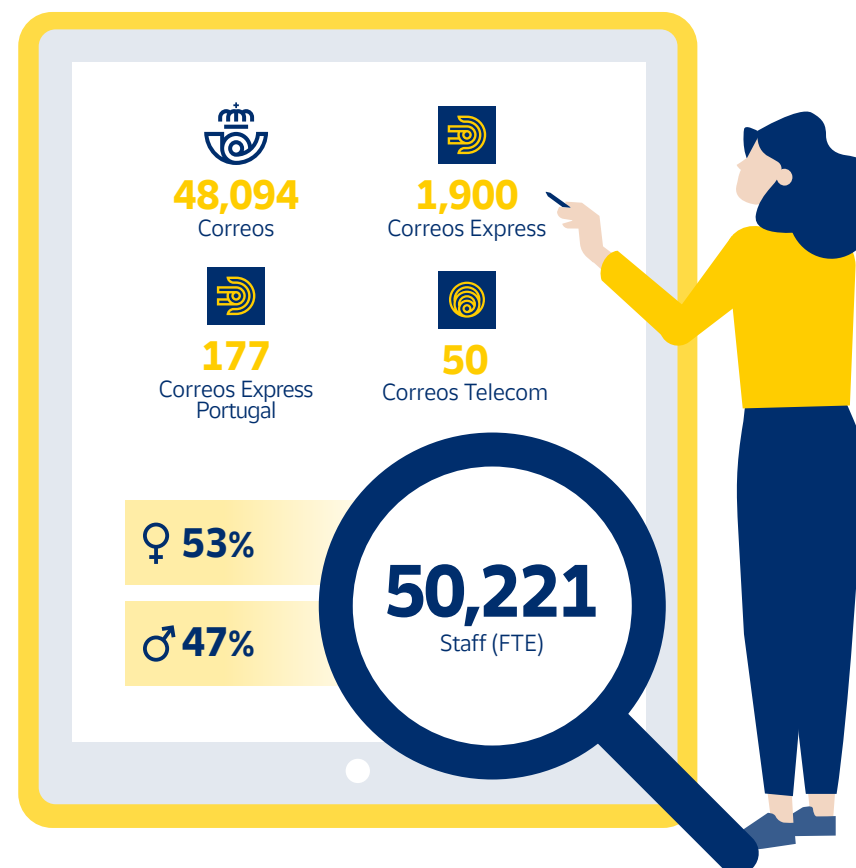
The Group's subsidiaries also strengthened their workforce last year, with new recruits and job consolidations, resulting in a **3.9% increase in overall Group employment**.

### Partial early retirement and voluntary incentivised leave of absence

Correos has an early partial retirement programme aimed at **improving working conditions and rejuvenating the workforce**, making it possible to make the reduction in activity compatible with the pension recognised by the Social Security. In September, the 2023 call for applications was resolved and **337 people** were recruited.

Likewise, in the context of the **voluntary incentivised leave of absence** competition

## Correos Group's average staff



<sup>31</sup>Act 20/2021 of 28 December on urgent measures to reduce the temporary nature of public employment.

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





**for civil servants, 103 enjoyed** this programme during the second half of the year.

### Development of electoral processes

On the occasion of the regional and municipal elections on 28 May 2023 and general election on 23 July, Correos adopted the necessary organisational measures to facilitate **the correct development of activities related to the management of postal votes.**

In order to **ensure the fulfilment of all public service obligations entrusted, reinforcement contracts** for offices, distribution units and logistics centres **were implemented** during both elections. Additional personal digital assistants (PDAs) were incorporated into the office and distribution networks for the admission and delivery of electoral documentation, transport routes were adapted and the service was reinforced in all logistical centres.



For the 23 July election day, additional measures were implemented, such as the extension of office opening hours and the extraordinary opening on Saturdays, Sundays and local public holidays, as well as the delivery of electoral mail during weekends.

“  
**On the occasion of the elections, Correos strengthened its workforce and operations to facilitate the correct development of activities related to the management of postal votes.**”





## Talent support and professional development

GRI 3-3, 404-3, 405-1

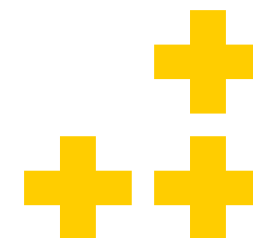
The current labour market in the sectors in which Correos Group companies operate is highly dynamic and competitive. Therefore, **attracting and retaining talent** is an essential element **in supporting the achievement of strategic objectives**.

Thus, in 2023 Correos adopted a **new approach to talent management**, with the aim of increasing the alignment of professional development policies with the needs of the business. The annual talent cycle implemented by the company is based on the **Talent review process**, the **performance appraisal objectives system** and the professional **training and development plans**.

Last year, Correos also encouraged the **attraction of strategic profiles, such as digital profiles**, thus reinforcing its influence as an employer brand. The company participated in employment forums organised by various universities and

business schools and partnered up with entities such as The Bridge or Campus 42 of Fundación Telefónica, for the exchange of knowledge and the promotion of digital talent.

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, according to the latest Merco Talento Universitario and Merco Talento reports. It was also the **seventh most recognised Spanish company** in the InfoJobs Awards and the **first in the freight transport sector**, according to the Randstad and Merco consultancy firms.





## Talent review

The **Talent review** process is the first step in the annual talent cycle. It consists of the assessment that each area of the company carries out on its **priorities in talent management, according to the present and future challenges of the business**. In this way, professionals can communicate their expectations and interests in relation to their own development or that of their teams, through a virtual interview, for the subsequent definition of their training and development plans. Last year, Correos employees in technical and administrative structure who participated in this evaluation expressed an overall level of satisfaction with their professional development of 7.5 out of 10.

## Performance appraisal objectives system

The performance appraisal system *links individual performance to strategic objectives* through the application of **management by objectives**. In 2023, the number of people included in the system increased, with the **incorporation of Correos Express and Correos Telecom**

**professionals**, so that the Group companies could align the setting of their objectives, increasing synergies and joint contribution to business plans.

As every year, this process culminated in the objectives meeting where the strategic goals for the year were presented to the managers, supporting them in the communication and deployment of their objectives to their teams.

## Professional development programmes

Correos offers its professionals different tools to enhance their professional training and promotion, such as the **'Clic'** programmes **for individual development, 'Women in Correos'** for diversity and inclusion, **'Young Talents'** programme for business internships or the substitution programme.

The **'Clic'** programme for individual development aims to provide employees with opportunities for personal and professional growth by promoting the acquisition of new skills and competencies. This Programme allows employees to voluntarily participate in the **definition of their professional and personal**



**As part of the 'Clic' programme, employees participated in coaching programmes, self-development sessions and immersive days in different jobs.** ”

**development pathway**, 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.

As part of the 2021-2023 cycle of the Clic programme, completed in the middle of the year, activities such as:

- ▶ The **'Meetings with Talent'**, in which 359 people participated in three interactive sessions given by experts in various competencies, which facilitated the incorporation of micro-habits for self-development.
- ▶ The **mindfulness workshops**, both online and face-to-face, were attended by 60 people who joined the Correos 'mindfulness community', for which regular meetings are held.
- ▶ The individual and team **coaching programme**, with 81 participants.
- ▶ The **'Journey Talks'** (motivational videos created in different teams and shared across the company) or the **'+Close to Business'** initiative, which enabled people in technical and administrative positions to take part in immersive days in offices, treatment centres or units and to learn in depth about their daily activity and the interconnection of their responsibilities.





As part of the **'Women in Correos'** programme, to promote gender diversity and inclusion, in 2023 initiatives were developed such as the **cross mentoring** programme with female mentees and mentors from our organisation with different companies, the disseminating of 'women of reference' or **STEM** (Science, Technology, Engineering and Mathematics) **talks** in secondary schools and public universities, given by employees in the field of technology or engineering.

The **'Young Talents' programme** is aimed at university students who wish to strengthen their professional skills through internships in Group companies. This approach not only benefits participants by providing practical experience and guidance, but also **brings value to companies by enriching them with new perspectives** and knowledge.

The students have professionals from the company as mentors and can complement their training project with intergenerational meetings, events with company executives and experts, guided tours to work centres or workshops.

In 2023, more than 100 students joined Correos thanks to the 30 partnership

agreements in force with different academic and university institutions. Correos Express and Correos Telecom also have agreements with universities and vocational training schools.

In addition, the Correos **substitution programme** offers operational professionals the opportunity to **gain experience and knowledge in positions of responsibility** in offices, distribution units and centres. After passing a selection process, these employees receive a specific training programme in order to be able to fill temporary middle management positions and thus ensure business continuity.

“  
**More than 100  
students participated  
in the 'Young  
talents' internship  
programme.**”





## Encouraging internal promotion and selection

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.

Through the **Talent Community**, a space accessible at the Correos website, with more than 990,000 visits in 2023, and on the corporate intranet, internal and external professionals can access eTalent, the platform for managing the company's selection and professional development processes.

Correos has a **welcome and follow-up programme** in place 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 their life cycle in the company, thus improving their experience and engagement. Thus, in the area of recruitment, the candidates who took part in selection processes in 2023 gave a score of 40 for the quality of the internal processes and 37 for the quality of the external processes, using a Net Promoter Score (ranging from -100 to 100).

### Call for team leaders

In November 2023, Correos organised selection processes for the **internal filling of team leader positions** in the areas of distribution, processing centres and offices, for which 2,577 people applied. The resolution of this process, expected in 2024, will allow the successful candidates to take over **695 team leader positions**.

Thus, Correos is strengthening its operational management structure, while promoting the professional development of workers who fill vacancies of greater responsibility.

### Transfer competition

Last 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 offices, distribution and processing centres. A total of **1,564 posts** were awarded through this procedure.





“  
**Correos disseminated around 800 pieces of content through the different online and offline internal communication channels.**”

## Channels of corporate culture

Internal communication channels are a tool to make employees aware of the corporate goals, values and achievements.

In 2023, Correos disseminated around **800 pieces of content** through the various online and offline channels. The **‘Correos reports’** e-mail box disseminates relevant information about the company, including 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, 351 communications were sent through this channel.

**Conecta**, the corporate intranet, is the space where information on the company's management, new plans and projects and corporate processes can be consulted and shared. This two-way communication channel allows employees to express their opinions and suggestions through comments on published news items.

The company has more than **1,900 screens in offices and centres throughout the country**, showing videos and images with the most important corporate information. In 2023, 768 internal communications were planned, some of them specific to this channel, such as **recommendation and occupational risk prevention campaigns**,

promotions for employees or information on the various products and services.

These communications are complemented by the information disseminated via the **notice boards** located in the different work centres, with more than 175 items published last year.

In addition, there are **participation campaigns** aimed at employees 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. Correos Express and Correos Telecom also have an **employee portal**, where news of interest is published (in addition to being disseminated by e-mail) and contributions and proposals are collected.





## Training for new strategic challenges

GRI 3-3, 205-2, 404-1

The Correos Group annual training plan focuses on responding to the needs of the business and the professional development of its employees.

Thus, in 2023, the training of Correos professionals aimed at contributing to the strengthening of the public service, diversification and international expansion, applying new digital methodologies and robotisation in its management.

Last year, **378 training actions** were offered, **with 1,184,621 teaching hours**, in which 324,015 attendances were recorded. These figures correspond to an average of 21.4 hours received per person. The degree of satisfaction of participants increased to 8.2 out of 10.

63% of the attendees took these courses **online**, accounting for 72% of the training hours. The company promoted **virtualised training**, along with the gradual reintroduction of face-to-face courses, as well as the continuation of **m-learning**, delivered via personal digital assistants

(PDAs) used by delivery and processing centre staff.

In the framework of the **project 'We work digitally'**, a new open call for applications was held in 2023, with more than 1,500 people registered in this programme developed by the Ministry of Education, Vocational Training and Sport, with Next Generation EU European funds.

**Training related to the employment cycle** included training, valid for the competition for **team leader** positions in distribution, offices and centres, including

“**42,300 employees were trained in data protection and information security.**”

courses on corporate applications and products, attended by more than 7,000 people.

Specific training was also provided to support the **business development**, such as **postal vote management**, with 24,810 participants between April and July, to support the coverage of the two electoral processes held in 2023, or skills training for rural mail carriers, with more than 5,100 hours of training.

Initiatives to complement **sales force training** were attended by more than 300 participants, while more than 1,000 customer service professionals and office managers took part in the ad hoc programme to boost sales in the network of offices.

**Actions open** to all groups, aimed at supporting professional development outside the working day, included the courses 'Effectiveness in your communication', 'Promoting gender equality', 'How to engage in sustainability', 'Innovation and generation of ideas' and 'Sustainable and safe driving in Correos', with a total of almost 50,000 participants.

On this last subject, a face-to-face and virtual programme on **efficient and safe driving and cybersecurity** was also offered, subsidised by the Region of Madrid with Next Generation EU funds, with 2,670 face-to-face teaching hours in simulators and practice on professional driving tracks, and 27,610 hours of e-learning.

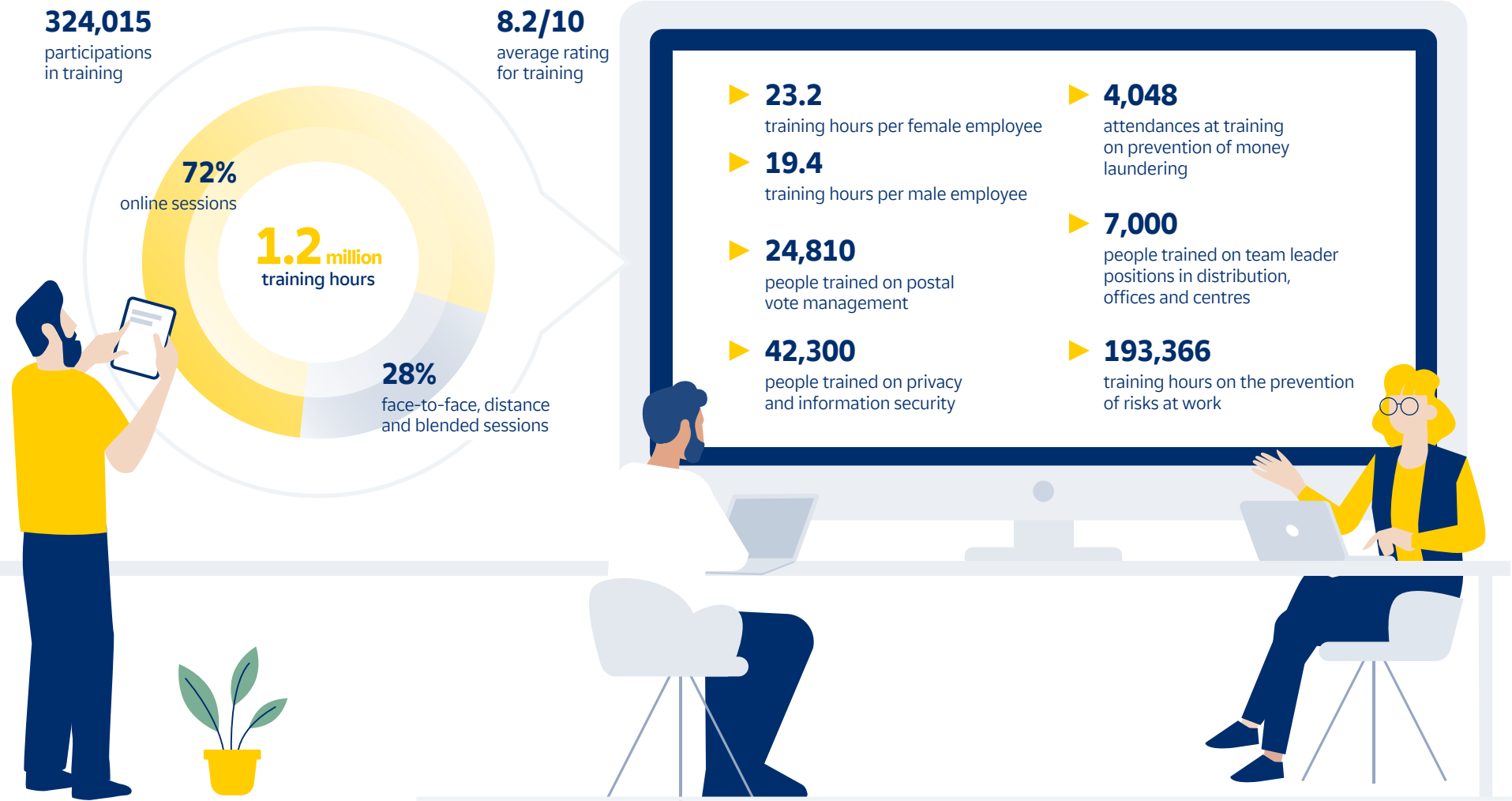
As part of the training provided to new employees, the **induction and adaptation programme** included content on the regulations applicable to all the Group's professionals, processes and tools specific to each job and, in the case of office staff, information on the **prevention of money laundering**.

Finally, more than 42,300 Correos workers were trained as part of the annual programme on **data protection and information security**.





## Training





**Correos Express** provided training on leadership and team management skills, mindfulness, health and safety, **road safety**, public procurement regulations, languages and the **ISO standards in which the company is certified**, among other subjects. In total, 8,935 employees attended these courses, with 44,388 teaching hours, in the different training modes (remote, online, virtual and face-to-face). In addition, the induction plans for new employees included training

on the proper use of social media and **information security** and **all staff were trained on criminal risk prevention**.

The online and face-to-face courses conducted by **Correos Telecom**, with 238 attendances and 1,921 hours delivered, comprised technical knowledge as well as skills training. **Correos Express Portugal** also offered health and safety or language courses, with 2,605 training hours and 160 attendances.





## Diverse and inclusive management

GRI 3-3, 401-2, 405-1

Correos actively promotes an **inclusive work environment** 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.

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







## Diversity and inclusion agenda

### Work axes



#### Communication

Internal and external communication and awareness-raising



#### Healthy company

Health promotion to become a 'healthy company'



#### Training

Diversity training throughout the employee's life cycle



#### Sustainability

Promoting sustainability, as well as the achievement of the 2030 Agenda, the promotion of women and solutions to the demographic challenge



#### Culture

Creating an inclusive culture



#### Talent

Promoting talent 'without labels'



#### Professional development

Identifying and addressing potential inequalities



GENDER



LGBTIQ+



FUNCTIONAL



CULTURAL



GENERATIONAL

DIMENSIONS



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. Actions conducted last year in some of these seven areas of work included:

- ▶ **Diversity training.** During the year, training resources related to diversity, inclusion and women's empowerment were expanded on the Correos virtual campus and the 'Correos for equality' or 'Correos against gender-based violence' courses were made available to all employees.
- ▶ **Health encouragement.** As in previous years, the company joined the International Day against Breast Cancer with an information campaign, available on the corporate intranet, raising awareness among female employees about the importance of early detection.

- ▶ **Internal and external communication and awareness-raising.** The company carried out campaigns focusing on International Women's Day (#IWDEveryDay) and Rural Women's Day, generational diversity, the European Diversity Month or the International Day of Persons with Disabilities (with a talk by Paralympic swimmer Carla Casal, organised with Fundación ONCE), among others, as well as sharing specific content on the corporate intranet and gender, LGBTIQ+ or cultural inclusive language guides.

In 2023, Correos **renewed its adherence to the European Diversity Charter**, a code of conduct in which signatories commit to 10 principles on non-discrimination and inclusion in the workplace.

The company also joined the **UN LGBTIQ+ standards of conduct** by signing five principles: respect for human rights; eliminating discrimination against LGTBIQ+ employees; supporting LGTBIQ+ staff in the workplace; non-discrimination



against LGTBIQ+ customers, suppliers and distributors; and upholding the human rights of LGTBIQ+ people in the communities where they operate.

The five principles are aligned with the commitments to increasing visibility, respect and non-discrimination towards the LGTBIQ+ community included in these standards of conduct for business. On the International LGTBIQ+ Rights Day, Correos participated in a working session of the UN Global Compact, where these standards of conduct, as well as a business self-assessment tool, were presented.



**Correos adhered to UN LGBTIQ+ standards of conduct and renewed their adherence to the European Diversity Charter.**

Correos is also a member of the **Business Network for LGBTIQ+ Diversity and Inclusion (REDI in Spanish)**, with the aim of promoting the management of diversity and inclusion of this group in the workplace. Last year, Correos offered its professionals informative content about the LGBTIQ+ reality, such as informative videos or the workshop 'Unconscious LGBTI biases. The traps of the mind' organised by REDI.

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.





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 diversity, equity and inclusion, and **Empowering Women's Talent Seal**, for its commitment to female talent, awarded by Equipos&Talent.
- ▶ **Intrama Top Diversity Company** Certification, awarded by Intrama, as one of the 50 Spanish companies committed to diversity and inclusion.
- ▶ Inclusion in **REDI TOP 100 LGTBI Leaders** for respect and inclusion of diversity by sexual orientation, gender identity or gender expression.
- ▶ **'Female and plural company'** Award at the 13th Solidarity Awards for Women's Equality for Dialogue and Education 2023 for its best practices and long-standing commitment to gender diversity.

## Equality and prevention of discrimination

In 2023, Correos had **25,725 female employees, representing 53% of its total workforce** (53% also in the Correos Group).

On the occasion of the preparation of the 2nd **Equality Plan**, the company carried out a **situation diagnosis** in which various aspects were analysed regarding general employment conditions; selection and recruitment processes; training and professional promotion; co-responsible exercise of personal and work life rights; under-representation of women; remuneration and remuneration audit; prevention of sexual and gender-based harassment; health and safety with a gender perspective; non-sexist language and communication; or gender-based violence, among others.

Based on this diagnosis, objectives and preferred lines of action were set in each of these areas, involving process re-engineering, improving communication, awareness-raising and training. The **2nd Equality Plan** provides for a joint monitoring committee, with company and worker representation, to



monitor and evaluate its implementation, which was set up in 2023.

The measures to be developed include, among others, the negotiation for the revision of the **anti-harassment protocol**, adjusting it to the new sexual identities and in accordance with legal regulations.

For its part, the **Correos Express Equality Plan**, revised and negotiated in 2023,

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.



**Following its revision last year**, areas for improvement were identified in terms of recruitment, training, work-life balance, communication and awareness-raising, among others. Similarly to Correos, the subsidiary also has its own protocol against sexual and gender-based harassment.

Due to the development of new businesses, **Correos Telecom** increased its workforce in 2023, and for the first time the regulations regarding the preparation and implementation of an **Equality Plan**, currently under negotiation, together with its own protocol against sexual and gender-based harassment, **are applicable to it**.

Correos Express Portugal, as it is not included in the scope of application of this regulation, does not have specific plans in place, although it promotes 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.

In order to contribute to equal employment opportunity for all, in 2023, the Group's companies integrated **1,193**

**people with functional diversity** in their workforce collaborating, as a measure contemplated by the regulations, with Foundations, Special Employment Centres and Occupational Centres, which promote their full integration into the workplace.

### Work-life balance

Correos encourages **personal and professional work-life 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, in many cases provide for **improvements with respect to current labour legislation**<sup>33</sup> (extension of breastfeeding leave, reduction of working hours to care for a family member or minor with a serious illness, leave of absence, etc.). In the field of training, the company promotes the use of online methodology and virtual tools for its delivery, which, in addition to access to courses, favours work-life balance.

The approval of Royal Decree Law 5/2023<sup>34</sup> resulted in the **adaptation of the internal regulations of Correos on measures for work-life balance**, with the reinforcement of the right to balance, **the creation of a new parental leave**, the extension of certain **paid leave**, the right to adapt the working day to care for children, family members or dependents, and the equal treatment of civil unions and married employees.

“**Correos Express revised its Equality Plan and Correos Telecom started its negotiation.**”



<sup>33</sup>Royal Legislative Decree 1/2013, of 29 November, approving the Revised Text of the Law on the General Rights of persons with disability and their social inclusion.

<sup>34</sup>Royal Decree-Law 5/2023 of 28 June, adopting and extending certain measures in response to the economic and social consequences of the war in Ukraine, supporting the reconstruction of the island of La Palma and other situations of vulnerability; transposing European Union directives on structural modifications of commercial companies and work-life balance for parents and carers; and implementing and enforcing European Union law.



The company 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.

It also includes **the risk of sexual violence and harassment in the risk assessments** of jobs, with the aim of guaranteeing and protecting the right to sexual freedom and the eradication of all sexual violence, in compliance with Organic Law 10/2022<sup>35</sup>. In addition, **the 2nd Correos Equality Plan includes specific measures for victims of gender-based violence**, such as the application for interest-free advances or loans from the social action plan at any time of the year.

For years, the company has been a **member of the 'Companies for a society free**

**of gender-based violence' initiative**, promoted by the Government Delegation against Gender-Based Violence. On the occasion of the International Day for the Eradication of Violence against Women, Correos contributes to raising social awareness with informative campaigns, disseminating information on ways to detect gender-based violence and the support measures that the company offers its professionals.

“  
**Correos awarded  
14,054 grants to its  
professionals and  
families to pay for  
health treatments or  
studies.**”

## Social benefits for employees

Correos' social action programme aims to promote the personal and occupational well-being of its employees. **14,054 grants were awarded** in 2023, aimed at **meeting the different needs of professionals and their families** referring to health treatment, schoolbooks and material, children's education or care for children with disabilities. Employees also benefited from university study or death grants (already included in the MUFACE grants for civil servants). Moreover, all civil servants and permanent staff in active employment have the possibility to apply for interest-free advances and loans during the opening of the call for applications.

Staff 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, broadly, 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<sup>36</sup>, no contributions have been made to this plan, although employees may make them voluntarily. The Group's other subsidiaries do not have pension plans.



<sup>35</sup>Organic Law 10/2022 of 6 September, on the comprehensive guarantee of sexual freedom.

<sup>36</sup>Royal Decree-Law 20/2011, of 30 December, 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

Correos has an **Occupational Health and Safety Policy**, available on the corporate intranet, which reflects its commitment to the well-being of employees, promoting comprehensive and integrated management of prevention, through information, training and ongoing training.

The company applies an internal preventive management policy, with its **own occupational risk prevention service**, made up by 88 members, with a central and peripheral structure in each

territorial area, for identifying any risk situation that may affect the health and safety of workers and customers.

The company 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.

The **'Healthy Company' project** promotes lifestyle habits that contribute to improving the health and well-being of professionals through a multidisciplinary approach, with measures to promote, among other things, emotional well-being, healthy eating habits and regular physical activity.

As a continuation of previous cardiovascular and cerebrovascular risk awareness campaigns, the **'Correos against stroke' project** was launched in 2023.

With this initiative, the Clara Campoamor building was **certified as a 'brain-protected space' by the Fundación Freno al Ictus**, thanks to the completion of the online training offered to 160 professionals working in these facilities. This training enables people to recognise the warning signs of the disease and act quickly to help those in need. Thus, Correos became the **first Spanish logistics operator to receive this award**. This training will gradually be extended to other workplaces.

In recent years, caring for the psychological conditions of workers has become central in maintaining and improving well-being at work. Since 2022, Correos has been offering a **psychological support service** by telephone, with the aim of caring for the mental health and well-being of its professionals. In addition, in 2023, specific training was given to the staff of the company's own prevention service on how to carry out psychosocial assessments.



The Group's subsidiaries have their own occupational risk prevention systems, the management of which is integrated at all organisational levels. **Correos Express has its own prevention service** for occupational safety, industrial hygiene and ergonomics-psychosociology. In the case of occupational medicine, it relies on an external prevention service, as does **Correos Telecom** for all specialities.

“  
**The Clara Campoamor Correos' building was certified as a 'brain-protected space' against stroke.**”





## Occupational health and safety certifications

In 2023 **Correos** renewed its **certification as a Healthy Company** with a score of 93.3%, improving by 1.8 percentage points on the result of the previous audit in 2021.

**Correos Express obtained ISO 45001:2018 certification** for the first time **for its occupational health and safety management system** at its post offices in Getafe, Benavente, Seville and at its headquarters in Madrid. The subsidiary revised its occupational health and safety policy to adapt it to the requirements of the certification in terms of accident rate reduction.

Eventually, **Correos Telecom received the bronze digital seal**, awarded by Fraternidad-Muprespa, recognising the company's **lack of occupational accidents or diseases registered over the past five years**.

These certifications demonstrate the commitment of the Group companies to improve the comprehensive health of their employees actively and continuously and to create a safe working environment.

“  
**Correos Express obtained the ISO 45001:2018 certification of its occupational health and safety management system.**”







### Efficient preventive management

In the area of **occupational risk prevention**, Correos, developed, among others, the following actions:

- ▶ **Specific training in occupational risk prevention**, which was attended by more than 17,372 employees, with 193,366 teaching hours. This included the training of over 6,492 middle managers and 4 members of provincial health and safety committees at the basic level of risk prevention. To try to mitigate the main causes of accidents, training is provided on road safety for delivery workers on foot and in vehicles, on delivery risk prevention for motorbike drivers, on manual load handling for delivery and sorting staff and on mechanical load handling for sorting employees.
- ▶ **The delivery of 102,976 health and safety sheets** to 37,229 employees, including specific information broken down by job and work centre on risks, preventive measures and protocols for emergency situations.
- ▶ **Risk assessment in 421 centres**, as well as 179 psychosocial risk assessments, 30 ergonomics assessments, 400 emergency plans and 71 small centres and 425 specific studies.
- ▶ Commissioning of the 2023 Focus Units programme aimed at special **monitoring of units with high rates of medical leave** (131 in total).
- ▶ **Assessment of various prototypes of work equipment** and collaboration in the assessment of occupational risks and the implementation of **operational processes linked to** the company's **new services**, such as Correos Refrigerated or the bulky order collection service.
- ▶ **17,296 medical examinations**, 12,656 of which for the periodic campaign for health surveillance, adapted to the different positions and personal circumstances and offered to all professionals, as well as the development of the annual flu vaccination campaign, especially for vulnerable groups.



- ▶ Drafting a new **'Work protocol for forklift trucks and pallet trucks'** to reinforce the protection of people in charge of driving and operating this mobile equipment in workplaces.
- ▶ The incorporation of **new special situations of temporary incapacity** due to common contingency, following the approval of Organic Law 1/2023.

With the approval in 2023 of the revised **'Action protocol for adverse weather conditions'**, organisational measures were introduced, such as the interruption of the delivery service in the central hours of the day on days and in geographical areas with high temperature alerts or the prohibition of delivery by motorcycle in cases of wind alerts. In addition, in the event of a red alert, no home deliveries on foot and by motorcycle are carried out during the afternoon shift for the duration of the alert. On the other hand, it requires the provision of sunscreen to delivery employees, during the period from March to October, by installing dispensers in the work centres. In 2023, these actions were reinforced with **information meetings in the units** and dissemination

of recommendations on how to deal with heat related illness and prevent the risks of extreme heat and solar radiation.

For its part, **Correos Express** last year renewed road safety training for its sales force (28 people) and provided 30-hour occupational risk prevention courses for middle management. The company also offered training in manual handling of loads or in the operation of handling and transport equipment.

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.





## Correos healthy company



### Workplace risk prevention

- ▶ Review and update of prevention plan procedures
- ▶ Own prevention service with 4 specialities

### Health monitoring

- ▶ Periodic medical check-ups
- ▶ Health care and first aid
- ▶ Re-training for vulnerable and pregnant workers

### Safety, hygiene, ergonomics and applied psychosociology

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



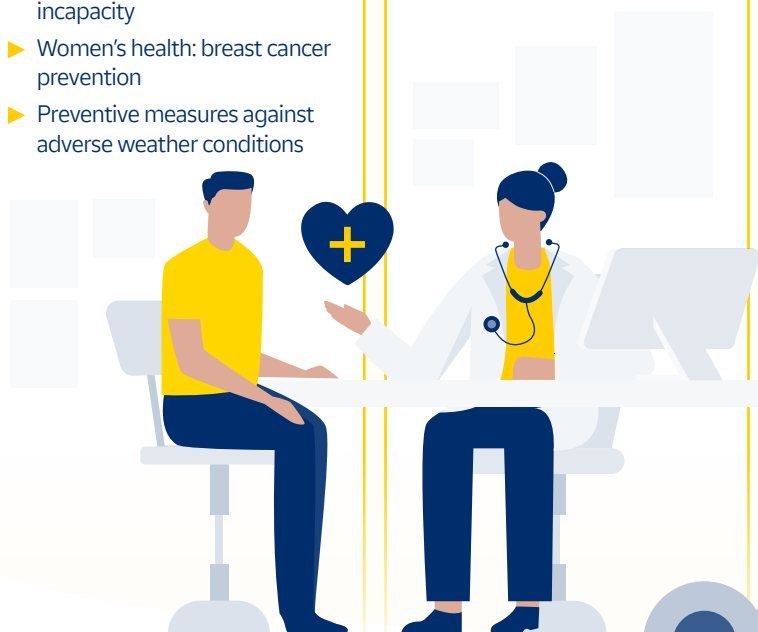
### Physical well-being

- ▶ 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


**179**

 psychosocial  
risk  
assessments

**400**

 emergency  
plans

**421**

 sites where risk  
assessments were  
carried out

**425**

 specific risk studies  
(noise, ergonomics, work  
equipment, ATEX)

**17,296**

 preventive  
medical check-ups  
carried out

**102,976**

 health and safety data  
sheets submitted, including  
risks by job and work centre

**193,366**

 training hours in  
prevention

 Psychological  
support  
service

 Renewal of  
certification as a  
Healthy Company

 Fundación Freno al Ictus  
'brain-protected space'  
certification



## Labour indicators

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

	Correos <sup>1,3</sup>		Correos Express <sup>1</sup>		Correos Express Portugal <sup>1,2</sup>		Correos Telecom <sup>1</sup>	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Employees by gender</b>								
Women	25,725	24,798	600	424	53	45	13	11
Men	22,368	21,804	1,300	968	124	105	37	34
<b>Employees by age</b>								
Until 35	4,805	4,362	509	276	59	52	7	7
From 36 to 45	11,663	11,282	490	373	53	43	15	11
From 46 to 60	27,087	27,024	804	669	60	49	26	27
More than 61	4,539	3,934	98	73	5	5	1	1
<b>Employees by nationality</b>								
National	47,888	46,433	1,700	1,292	156	143	48	46
Other nationalities	206	168	201	100	21	6	2	0
<b>Employees by professional category<sup>2</sup></b>								
Management and non-management staff	160	142	20	22	4	4	1	1
Senior technical staff and managers	526	468	20	26	42	34	5	5
Mid-level technical and managerial staff	799	786	501	483	66	59	43	38
Middle management staff	5,685	5,685	213	198	-	-	-	-
Operational staff	40,877	39,465	1,142	657	65	53	2	2
General services staff	47	56	5	6	-	-	-	-

<sup>1</sup>In some cases, the sum of the employment figures of all the companies is altered to the decimal places.

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

<sup>3</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.



	Correos <sup>1, 2</sup>		Correos Express <sup>1</sup>		Correos Express Portugal		Correos Telecom <sup>1</sup>	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Employees by contract type and gender</b>								
<b>Permanent staff</b>								
Women	19,385	19,144	507	348	53	45	13	10
Men	16,736	16,797	1,054	799	124	105	35	31
<b>Temporary staff</b>								
Women	6,341	5,654	93	75	0	0	0	1
Men	5,633	5,007	246	168	0	0	1	3
<b>Employees by type of work day and gender</b>								
<b>Full-time</b>								
Women	23,420	22,752	514	340	53	45	13	11
Men	20,995	20,602	1,131	878	115	100	37	34
<b>Part-time</b>								
Women	2,306	2,046	86	84	0	0	0	0
Men	1,373	1,203	170	90	9	4	0	0

<sup>1</sup>In some cases, the sum of the employment figures of all the companies is altered to the decimal places.

<sup>2</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.







	Correos <sup>1, 2</sup>		Correos Express <sup>1</sup>		Correos Express Portugal <sup>1</sup>		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Employees by contract type and age</b>								
<b>Permanent staff</b>								
Until 35	2,102	2,110	318	159	59	52	6	5
From 36 to 45	8,233	8,070	411	314	53	43	15	11
From 46 to 60	21,931	22,434	737	604	60	49	26	25
More than 61	3,854	3,327	94	72	5	5	1	1
<b>Temporary staff</b>								
Until 35	2,704	2,252	190	118	0	0	1	2
From 36 to 45	3,429	3,213	79	59	0	0	0	1
From 46 to 60	5,156	4,591	67	66	0	0	0	1
More than 61	685	606	4	1	0	0	0	0
<b>Employees by type of work day and age</b>								
<b>Full-time</b>								
Until 35	3,955	3,576	385	228	55	51	7	7
From 36 to 45	10,557	10,271	430	318	51	42	15	11
From 46 to 60	25,558	25,725	739	606	57	47	26	27
More than 61	4,346	3,781	90	66	5	5	1	1
<b>Part-time</b>								
Until 35	851	786	124	48	4	0	0	0
From 36 to 45	1,106	1,012	59	55	1	1	0	0
From 46 to 60	1,529	1,299	64	63	3	3	0	0
More than 61	193	152	8	7	0	0	0	0

<sup>1</sup>In some cases, the sum of the employment figures of all the companies is altered to the decimal places.

<sup>2</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.



	Correos <sup>1, 3</sup>		Correos Express <sup>1</sup>		Correos Express Portugal <sup>2</sup>		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Employees by contract type and professional category</b>								
<b>Permanent staff</b>								
Management and non-management staff	158	141	20	22	4	4	1	1
Senior technical staff and managers	523	460	17	21	42	34	5	5
Mid-level technical and managerial staff	779	767	464	412	66	59	41	34
Middle management staff	5,655	5,642	202	186	-	-	-	-
Operational staff	28,977	28,896	852	501	65	53	2	2
General services staff	29	35	5	5	-	-	-	-
<b>Temporary staff</b>								
Management and non-management staff	2	2	0	0	0	0	0	0
Senior technical staff and managers	4	7	2	5	0	0	0	0
Mid-level technical and managerial staff	20	19	37	70	0	0	1	4
Middle management staff	30	44	11	11	-	-	-	-
Operational staff	11,900	10,569	290	156	0	0	0	0
General services staff	18	21	0	1	-	-	-	-
<b>Employees by type of working day and professional category</b>								
<b>Full time</b>								
Management and non-management staff	159	142	20	22	4	4	1	1
Senior technical staff and managers	525	467	19	25	42	34	5	5
Mid-level technical and managerial staff	798	786	474	421	66	59	43	38
Middle management staff	5,684	5,685	210	193	-	-	-	-

<sup>1</sup>In some cases, the sum of the employment figures of all the companies is altered to the decimal places.

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

<sup>3</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.



	Correos <sup>1, 3</sup>		Correos Express <sup>1</sup>		Correos Express Portugal <sup>2</sup>		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
Operational staff	37,214	36,233	915	551	56	49	2	2
General services staff	35	41	5	6	-	-	-	-
<b>Part-time</b>								
Management and non-management staff	1	1	0	0	0	0	0	0
Senior technical staff and managers	1	1	0	1	0	0	0	0
Mid-level technical and managerial staff	1	0	26	62	0	1	0	0
Middle management staff	1	1	2	5	-	-	-	-
Operational staff	3,663	3,231	226	106	9	4	0	0
General services staff	12	15	0	0	-	-	-	-

<sup>1</sup>In some cases, the sum of the employment figures of all the companies is altered to the decimal places.

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

<sup>3</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.



	Correos <sup>3</sup>		Correos Express		Correos Express Portugal <sup>2</sup>		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Dismissals by gender (%)<sup>1</sup></b>								
Women	0.04	0.04	0.83	0.24	12.12	24.44	0.00	0.00
Men	0.19	0.11	2.31	1.86	19.25	23.08	5.48	0.00
<b>Dismissals by age (%)</b>								
Until 35	0.10	0.07	3.54	2.53	23.26	32.69	27.75	0.00
From 36 to 45	0.15	0.05	1.43	1.61	18.46	27.91	0.00	0.00
From 46 to 60	0.10	0.09	1.12	0.75	7.04	12.24	0.00	0.00
More than 61	0.09	0.00	1.02	1.40	33.33	0.00	0.00	0.00
<b>Dismissals by professional category (%)</b>								
Management and non-management staff	1.25	3.51	9.81	0.00	33.33	25.00	0.00	0.00
Senior technical staff and managers	0.00	0.64	10.22	0.00	14.29	16.67	0.00	0.00
Mid-level technical and managerial staff	0.25	0.25	0.40	9.93	11.11	28.57	4.69	0.00
Middle management staff	0.07	0.07	0.94	0.00	-	-	-	-
Operational staff	0.11	0.05	2.36	2.39	22.83	23.40	0.00	0.00
General services staff	0.00	0.00	0.00	0.00	-	-	-	-

<sup>1</sup>Dismissals= number of dismissals of (women, men) / collective total (women, men)

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

<sup>3</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.



Correos	2023			2022		
Average remuneration by professional category and gender (euros) <sup>1, 2</sup>						
Regular labour employees	Men	Women	Female wage gap (%)	Men	Women	Female wage gap (%)
Managerial	153,065	139,442	9	107,013	137,219	-28
Deputy Director	91,983	92,541	-1	102,151	83,286	18
Unit Manager	81,960	-	-	80,092	-	2
Territorial Management	81,913	81,513	0	69,406	71,979	-4
Area Manager	62,929	63,015	0	63,633	57,532	10
Senior Technician 1	53,983	52,806	2	48,770	50,376	-3
Senior Technician 2	47,904	46,535	3	43,413	41,438	5
Senior Technician 3	45,152	43,808	3	42,937	41,649	3
Senior Technician 4	37,213	34,056	8	34,339	35,050	-2
Medium Technician 1	44,727	45,521	-2	41,127	30,662	25
Medium Technician 2	36,673	30,763	16	35,038	34,612	1
Medium Technician 3	33,223	36,098	-9	35,158	34,046	3
Medium Technician 4	32,467	30,494	6	31,588	30,202	4
Head of Network Sector 1	0	0	-	-	-	-
Head of Network Sector 2	0	0	-	-	-	-
Head of Network Sector 3	0	0	-	-	-	-
Head of Network Sector 4	38,329	38,902	-1	36,632	37,004	-1
Corporate Support Officer 1	0	0	-	-	-	-
Corporate Support Officer 2	48,087	0	-	46,267	-	20
Corporate Support Officer 3	42,015	42,481	-1	40,672	41,375	-2

<sup>1</sup>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.

<sup>2</sup>The compensation records has been prepared using a new methodology, so the data are not comparable to those reported for the 2021 financial year.





Corporate Support Officer 4	-	31,448	26	54,322	-	33
Corporate Support Officer 5	39,616	0	-	37,850	-	-
Sales Coordinator 1	0	0	-	-	-	-
Sales Coordinator 2	42,458	42,077	1	43,753	46,122	-5
Sales Coordinator 3	45,997	41,427	10	38,489	41,428	-8
Sales Coordinator 4	36,014	-	-23	28,874	36,095	-25
Head of Sector Distribution/Centres 1	0	0	-	-	-	-
Head of Sector Distribution/Centres 2	45,790	51,858	-13	-	47,474	-26
Head of Sector Distribution/Centres 3	46,704	38,359	18	43,145	-	-5
Head of Sector Distribution/Centres 4	41,917	42,181	-1	40,380	20,855	48
Head of Sector Distribution/Centres 5	39,685	37,479	6	37,166	37,244	0
Head of Administrative Unit 1	28,524	32,068	-12	22,055	29,517	-34
Head of Administrative Unit 2	32,194	32,092	0	31,225	34,697	-11
Head of Administrative Unit 3	32,283	31,346	3	32,508	30,341	7
Head of Administrative Unit 4	28,993	31,105	-7	29,826	28,257	5
Head of Administrative Unit 5	0	-	-	-	-	-
Sales Management 1	-	40,406	10	-	39,758	5
Sales Management 2	0	0	-	-	-	-
Sales Management 3	33,661	33,292	1	32,361	33,046	-2
Deputy Office Manager 1	41,133	42,243	-3	39,722	44,342	-12
Deputy Office Manager 2	36,615	36,784	0	35,948	34,785	3
Deputy Office Manager 3	32,826	32,441	1	31,858	31,318	2
Deputy Office Manager 4	30,742	30,483	1	29,625	29,115	2
Deputy Office Manager 5	30,040	29,348	2	28,543	27,977	2
Deputy Office Manager 6	28,078	27,450	2	26,362	26,220	1
Banking Management 1	0	0	-	-	-	-



Banking Management 2	0	0	-	-	-	-
Head of Distribution Unit/Centres 1	35,465	36,854	-4	33,189	33,527	-1
Head of Distribution Unit/Centres 2	35,405	32,974	7	29,725	32,650	-10
Head of Distribution Unit/Centres 3	31,760	31,698	0	29,337	28,987	1
Head of Distribution Unit/Centres 4	30,735	30,774	0	28,390	28,814	-1
Head of Distribution Unit/Centres 5	0	0	-	-	-	-
Team Leader 1	25,125	21,808	13	23,199	22,125	5
Team Leader 2	26,992	26,704	1	25,675	25,219	2
Team Leader 3	0	0	-	-	-	-
Corporate Support Manager 1	26,430	28,418	-8	25,282	26,939	-7
Corporate Support Manager 2	26,477	27,249	-3	24,739	25,231	-2
Corporate Support Manager 3	26,143	25,191	4	25,327	24,966	1
Customer Service 1	0	0	-	-	-	-
Customer Service 2	11,393	13,122	-15	12,284	13,076	-6
Administration 1	0	0	-	-	697	-14
Administration 2	23,752	22,858	4	22,416	21,551	4
Delivery 1	16,297	16,160	1	15,066	15,519	-3
Delivery 2	16,020	17,363	-8	15,845	16,535	-4
Agent/Sorting 1	11,389	10,639	7	10,470	9,572	9
Agent/Sorting 2	10,775	12,267	-14	10,247	11,516	-12
Labourer	-	-	1	-	-	-8
Cleaner	0	15,818	-	-	14,661	-
<b>Subsidiary Correos Nexreas' staff</b>						
Project manager	44,169	0	-	53,167	0	-



Analytical and project technical manager	35,561	-	10	39,767	30,248	24
Qualified technician	27,770	28,231	-2	32,140	32,272	0
Specialist technician	-	-	12	24,420	24,078	1
Technical assistant	-	19,758	-5	21,263	23,079	-9
Head of administration	0	-	-	0	59,666	-
Qualified administrative officer	0	28,285	-	13,119	35,874	-173
Administrative specialist officer	-	28,372	-32	26,104	32,593	-25
Administrative assistant	0	26,467	-	0	20,189	-
Commercial manager	-	0	-	50,667	0	-
Commercial	0	-	-	0	31,423	-
Warehouse manager	-	0	-	28,109	0	-
Storekeeper	-	0	-	24,674	0	-
Forklift driver	15,899	0	-	21,732	0	-
Workshop assistant	-	16,689	-29	18,306	20,146	-10
Team leader	34,116	0	-	41,036	0	-
Qualified Digital Printing Officer	24,439	0	-	31,320	0	-
Digital Printing Officer	17,373	16,910	3	23,819	22,772	4
Digital printing specialist officer	22,533	22,965	-2	0	0	-
Management	69,242	-	-3	85,093	75,691	11



Correos	2023			2022		
Average remuneration by professional category and gender (euros) <sup>1, 2</sup>						
Civil servants employees	Men	Women	Female wage gap (%)	Men	Women	Female wage gap (%)
Senior Technician 1	69,388	57,380	17	60,663	58,927	3
Senior Technician 2	55,583	45,196	19	54,347	43,416	20
Senior Technician 3	45,101	49,740	-10	42,353	-	-20
Senior Technician 4	52,092	42,974	18	49,983	38,941	22
Medium Technician 1	48,493	0	-	46,746	-	-
Medium Technician 2	40,705	0	-	40,028	-	-13
Medium Technician 3	37,635	40,849	-9	39,761	30,704	23
Medium Technician 4	36,685	33,614	8	34,971	32,340	8
Head of Network Sector 1	0	0	-	-	-	-
Head of Network Sector 2	-	0	-	-	-	-
Head of Network Sector 3	49,279	0	-	47,331	-	-
Head of Network Sector 4	42,223	34,076	19	36,641	34,555	6
Corporate Support Officer 1	-	0	-	-	-	-
Corporate Support Officer 2	-	-	0	47,114	-	2
Corporate Support Officer 3	0	0	-	-	-	-
Corporate Support Officer 4	-	0	-	-	-	-
Corporate Support Officer 5	-	40,181	3	39,694	34,188	14
Sales Coordinator 1	0	0	-	-	-	-
Sales Coordinator 2	-	0	-	50,111	-	-

<sup>1</sup>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.

<sup>2</sup>The compensation records has been prepared using a new methodology, so the data are not comparable to those reported for the 2021 financial year.



Sales Coordinator 3	40,644	44,888	-10	40,124	35,785	11
Sales Coordinator 4	39,914	0	-	38,059	-	-
Head of Sector Distribution/Centres 1	0	0	-	-	-	-
Head of Sector Distribution/Centres 2	49,090	-	-4	37,944	-	-30
Head of Sector Distribution/Centres 3	39,373	-	-16	43,513	-	3
Head of Sector Distribution/Centres 4	36,092	21,330	41	-	-	2
Head of Sector Distribution/Centres 5	33,918	40,244	-19	35,878	31,310	13
Head of Administrative Unit 1	30,926	22,347	28	33,092	36,131	-9
Head of Administrative Unit 2	36,720	19,654	46	24,635	36,224	-47
Head of Administrative Unit 3	30,786	32,018	-4	32,514	29,114	10
Head of Administrative Unit 4	37,967	-	34	23,657	-	-47
Head of Administrative Unit 5	0	0	-	-	-	-
Sales Management 1	40,553	-	0	40,706	-	1
Sales Management 2	0	0	-	-	-	-
Sales Management 3	34,875	30,653	12	29,629	28,070	5
Deputy Office Manager 1	-	44,693	-3	-	36,317	-252
Deputy Office Manager 2	38,999	30,557	22	37,070	30,210	19
Deputy Office Manager 3	31,976	24,520	23	31,163	29,953	4
Deputy Office Manager 4	28,612	28,023	2	29,717	27,046	9
Deputy Office Manager 5	28,349	25,207	11	27,986	27,988	0
Deputy Office Manager 6	26,012	25,913	0	24,416	26,156	-7
Banking Management 1	0	0	-	-	-	-
Banking Management 2	0	0	-	-	-	-
Head of Distribution Unit/Centres 1	-	0	-	-	-	-
Head of Distribution Unit/Centres 2	32,581	-	-6	30,642	-	-4



Head of Distribution Unit/Centres 3	26,746	22,471	16	28,904	26,975	7
Head of Distribution Unit/Centres 4	25,870	26,872	-4	26,709	26,336	1
Head of Distribution Unit/Centres 5	0	0	-	-	-	-
Team Leader 1	-	0	-	-	-	-
Team Leader 2	25,415	23,604	7	24,716	24,273	2
Team Leader 3	0	0	-	-	-	-
Corporate Support Manager 1	31,357	21,471	32	30,524	21,476	30
Corporate Support Manager 2	28,994	30,387	-5	27,872	28,804	-3
Corporate Support Manager 3	29,208	24,427	16	24,314	23,567	3
Customer Service 1	0	0	-	-	-	-
Customer Service 2	23,036	21,738	6	22,440	21,767	3
Administration 1	0	0	-	-	-	-
Administration 2	24,705	13,229	46	18,380	19,504	-6
Delivery 1	23,157	24,476	-6	22,750	24,051	-6
Delivery 2	21,056	20,320	3	20,134	20,213	0
Agent/Sorting 1	18,782	-	-17	20,685	-	26
Agent/Sorting 2	20,788	18,228	12	20,947	19,932	5
Deputy Director	91,747	0	-	91,437	-	1
Area Manager	70,427	74,426	-6	66,315	68,586	-3

The compensation records were prepared based on the data on actual salaries received during the 2023 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 %age.

Taking into account values exceeding an 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 %age 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	2023			2022		
Average remuneration by professional category and gender (euros) <sup>1</sup>						
	Men	Women	Female wage gap (%)	Men	Women	Female wage gap (%)
Management and non-management staff	62,061	84,067	-35	60,251	65,301	-8
Senior technical staff and managers	24,012	23,790	1	29,422	33,215	-13
Mid-level technical and managerial staff	22,307	22,063	1	26,046	25,145	3
Middle management staff	23,916	24,247	-1	29,769	31,951	-7
Operational staff	20,678	20,341	2	20,546	19,324	6
General services staff	23,202	22,453	3	27,101	24,906	8

<sup>1</sup>The study concludes that at Correos Express there is no salary gap between women and men who make up the workforce for the 2023 financial year. The gaps detected are due to the perception of supplements salaries derived from individual work performance or specific situations within the professional group such as worker leave, leave of absence, among others.

Correos Express Portugal	2023			2022		
Average remuneration by professional category and gender (euros) <sup>1, 2</sup>						
	Men	Women	Female wage gap (%)	Men	Women	Female wage gap (%)
Management and non-management staff	60,164	53,168	11.63	29,581	19,851	33
Senior technical staff and managers	21,822	18,983	-13.01	23,648	26,950	-14
Mid-level technical and managerial staff	12,171	11,856	2.59	11,307	11,159	1
Middle management staff	-	-	-	-	-	-
Operational staff	10,385	10,870	-4.67	10,717	10,010	7
General services staff	-	-	-	-	-	-

<sup>1</sup>It is not possible to break down remuneration by gender since, due to the low proportion of women or men in some professional categories, these could be clearly identifiable, not allowing their personal data to be preserved, in accordance with the regulations in force.

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



Correos Telecom	2023			2022		
Average remuneration by professional category and gender (euros) <sup>1, 2</sup>						
	Men	Women	Female wage gap (%)	Men	Women	Female wage gap (%)
Management	-	0	-	-	0	-
Area Manager	69,757	55,316	21	67,773	53,643	21
Team Leader	-	0	-	-	-	-
Project Manager	49,835	48,203	3	46,934	44,917	4
Account Management	35,849	-	-10	-	-	-
Engineer	39,694	38,877	2	-	-	-1
Technician	32,100	29,558	8	32,427	28,645	12
Administrative	0	21,976	-	-	24,167	-

<sup>1</sup>The cases in which data is not provided respond to the impossibility of breaking down remuneration by gender, due to the low proportion of women or men in said professional categories, so these They could be clearly identifiable, not allowing your personal data to be preserved, in accordance with current regulations.

<sup>2</sup>The salary gap study concludes that at Correos Telecom there is no salary gap between women and men who make up the workforce for the 2023 financial year.





	Correos <sup>1</sup>		Correos Express		Correos Express Portugal		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Average training hours by professional category</b>								
Management and non-management staff	76.4	40.1	13.0	6.8	0	2.4	5.6	1.0
Senior technical staff and managers	31.6	26.3	21.6	30.8	18.7	11.5	31.2	15.4
Mid-level technical and managerial staff	33.2	22.5	10.2	6.4	14.5	11.5	41.4	32.7
Middle management staff	102.1	49.6	7.7	4.7	-	-	-	-
Operational staff	13.6	38.9	2.6	2.5	16.9	14.77	29.7	17.6
General services staff	0.0	2.2	32.2	31.2	-	-	-	-
<b>Average training hours by gender</b>								
Women	23.2	43.0	24.0	21.9	14.4	10.3	31.8	25.4
Men	19.4	35.7	17.5	15.0	18.2	12.2	41.0	27.5

<sup>1</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.

	Correos <sup>3</sup>		Correos Express		Correos Express Portugal		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Paternity or maternity leave by gender<sup>1,2</sup></b>								
Women	250	265	16	12	3	4	0	0
Men	491	511	52	37	7	5	2	2

<sup>1</sup>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.

<sup>2</sup>Includes both paternity leave and assignment of maternity leave.

<sup>3</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.



	Correos <sup>4</sup>		Correos Express		Correos Express Portugal		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
Workplace accident frequency index <sup>1</sup>	31.2	28.7	25.6	15.8	1.1	3.2	0.0	0.0
Workplace accident severity index <sup>2</sup>	1.4	2.0	0.6	0.3	0.0	0.1	0.0	0.0
Absenteeism (thousands of days) <sup>3,4</sup>	1,429.0	1,355.1	45.6	26.5	1.3	0.7	0.0	0.0

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

<sup>2</sup>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.

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

<sup>4</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.

	Correos <sup>3</sup>		Correos Express		Correos Express Portugal		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Occupational accident by gender<sup>1,2</sup></b>								
<b>Women</b>								
Deaths	1	0	0	0	0	0	0	0
Very serious accidents	0	0	0	0	0	0	0	0
Serious accidents	1	2	0	0	0	0	0	0
Minor accidents	1,887	1,726	36	12	0	0	0	0
Accidents with sick leave	1,889	1,728	36	12	1	0	0	0
<b>Men</b>								
Deaths	1	1	0	0	0	0	0	0
Very serious accidents	0	0	0	0	1	0	0	0
Serious accidents	6	7	0	0	2	1	0	0
Minor accidents	1,580	1,430	69	34	5	2	0	0
Accidents with sick leave	1,587	1,438	69	34	3	3	0	0

<sup>1</sup>Number of accidents with sick leave (in day + in itinere)

<sup>2</sup>In 2023, Correos has registered one sick leave classified as an occupational disease, in a situation of appeal by the mutual insurance company at the end of the year.

<sup>3</sup>Correos figures for 2023 include the staff of the subsidiary Correos Nexea, which was absorbed through a merger.



# Value chain

GRI 2-6, 2-23, 2-24, 2-25, 3-3, 203-2, 204-1, 205-2, 308-1, 414-1, SDG 12

As a public sector entity, the procurement of services and supplies by Correos Group is subject to the principles of publicity, competition, transparency, confidentiality, equality and non-discrimination, guaranteeing compliance with procurement laws and its **internal regulations**. The latter was **updated in 2023**, with the approval by the Board of Directors of Correos of the following documents:

- ▶ 1. Internal procurement instructions.
- ▶ 2. Asset management rules.
- ▶ 3. Internal procurement procedure and justified expenditure procedure.

The internal regulations were also completed with **new instructions from the Chairman** on the signing of documents to be submitted to the Investment Committee and on the signing of contracts; on the processing of files excluded from

the procurement regulations; and on the procedure for submitting matters for approval by the Sociedad Estatal de Participaciones Industriales (SEPI) and by the Board of Directors of Correos.

Similarly, SEPI, Correos' sole shareholder, approved its new **Rules for the System of Authorisation and Supervision of Acts and Transactions of SEPI Group**.

In order to make it easier for contract managers to implement the new developments, the various procedures for processing files subject to public procurement regulations were documented on the **Procurement Portal**, accessible to the company's professionals, which was also redesigned to include other types of financial processes. The **new standard specifications** in force from 2023 for use in all Group tenders can also be consulted on this Portal.

“  
**Correos Group updated its Internal procurement instructions and Asset management rules in 2023.**”





## Procurement transparency

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

In order to increase guarantees of fairness and transparency, all tenders and awarded contracts, with the exceptions provided for by law or by the internal procurement regulations, are published in the [Employer 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.

In addition, since 2023, a periodic illustrative notice has been published in the Correos employer profile and in the Official Journal of the European Union, with the public procurement activity to be carried out during the year, in compliance with Royal Decree 3/2020<sup>37</sup>. In accordance with the new justified expenditure procedure, the **Court of Auditors will also be reported from 2024 onwards on the rendering of minor contracts.**

Furthermore, following the amendment of the Transparency Act<sup>38</sup>, since last year the company has been publishing contracts information on its [transparency portal](#) on a half-yearly basis instead of annually.



<sup>37</sup>Royal Decree-Law 3/2020 of 4 February on urgent measures transposing various European Union directives into Spanish law in the field of public procurement in certain sectors; private insurance; pension plans and funds; taxation and tax litigation.

<sup>38</sup>Act 14/2022 of 8 July, amending Act 19/2013 of 9 December, on transparency, access to public information and good governance, in order to regulate statistics on micro, small and medium-sized enterprises (SMEs) in the field of public procurement.





## Sustainable supply chain

The [Framework of Criteria for Responsible Procurement in the Correos Group](#) describes the ethical, social and environmental principles applicable to supplier relations, based on the General code of conduct and the SDG Alignment Model.

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

Likewise, **all tender documents regarding technical specifications include clauses on environmental, social and 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.

In 2023, Correos began its participation in the **SEPI Excellence Procurement task force**, whose work focused on promoting efficiency in procurement, through the SEPI Group's joint procurement, and **boosting sustainable consumption**.

“  
**Correos Group hires 98% of national suppliers, who subscribe to its general Code of Conduct.**”

<sup>39</sup>Act 9/2017, of 8 November, on Public Sector Contracts, transposing into Spanish law the Directives of the European Parliament and of the Council 2014/23/EU and 2014/24/EU, of 26 February 2014.



Correos Group contributes to the Spanish economy by sourcing **98% from national suppliers**. Due to the size and heterogeneity of the activities carried out by Group companies, they collaborate with a large number of suppliers from various sectors, at all stages of the supply chain.

In 2023, Correos made payments to 6,190 suppliers (210 account for investment and 5,980 for expenditure), for a net amount of 556.8 million euros, mainly in transport, cleaning, building maintenance, information technology and construction, all of which are labour-intensive sectors.

In turn, the subsidiaries paid 379.8 million euros to suppliers. Correos Express partnered up with 1,465 suppliers and Correos Express Portugal with 625 more, mostly for transport; and Correos Telecom with 134 companies providing general and equipment services and telecommunication services.

Integration in the workplace

Correos also contributed to the **integral development of people with disabilities**, through the purchase of goods and services from 32 special employment and occupational centres.

With the same aim, the company cooperates with the 'Incorporate' Programme of Fundación La Caixa for the integration of this population group and in order to offer

them internships, as well as with ONCE Social Group, to promote the social inclusion of people with disabilities through measures that promote employment, training and universal accessibility of spaces and services. Correos Express also procures services from special employment centres (such as the telephone answering service provided through an agreement with Ilunion).



Policies and frameworks applicable to Correos Group suppliers

General Code of Conduct



Principles of the Global Compact



Framework of Criteria for Responsible Procurement in the Correos Group



Correos Group's Human Rights Policy





## Respect for human rights

GRI 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 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.

The **General Code of Conduct** also provides for the obligation to **respect the fundamental rights and public freedoms set out in the Universal Declaration of Human Rights**. It also specifies that Correos Group will not subcontract companies that do not respect workers' rights, occupational health, safety and hygiene provisions or current labour legislation.

The **Correos Group's Human Rights Policy** 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.

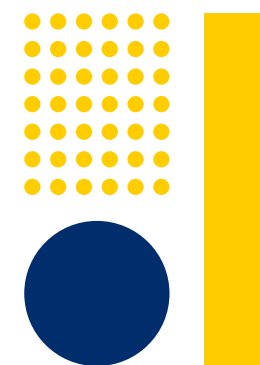
This takes into consideration the **main international guidelines**, such as the **UN Guiding Principles on Business and Human Rights**, the **Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises** and the **International Labour Organisation's Tripartite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

Last year Correos was one of the companies **participating in the first edition of the Business and Human Rights Accelerator**, an international programme developed by the UN Global Compact to help companies strengthen their human rights due diligence process in accordance with international regulations and standards.

In 2023, 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.





## Customers and users

GRI 2-25, 3-3, SDG 9, 11, 12, 13, 15

The Correos Group's relationship with customers and users of its products and services is based on **transparency, quality** and **accessibility** in the provision and generation of a **positive social impact**, through daily presence throughout the country, bringing public services closer to citizens.

The Group companies permanently offer customers **a specialised and omnichannel service** through the commercial and after-sales network, the office network, the telephone channel, mobile applications for customers, the corporate website and social media platforms.

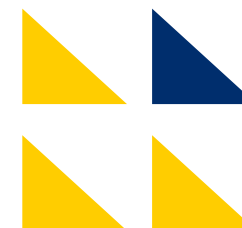
The Group has **accessible procedures** in place to exercise the right to submit complaints as well as to make enquiries **on any matter relating to the provision of services**.

In addition to their electronic forms for customer service, **Correos offices** make available to users the official consumer



complaints forms of the respective Autonomous Communities.

In 2023, the website [www.correos.es](http://www.correos.es) received around 122 million hits. Through this channel and e-mail, around **484,000 requests for information** were processed, along with **2.4 million telephone enquiries**, 8.1% more than the past year.





## Pillars of the Correos Group's relationship with customers and society



**Quality and improvement  
of customer experience**



**Accessibility, affordability  
and inclusion**



**Social impact of  
products and services**



**Protection of  
privacy**



**Local and responsible  
consumption**



**Security and  
cybersecurity**



**Community  
engagement**





The Correos **customer service system** distinguishes between:

► **Service complaints**

Which include information queries and complaints relating to delivery or service in post offices.

► **Product complaints**

Relating to delays, damage, loss or other incidents involving any product, which are eligible for compensation.

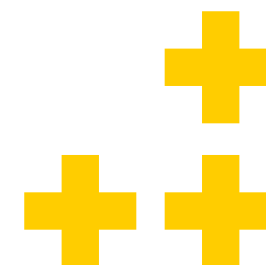
Last year, the number of **service complaints** handled by Correos was **53,037**, while **product complaints** rose by 4.8%, to **367,830**. The percentage of the latter that required compensation was 19%. The ratio of complaints per million shipments handled was 338.

In order to assess compliance and the level of development of the processes related to the full complaint lifecycle, an internal audit relating to complaint handling was conducted in 2023.

The Group's subsidiaries operate their own customer service systems and complaints and grievance procedures. Last year, Correos Express processed 1.6 million enquiries received via social networks, web, telephone or email (16.3% more than the previous year) and Correos Express Portugal, 191,054 (13.9% more).

**Correos Express and Correos Express Portugal** also **recorded significant decreases in the total number of complaints and claims**, while Correos Telecom maintained similar figures to the previous year.

The Group companies' management indicators in this area are as follows:



	Correos		Correos Express		Correos Express Portugal		Correos Telecom	
	2023	2022	2023	2022	2023	2022	2023	2022
Complaints and claims	420,867	389,713	851,294	953,301	4,990	7,223	2	1
Complaints (Service claims)	53,037	38,831	1,714	1,713	1,691	2,654	2	1
Claims (Product claims)	367,830	350,882	849,580	951,588	3,299	4,569	0	0
Claims resolved with compensation (%)	19	17	6	5	33	33	0	0





## 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, 2,078 offices, 22 operational centres of various types, as well as the customer service department, are **certified in accordance with this standard**. Similarly, last year all Correos Express offices, as well as the fibre optic infrastructure business of Correos Telecom, retained their quality management certification.

The acquisition of Correos Nexea and its services by Correos involved the progressive extension of the scope of the parent company's certifications to include the subsidiary's certified processes. In this way, **both centres used in Correos Nexea's operations were included in the scope of the UNE-EN ISO 9001:2015 and UNE-EN**

**ISO 14001:2015 certificates** of Correos' quality and environmental management system, which also added the subsidiary's document management activities to its **ISO 27701 certificate and National Security Framework certification**, and to the **UNE-ISO/IEC 27001:2017** certificate, as of 2024.



## Certifications of Correos Group

### ISO 27001

#### Information security



Information systems for the Correos website processes and for the online registered fax, digital registered letter and postal vote application services

### ENS

#### National Security Framework



### ISO 27701

#### Privacy information



Management systems of privacy for the solutions of document management

### ISO 28001

#### Security management for the supply chain



**Correos Express**

Management systems of security for 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

**2** post offices



**Correos Express**

**6** operating centres of Correos Express



**Correos Telecom**

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

### ISO 19001

#### Quality management



Customer service

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

**1** mass admission centre

**3** international processing centres

**2,078** post offices



**Correos Express**

**58** operating centres of Correos Express



**Correos Telecom**

Integral management of Correos Telecom's communication network





## Improvement of customer experience

The Correos Group prepares an annual **Net Promoter Score** by conducting periodic surveys of contract customers, office and web channel users and recipients (at home, in offices or Citypaq), 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).

In 2023, **Correos' overall rating improved** remarkably, with a **promoter score of 28.3 (14.9 in 2022)**. The scores of the company's professionals were also higher than in the last three years (19.2 for sales managers, 27.5 for office staff and 40.6 for delivery staff).

Similarly, **all customer segments** surveyed gave Correos a **higher rating** than the previous year. Among contract customers, the number of promoters grew by 7%, reaching a score of 20. For office customers, the rating improved by 4.2 points to 40.2, while more than 88% of customers gave the company a score of 7 to 10. Similarly, recipient recommendation increased by more than 3 points to 39.7, with more than 87% of respondents rating the company at or above 7.

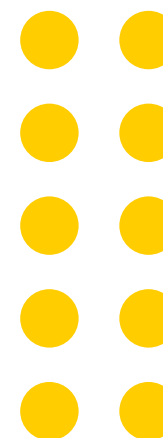
“  
**In 2023, Correos improved its Net Promoter Score by 13.4 points.**”

In the evaluation of the **Group's subsidiaries**, Correos Express maintained a negative score, due to a decline in the percentage of promoters. Of particular note is the recommendation achieved by Correos Telecom (100), to which **all its customers gave scores of between 9 and 10**.

In addition, for the second year in a row, **Correos Express Portugal** ranked second in the ranking of express service companies as the **brand recommended** by users of the Portuguese consumer social network Queixa, with 86.8% customer rating.

In addition, Correos also carries out a **customer satisfaction index** in which the customer satisfaction score rose to 7.8 out of 10.

In 2023, **the Correos post office network** received **96 million visits, 9% more than the previous year. 79% of these customers expressed satisfaction** with the service received, four percentage points higher than in 2022<sup>40</sup>.



<sup>40</sup>National Markets and Competition Commission (2023). CNMC Household Panel. First semester 2023. Postal Sector.



## Accessibility, affordability and inclusion

Correos is the **only company in the postal market that offers nationwide coverage** to its customers. Moreover, as a designated operator, it provides the universal postal service throughout the country, in accordance with requirements relating to the **quality, regularity, affordability of its prices and universal accessibility** to postal communications. In this way, it contributes to territorial cohesion and economic development.

The company's about **8,300 service points**, together with its centre and distribution networks, enable the **daily acceptance and distribution of shipments throughout the country**, as well as the offer of other products and services that make life easier for companies and citizens.

In this regard, the office network plays an important role by **guaranteeing access to**

**postal services in any part of the country**, whether urban or rural. Additionally, in order to ensure 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.

Following the approval of Royal Decree 193/2023<sup>41</sup>, which sets out that **postal operators must guarantee accessibility** and reasonable adjustments for **people with disabilities** in the collection, admission, distribution and delivery, as well as in information, customer and complaint services, the company is reviewing its network of service points to reinforce, if possible, the adaptation of access for people with some type of disability.

<sup>41</sup>Royal Decree 193/2023 of 21 March, on the basic conditions of accessibility and non-discrimination for people with disabilities for access to and use of goods and services available to the public.





## Security of persons and facilities

GRI 418-1, 3-3

In 2023, Correos Group **approved a Security Policy**, the purpose of which is to promote the **adoption of strategies aimed at effectively protecting people, goods and facilities** against all types of deliberate risks. In line with the commitments made in this Policy, work began last year on a Security Plan and a new security governance and organisation model.

Since 2022, **Correos is a critical operator designated** by the Secretary of State for Security of the Ministry of the Interior. Thus, **seven of its** operational and administrative centres are recognised as 'critical infrastructures' that provide **essential services to citizens** and whose functioning is irreplaceable.

This designation **implies compliance with the prevention and protection requirements** set out in Act 8/2011<sup>42</sup>. Furthermore, Directive (EU) 2022/2557<sup>43</sup> requires critical entities to identify significant risks to the provision of essential services, take appropriate measures to ensure their resilience and notify potential incidents to the competent authorities. In preparation of the future national transposition of this Directive, in 2023, Correos **approved a Business Continuity and Resilience Plan** and began work to become certified in the UNE-EN ISO 22301:2020 'Business Continuity Management System' and ISO 31000:2018 'Risk Management' standards. Correos Express and Correos Telecom also plan to approve their respective Business Continuity Plans voluntarily.



<sup>42</sup>Law 8/2011, of April 28, establishing measures for the protection of critical infrastructures.

<sup>43</sup>Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC.



As part of this update of the security management system, **new** internal **procedures** and manuals on security and incident management, access and exit control and security emergency readiness and response, among others, **were developed. To facilitate their knowledge** by employees, they were made available on the **corporate process portal** and integrated into the **Quality, Environment and Security Management Manual**, which supports workplaces in carrying out their activities, in accordance with the UNE-EN ISO 9001:2015, UNE-EN ISO 14001:2015 and UNE-ISO 28001:2008 standards.

Correos Group has an **operational security centre**, with an alarm reception station for its own use, authorised by the General Police Directorate. This centre, available 24 hours, 7 days a week, monitors signals and images from anti-burglar and fire protection systems and installed in offices and centres throughout the national territory, **effectively contributing to**

**the security of people** (customers and employees) **and goods**. It also serves as a liaison with Law Enforcement Agencies in the event of any incident.

“  
**Correos Group approved a Security Policy and Correos implemented its Business Continuity and Resilience Plan.**”







Correos **regularly conducts scanner screening** of mail items subject to inspection and implements **controls to detect the circulation of prohibited and restricted items** under the Postal Regulations. To support the enforcement of these circulation restrictions, a technical office was set up last year to ensure that employees are properly qualified, the application of established protocols, as well as the maintenance of communication channels with the competent authorities.

In aggregate, the Group has 19 automated handling centres where goods inspections are carried out, 2,680 workplaces and customer service offices connected to the alarm station and 469 security guards in various buildings.

Correos maintains permanent **collaboration with the State Law**

**Enforcement Agencies** -for example, through the Blue Network of the National Police Force, the Cooperate portal of 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.

During the past year, more than 3,700 **pieces of video surveillance equipment**, safe boxes, CCTV cameras, **fire protection systems**, anti-burglary stations and **detection elements** were renewed or installed in various buildings of Correos, Correos Express Portugal and Correos Express, including the branch in Getafe (Madrid), where both the operational coordination centre and the operational security centre of Correos Group are located.

Since 2022, Correos is the holder of a good distribution practices of medicinal products for human use (GDPS) certification, in accordance with the European guidelines 2013/C 343/01<sup>44</sup>, for **temperature-controlled road transport services**, which enable the provision of the Correos Pharma service.



<sup>44</sup>Guidelines of 5 November 2013 on good distribution practices of medicinal products for human use.



Physical security of persons and goods

Correos Group's Security Policy



Critical operator  
designated by the  
Ministry of the Interior



Good distribution  
practices of medicinal  
products certification



Certified as regulated  
agent for the  
screening of mail  
transported by air



Correspondence  
inspections  
and controls



Collaboration  
with State Law  
Enforcement Agencies



Operational  
security  
centre



Business  
continuity and  
resilience plans



Correos  
Express



Customs Simplification  
Authorised Economic  
Operator certification



ISO certification for  
supply chain security



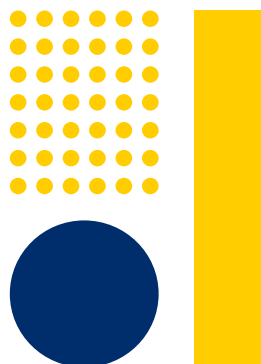


With regard to **aviation security**, the company is **certified as a regulated agent (RA) in five of its centres, in** accordance with EU Regulation 2015/1998<sup>45</sup>, and applies the regulated controls on mail transported by air, prior to boarding the aircraft. In this regard, last year it updated its security plans as a registered agent.

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, the subsidiary **has UNE-ISO 28001:2008 certification** 'Security management systems for the supply chain' at its headquarters and at its centre in Getafe (Madrid), with plans to extend the scope in 2024 to include the centre in Santa Perpetua (Barcelona).

In addition, Correos Express **modified its settlement operations in most of its offices** by installing automated cash management machines, which automated the process of managing funds and settlement to drivers of postage and refunds.



<sup>45</sup>Commission Implementing Regulation (EU) 2015/1998, of 5 November 2015, laying down detailed measures for the implementation of the common basic standards on aviation security.



## 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 a **Corporate Security Committee** responsible for guaranteeing adequate risk management and the necessary procedures to preserve and reinforce information security 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.

In line with the company's commitment to protecting customer and employee information, the Group's **Information Security Policy** was renewed in 2023 and a **specific cybersecurity sub-division** was created.

In addition, a **cybersecurity crisis simulation exercise** was conducted with the Correos Management Committee in order to reinforce prevention and facilitate decision-making in the event of potential impacts.

In the field of network and communications management, the **network security platform was upgraded** last year to increase the capacity to detect and prevent malicious traffic in real time. In addition, the **security of employee browsing was strengthened** by implementing a **'Proxy as a Service' solution in the cloud**, which increased scalability, redundancy and control of information.

“  
**Correos Group renewed its Information Security Policy, as a crucial element for the adequate protection of its customers and employees.**”

With regard to the security measures applicable to the **personal data protection processing**, the documentation process was improved to link the processing with the systems that support it, detailing the flows and the technological providers

involved, facilitating the **management of the security measures** to be implemented throughout the data's life cycle.

Similarly, in order to minimise **supply chain risk**, a technology requirements model for suppliers was defined, based on the different types of companies and existing contracts and their potential impacts, which will serve as the basis for the new e-tendering tool to be implemented in 2024.

Correos has an **email verification system**, aimed at detecting fraudulent use of the brand, **in the face of potential phishing cases**. The tool, available at the website [www.correos.es](http://www.correos.es), allows customers to confirm the authenticity of communications received from the company. During the month of November, on the occasion of the start of the Black Friday campaign, when the volume of purchases and e-mails increases







considerably, a communication was sent to all customers of digital services to inform them about this system and help them detect possible phishing attacks.

The company also has a fleet of **cyber-security certified electric delivery motorbikes**. These vehicles have geolocation and monitoring services, as well as a cybersecurity system 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.

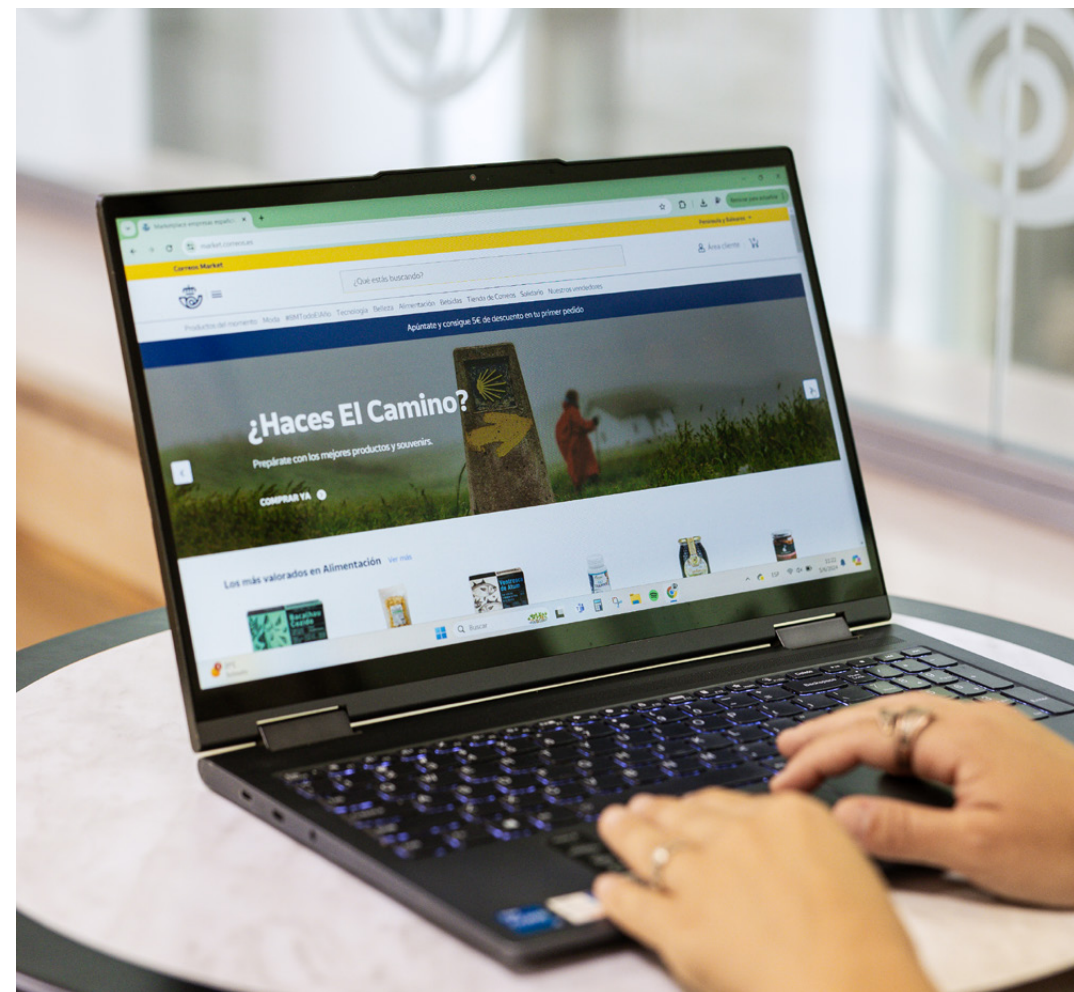
### Cybersecurity training and awareness-raising

Correos promotes an **internal cybersecurity culture** through the maintenance of protection mechanisms (encryption of equipment, two-factor authentication, blocking of malicious attachments, automated reporting of phishing, among others), as well as ongoing training and awareness-raising.

For its part, Correos Express has cybersecurity measures in place, in some cases shared with the parent company, including, among others, two-factor authentication, ethical hacking, encryption of equipment, file transfer protocol secure (FTPS), introduction of the 'Proxy as a Service' option or digital surveillance of brands, customers and suppliers. In turn, Correos Telecom ensures the fortification of equipment and mobile devices.

Another way of raising awareness is through regular dissemination activities, such as the **cybersecurity culture survey**, to assess the knowledge of employees and identify areas for improvement, or the **information security competition**, a fun self-learning competition to encourage participation and interest in this topic.

The company develops an **annual training plan on information security**, adapted to the different jobs and for all employees. In 2023, the operational staff involved in the Substitution Programme also received





## Correos Group raises awareness, trains and assesses employees' knowledge of cybersecurity annually.

specific training on the topic and sessions were organised for the professionals who participated in the **ethical phishing exercises** conducted to reduce the risk of this threat.

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

Lastly, Correos Group has been participating actively in a **cybersecurity forum**, together with the other companies that make up the **SEPI Group**.

### Information security certifications

In 2023 Correos became the first company of SEPI Group to obtain **a certification in the new National Security Framework** (ENS in Spanish), in accordance with Royal Decree 311/2022<sup>46</sup>. This regulatory framework, applicable to all Administrations, aims to guarantee information security in the public sector. The certification improved cybersecurity processes, providing greater assurance to customers of digital services about Correos' capabilities to protect and safeguard their information.

This recognition is additional to the **UNE-ISO/IEC 27001:2017 certification** 'Information Security Management Systems' that Correos maintains for the **information systems** that support the operational processes of the websites



<sup>46</sup>Royal Decree 311/2022 of 3 May, which regulates the National Security Scheme.





[www.correos.es](http://www.correos.es) y [www.correos.com](http://www.correos.com), the online registered fax and digital registered mail purchase services, as well as the **electronic application process for postal votes**. The same scope is covered by the National Security Framework certification.

Last year, improvements were made to **Correos' cryptographic platform, one of the main technological components of the electronic postal vote application process**. With the upgrade of the support system, its performance, capacity and energy efficiency were enhanced. In addition, the implementation of a **disaster recovery plan** (DRP) was initiated to ensure service provision in the event of a crisis through an alternative platform.

Last year, the company also obtained the **ISO/IEC 27701:2019 certification** for **information privacy** management, which supports customised document management solutions for mass

communication in companies taken over **after the acquisition of the subsidiary Correos Nexea**. These activities will also be incorporated into the scope of the UNE-ISO/IEC 27001:2017 certificate of Correos from 2024.



## Protection of privacy

Correos Group **informs and advises all units** that process personal data on their obligations in this area, through its **data protection** officer. It also **assesses inherent risks**, based on potential complaints or security breaches and manages the exercise of the rights of data subjects.

The principles of personal data protection are applied at the initial stages of the definition, development and modification of corporate policies, contracts or products and services, in order to **integrate the necessary safeguards in the processing**. In this regard, Correos Group monitored the integration of these principles into the design and implementation of the **new ethics channel** created in 2023.

Likewise, on the occasion of the instructions the **data protection clauses included in the standard specifications** used by Group companies in their tendering processes **were reviewed**.

Following the publication by the Spanish Data Protection Agency (AEPD) of a guide on the use of cookies, and as part of the scope of the ISO/IEC 27701:2019 certification, the data protection, web **privacy and cookie policies** of the [www.correos.es](http://www.correos.es) and [www.correos.com](http://www.correos.com) websites **were updated**, as well as the My Office and digital Mailbox services.

Finally, commercial procedures were assessed in order to adapt them to the AEPD Circular 1/2023<sup>47</sup> on the right of data subjects not to receive non-consensual commercial calls.

Last year, 13 security breaches were managed and 32 complaints processed through the Spanish Data Protection Agency, relating to Correos and Correos Express. In addition, 506 burglaries or thefts in properties or vehicles were dealt with, with a potential impact on the protection of personal data.

<sup>47</sup>Circular 1/2023, of 26 June, on the application of Section 66.1.b) of Act 11/2022, of 28 June, General Telecommunications Act.



“  
**Correos Cash  
promotes  
financial inclusion,  
guaranteeing access  
to cash for everyone,  
at Correos' offices or  
at home.**”

## Social impact of products and services

GRI 203-2, 413-1

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

Additionally, the company aims to develop activities with a high **positive social and environmental impact** 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

The **capillarity of Correos** is particularly important in Spain, given the heterogeneity of population distribution and the presence of services throughout the country. The **demographic challenge** increasingly affecting the country means that citizens and businesses located in rural areas face challenges in accessing essential services.

The company facilitates the **closeness of public services**, both in urban and rural environments, through its delivery services and offices, and offers its technological, logistical and distribution capacity to the local business fabric. In this way, it contributes to **economic development**, territorial cohesion, the **creation and maintenance of employment and allowing new residents to settle in 'empty Spain'**.

Correos' offices are **essential centres for community relations**, offering services ranging from physical and digital communications to financial solutions,

carrying out public administration procedures or selling products and services from other companies or telecommunications services. Simultaneously, rural delivery staff **deliver most of the offer available at the offices to people's homes**, saving them from having to travel.

The **Correos Cash** service favours financial inclusion and the generation of new business opportunities, guaranteeing access to cash to all people, including those living in rural areas and those most affected by the digital divide or with mobility difficulties.

This solution enables **basic banking transactions** such as cash deposits and withdrawals to be made **at offices or through mail carriers** at any address in Spain. Customers can carry out these transactions using a QR code or their bank card or passbook for those banks that are members of Correos Cash (including Banco Santander, Ibercaja, Triodos, Evo Banco, Bancofar, Banco Mediolanum and BBVA).





With the same aim of promoting financial inclusion, Correos has **ATMs** in different locations in 46 of Spain's 52 provinces. The company also offers a **currency exchange** service, whereby currency can be reserved both in the office network and online.

**Correos Prepaid Cards** are another option offered to facilitate access to cash. These cards are available in physical and virtual formats, they are not linked to any bank account and can be used both as a **secure means of payment** and to **withdraw cash** at ATMs and Correos' offices, to receive salary and pension and pay utility and tax **bills** by direct debit, or to make national or international **transfers**.

### Agreements with Public Administrations and citizen services

The company promotes rural development and brings the Administration closer to citizens on equal terms, by offering **new administrative services** at offices and through rural mail carriers, becoming a **'one-stop shop'** that **connects local, regional and state Administrations with the population**.

It 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**.

In 2023, Correos had **collaboration agreements with 229 public bodies and entities**, including the 38 reached last year, among them the Provincial Tax Management of Albacete, the Provincial Collection Board of Malaga, the Provincial Councils of Barcelona, Burgos, Jaén, Salamanca and Segovia, the Regional Council of La Selva, the Government of Cantabria, as well as with 22 city councils.





“

**Correos has collaboration agreements with 229 public bodies and entities, for which it collected more than 24 million euros in 2023.**”



By virtue of these agreements, the company facilitates, among other procedures, the **payment of taxes, fees and duties** at offices or through rural delivery staff, using the Correos Pay solution, which can also be used to pay utility bills.

Thus, last year, **Correos collected over 24 million euros** in taxes and fees **for public bodies and entities** through Correos Pay, with more than 258,000 transactions.

Through the **Virtual Registration Office of Entities (ORVE in Spanish) service**, the offices also allow any citizen or company to send documentation telematically to the registers of the partner entities, including City Councils, universities, Autonomous Regions or the General State Administration.

On the other hand, by virtue of the collaboration agreement with the Directorate General of Traffic, it is possible for citizens to **obtain a duplicate vehicle registration certificate, request a vehicle report or pay fines**.

In 2023, **Correos handled the sale of 1.4 million environmental badges for the Directorate General of Traffic, 89%** more than the previous year, following the implementation of low-emission zones in towns with more than 50,000 inhabitants and the increase in demand from vehicle owners.

For the second consecutive year, the company also renewed the collaboration agreement with the Ministry of Culture to manage the payment of aid to beneficiaries of the **Youth Cultural Grant programme**.



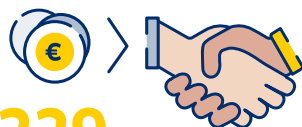
## Impact of offices and rural services



**8,267**  
service points



**24.2 M€**  
in **charges for the  
Administration**  
managed through  
Correos Pay



**229**  
**collaboration agreements** with public  
bodies and entities for the collection of  
charges, fees and taxes



Nearly  
**385,000**  
**people supported**  
daily at Correos' offices



**1.4 M**  
**environmental badges**  
**sold** by offices and rural  
delivery staff

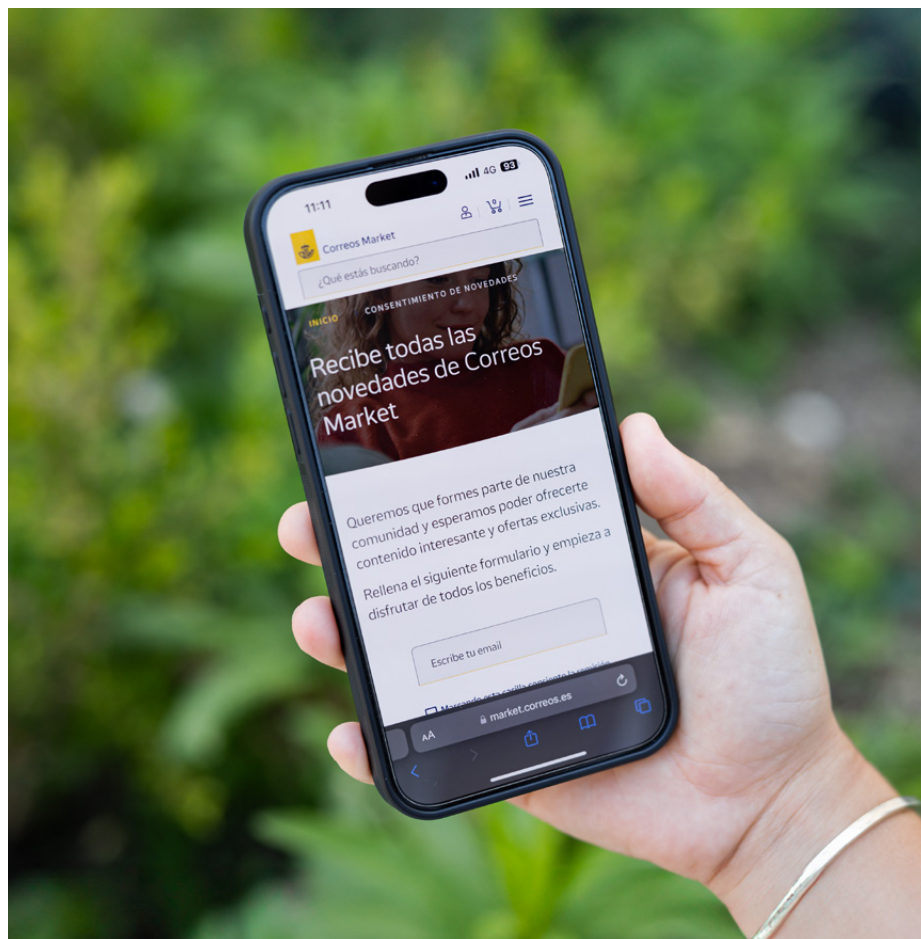


More than  
**130,000**  
**Correos Cash**  
**transactions**



**1.8 M**  
**transactions**  
**for DGT**





## E-local solutions and responsible consumption

SMEs make up 99.8% of the Spanish business fabric and generate 62.6% of employment<sup>48</sup>, but they still face difficulties when it comes to going digital, in order to adapt their business to the new consumption patterns of the population.

The **marketplace Correos Market** makes it easier for companies to promote, sell and distribute their products to any buyer in Spain and Portugal, without paying sales fees and with access to the most comprehensive logistics solutions.

With this solution, SMEs can enter into online sales, without incurring additional costs, enhancing their visibility and reaching a larger market. This boosts their sales growth, particularly benefiting vendors located in rural areas and contributing to the economic revitalisation of these areas.

Correos also promotes, within its line of services for the **Way of St. James**,

actions that foster **preservation of the environment, the defence of the rural territory and the promotion of local commerce**, as measures to tackle rural depopulation and protect the natural heritage.

The company develops the **#CaminoSostenible (#TheWayToSustainability) 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.

**Social innovation** is another instrument considered particularly useful for promoting rural development. The **Lehnica Changer Challenge** programme organised annually by Correos for entrepreneurs, 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.

<sup>48</sup>Ministry of Industry, Trade and Tourism (December 2023) [https://industria.gob.es/es-es/estadisticas/Cifras\\_PYME/CifrasPYME-diciembre2023.pdf](https://industria.gob.es/es-es/estadisticas/Cifras_PYME/CifrasPYME-diciembre2023.pdf)





## Community engagement

GRI 203-2, 413-1

Correos supports social and environmental projects of various **associations, foundations and other third sector entities** which have a significant local impact and whose objectives are mainly 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.

In addition, the company designed a 'Philatelic Pack with purpose' together with Fundación Rafa Nadal. This limited edition, marketed through Correos Market, included three postcards with photographs of the entity's projects and three stamps with the tennis player's image. Part of the funds raised went to the development of the Foundation's projects in Spain and India, which help more than 1,000 children every year.

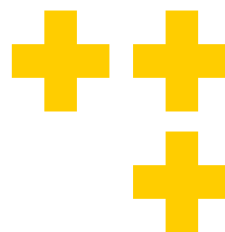


### ► Diversity and inclusion

With initiatives especially aimed at women and the LGBTBI community. In this sense, Correos maintained its adherence to the **initiative 'Companies for a society free of gender-based violence,'** promoted by the Government Delegation against Gender-Based Violence and joined the **United Nations LGBTBI standards of conduct** in defence of the human rights of this group.

On the occasion of the 75th anniversary of Fundación A LA PAR, a commemorative stamp was issued with the phrase **'With intellectual disability'**.

Also on sale was a postal stamp in favour of the **inclusion of people with Down's syndrome**, as part of the Solidarity Stamps series, with which Correos aims to raise awareness among citizens of different social and environmental causes.



### ► Raising awareness of climate change

Through participation in the Day organised by the International Post Corporation, together with other postal operators from all over the world, as well as through the free distribution of a **Guide to Trees on the French Way** to pilgrims on the Pilgrims' Routes to celebrate the Day of Forests and within the framework of the **Sustainable Way initiative**.



### ► Fostering volunteering

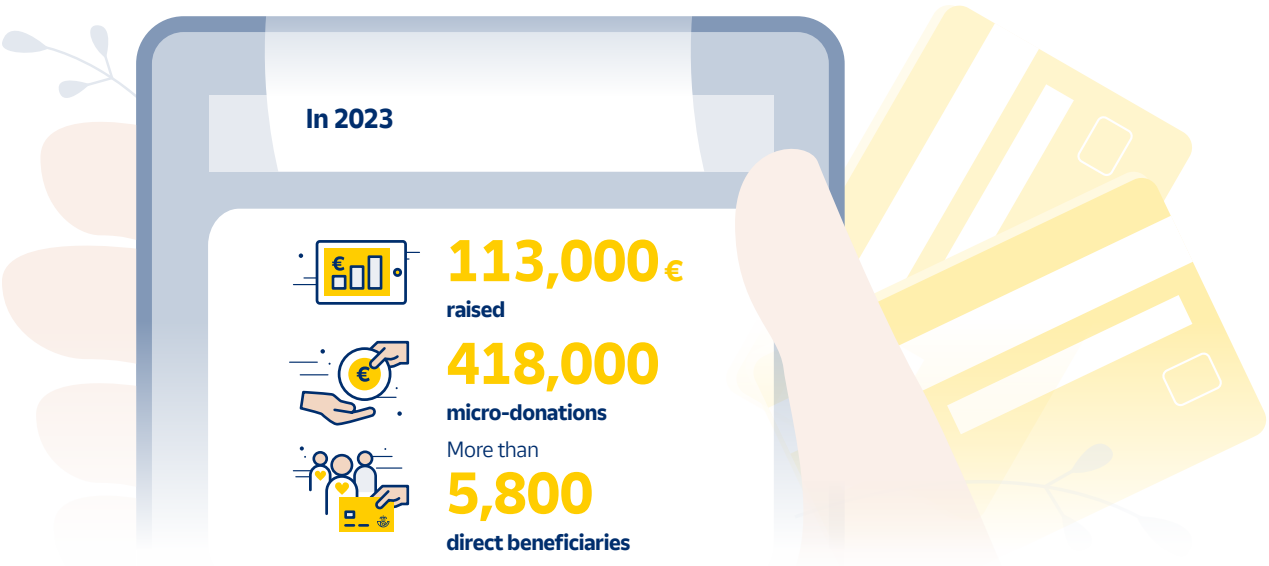
Through the promotion of employee **volunteering**, by conducting environmental actions (**invasive plant species cleaning days in nature reserves**) and social activities (**collection of food for the Food Banks** of different provinces or collaboration in the Great Food Collection, as well as participation in blood donation days, in visits and collection of **letters to the Three Wise Men from hospitalised children** or in the Three Wise Men's parades in different cities, among others).



## Redondeo con impacto

### Redondeo con impacto

The Redondeo con impacto (Rounding Up with Impact) programme offers customers of the 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 focusing on generating a positive social and/or environmental impact. **The more than 418,000 contributions received in 2023, totalling over 113,000 euros,** helped to fund the following projects:



► The **'Fight against food waste'** campaign of the organisation Enraíza Derechos, which aims to raise awareness **from childhood** about responsible consumption, the problem of food waste and its environmental, economic and social consequences, developing different activities in schools.



► Save the Children's work to alleviate the humanitarian crisis caused by the **earthquake in Türkiye and Syria**. The donations went to meet the **immediate needs of the children** and their families, including food, shelter and warm clothing.



► The **'Herds against fire'** project to **prevent forest fires by promoting the use of extensive livestock farming** in areas with more abundant vegetation, thus clearing the forests in a natural and sustainable way. This activity of the Pau Costa Foundation also drove the economy in rural areas.



► The **'Emergencies Morocco and Libya'** campaign, promoted by Oxfam Intermón and UNHCR, aims to provide emergency aid to **people affected** by the earthquake in Morocco and the floods in Libya.



Collaboration of the office network with foundations and non-profit entities

The office network also plays an important role in funnelling citizens' contributions to various NGOs, through the **sale of their solidarity products or by making space available** in the establishments. Last year, the company:



▶ Cooperated with UNICEF, Fundación Prodis and Fundación Juegaterapia, among other entities, through the **sale of items** in the network of offices and in the Products section of Correos Market.



▶ It helped to raise the profile of the work of SOS Children's Villages and the Spanish Red Cross by **providing space** and **selling lottery tickets** for the latter's Gold Draw and Christmas lottery.



▶ As a collaborating company in the **'Un juguete, una ilusión' ('One toy, one dream')** campaign, promoted by 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**.



▶ Through its offices in the city of Zaragoza, Correos collaborated in the collection and distribution of **donations of toys and books** for Oxfam Intermón's Toy Flea Market, to **fight against the serious food crisis in the Horn of Africa**.



Overall, the contributions funnelled by Correos to various associations and non-profit organisations **helped more than 270,000 direct beneficiaries and 830,000 indirect beneficiaries.**

In compliance with Act 31/2022, of 23 December, on the General State Budget for the year 2023, last year, none of the Group companies made any financial contributions to foundations and non-profit organisations in the form of donations, agreements or sponsorships.

Correos only made three collaboration agreements with non-profit organisations, which did not involve any financial contributions, and allocated around 33,000 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.

“  
**Contributions to NGOs funnelled through Correos helped more than 270,000 direct beneficiaries and 830,000 indirect beneficiaries.**”

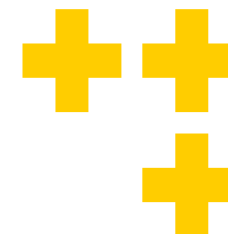
Finally, Correos Express maintained its cooperation with the General Council of Professional Associations of Optometrists, the Spanish Federation of Optical Sector Associations (FEDAO in Spanish), through information, awareness and prevention activities in the field of visual health developed by the association Visión y Vida, as well as Fundación Dental Española (FDE).



## Information on governance

### Ensuring ethical and transparent behaviour

#### ► Business conduct







# Business conduct

## 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.

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.

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.

Correos also owns a 35% stake in the Asian companies KCG Ecommerce Solutions Company Limited and K Parcel Company Limited.

In 2023, the Group's parent company amended its articles of association to incorporate into its corporate purpose the business conducted until then by the subsidiary Correos Nexea, which was absorbed by merger on 23 February 2023.

Correos is a commercial enterprise, which is 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<sup>49</sup>.

## 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, 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.

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.



<sup>49</sup>In accordance with the provisions of Article 3 of Act 47/2003, of 26 November, on the General Budget, in coordination with Article 166 of Act 33/2003, of 3 November, on Public Administration Assets.

## Corporate bodies of Correos

### 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 independent members of the Governing Board, the Audit, who have 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 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 post, 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 hold office in 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<sup>50</sup>, 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<sup>51</sup>. Situations of this type would be informed in the report of 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 CEO of Correos and of all its governing and administrative bodies, and is responsible for the steering, 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.



<sup>50</sup>Law 53/1984, of 26 November, on Incompatibilities of Personnel in the Service of the Public Administrations.

<sup>51</sup>Royal Legislative Decree 1/2010, of July 2, approving the recast 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 2023 was as follows:



- Mr. Pedro Saura García ▶  
Chief Executive Officer

- Ms. Dolores Alonso Galdo ▶  
Proprietary Director

- Mr. Pedro Enrique Blanco Chinarro ▶  
External Independent Director

- Ms. Marta Fano González ▶  
External Independent Director

- Mr. Luis Gonzaga Serrano de Toledo ▶  
External Independent Director

- Ms. Noelia M<sup>a</sup> Gutiérrez Retuerto ▶  
External Independent Director

- Ms. Aída Joaquín Acosta  
External Independent Director

- Mr. Juan Pablo Martín de Andrés ▶  
External Independent Director

- Mr. Carlos Olmo López ▶  
External Independent Director

- Mr. Manuel Pacheco Manchado ▶  
External Independent Director

- Mr. Jaime Pérez de la Cruz ▶  
External Independent Director

- Mr. José María Pérez Rosado ▶  
External Independent Director

- Mr. Alberto Requena Navarro ▶  
External Independent Director

- Mr. Tomás Suárez-Inclán González ▶  
External Independent Director

- Mr. 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.
- ▶ 5 on Correos Express Portugal.
- ▶ 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 2023 was as follows:



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

- Mr. [Antonio Rueda Ramos](#) ▶  
Chairman
- Mr. José Luis Alonso Nistal
- Mr. Edelmiro Castro Ambroa
- Mr. [Santiago Ferrer Puga](#) ▶
- Mr. Julio González García
- Mr. Sergio Peinado Jiménez
- Mr. Francisco Salvador Montero
- Ms. Rocío Sánchez Mira
- Ms. Ana Medina Arespachoga  
Non-director Secretary



### CEP – Assessoria Ibérica de Logística e Transporte, S.A.

- Mr. Karim Fabrice El Kouche  
Chairman
- Mr. Luis Manuel Dionisio Marqués
- Mr. Santiago Ferrer Puga
- Mr. Antonio Rueda Ramos
- Mr. Nuno Filipe Pereira Rangel



### Correos Telecom, S.A., S.M.E.

- Mr. Sergio Peinado Jiménez  
Chairman
- Mr. José Luis Alonso Nistal
- Ms. Cristina Cid Gil
- Mr. Alvar Maté Araus
- Ms. Rocío Sánchez Mira
- Ms. Ana Medina Arespachoga  
Non-director Secretary







## Activity in 2023 of the Board of Directors of Correos Group companies



Board  
members



Board  
meetings



Attendance of  
directors



Meetings of the  
Audit and Control  
Committee

Correos	14	23	100%	4
Correos Express	8	16	100%	1
Correos Express Portugal	5	6	100%	-
Correos Telecom	5	17	100%	2





## Remuneration of the Board of Directors and the Management Committee

GRI 2-19, 2-20

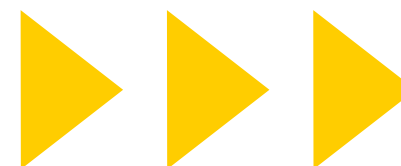
The Management Committee of the Correos Group is an internal collegiate body that supports the Chairman in his day-to-day management, promoting and coordinating the most relevant issues for the activity with the different units and subsidiaries. The Steering Committee meets regularly at the request of 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 Shareholders' Meeting, in the situations established by Royal Decree 462/2002<sup>52</sup> and by the regulations in force for public bodies and commercial companies. In accordance with Law 3/2015<sup>53</sup>, 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 451/2012<sup>54</sup>.

Remuneration accrued for all items during the financial year 2023 by the members of the Board of Directors and Senior Management of the parent company amounted to 1.60 million euros, of which 141,034 euros were for fees of the members of the Board of Directors of the parent company for attending Board meetings (an average of 10,849 euros per director),

and the remainder for salaries and/or other remuneration items (including compensations) for senior managers staff (average remuneration of 121,129 euros annually).



<sup>52</sup>Royal Decree 462/2002 of 24 May 2002 on allowances for reasons of service

<sup>53</sup>Law 3/2015, of 30 March, Law regulating the exercise of senior positions in the General State Administration

<sup>54</sup>Royal Decree 451/2012 of 5 March regulating the remuneration system for senior managers and executives in the public business sector and other entities.



## 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

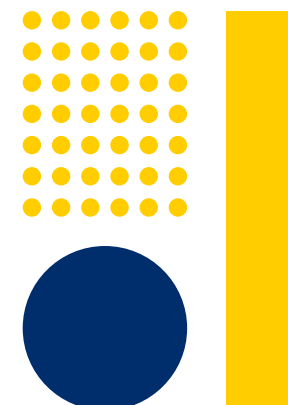
The Spanish postal market has been completely liberalised since 1 January 2011, following the entry into force of [Act 43/2010](#)<sup>55</sup>. Under this law, Correos is the operator designated by the Government to provide the universal postal service in Spain until 31 December 2025.

As a designated operator, the company **is subject to verification** on the [National Markets and Competition Commission](#) (CNMC in Spanish) 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.

At the end of the year, the CNMC had issued its report on the review and verification of the analytical accounting model for the year 2021, as well as the decision on the verification of the net cost and determination of the unfair financial burden of the universal postal service for the year 2011. The determination for the financial years 2012 to 2020 is in progress.

The **plan for the provision of the universal postal service**<sup>56</sup> sets out the provision conditions, particularly in areas where there is a very low population density, the procedure for assessing the cost of the universal postal service and how it is financed, as well as the criteria to be taken into account in determining the State's contribution.

**Correos and Correos Express are also active in the parcel delivery market** and are subject to the laws applicable to the land freight sector<sup>57</sup>. In turn, the activity of **Correos Express Portugal** is subject to the postal and inland freight transport regulations applicable in Portugal<sup>58</sup>. Finally, the provision of electronic communications services by **Correos and Correos Telecom** is regulated by the **General Act on Telecommunications**<sup>59</sup>.



<sup>55</sup>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.

<sup>56</sup>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.

<sup>57</sup>Law 17/2012, of 26 April, and Decree-Law 239/2003, of 4 October.

<sup>58</sup>Act 11/2022, of 28 June, General Act on Telecommunications.



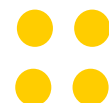
## Transparency in management

The companies that make up the Correos Group have the necessary mechanisms in place to comply with the reporting obligations established by Act 19/2013. 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.

In 2023, Correos once again participated in **Open Administration Week**, an initiative promoted globally by the Open Government Partnership, which aims to bring public administrations closer to citizens, based on the principles of open government: **transparency, accountability, citizen participation, public integrity and collaboration**.

Within the framework of this initiative, guided tours were organised to 16 automated processing centres and 54 offices located in historical buildings, open days were scheduled at the Museo Postal y Telegráfico and an innovative co-creation session was held at CorreosLabs, aimed at professionals, students and citizens. **Nearly 1,200 people attended the offered activities.**

“**Correos took part in Open Administration Week, a global initiative aimed at bringing public administrations closer to the public.**”



<sup>59</sup>Law 19/2013, of 9 December, on transparency, access to public information and good governance.



## Main internal regulations of Correos Group on ESG aspects



### People

- ▶ ESG framework policy
- ▶ SDG alignment model
- ▶ Human rights policy
- ▶ Excellence and Sustainability Policy
- ▶ Equality Plan
- ▶ Anti-harassment protocol
- ▶ Sustainability Plan



### Ethics and compliance

- ▶ General Code of Conduct
- ▶ Compliance policies: Anti-Corruption Policy, Gifts and Hospitality Policy, Conflict of Interest Management Policy
- ▶ Corporate competition compliance policy
- ▶ Internal reporting system general policy
- ▶ Board of Directors Regulations
- ▶ Compliance Committee Regulations
- ▶ Annual Internal Audit Plan
- ▶ Information Management Procedure
- ▶ Crime Prevention Manual



### Supply Chain

- ▶ Internal procurement instructions
- ▶ Asset procurement rules
- ▶ Framework of Criteria for Responsible Procurement in the Correos Group
- ▶ Business Continuity and Resilience Plan



### Risks

- ▶ Corporate Risk Control And Management Policy
- ▶ Security policy
- ▶ Information security policy





Compliance and ethical commitment

The **Crime Prevention Manual** and the **General Code of Conduct** set out the reference values that govern the behaviour of managers and employees of Correos Group. 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.

In addition, since 2022, Correos has **Compliance Policies** in place, which set out the commitments undertaken to ensure a conduct that respects national and international regulations and professional ethics. The latter include 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 has a **Compliance Committee**, a collective body whose main function, according to its **rules** of procedure, 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.

New ethics channel

In compliance with Act 2/2023<sup>61</sup>, Correos Group implemented an **ethics channel** last year. This is a tool for reporting, anonymously and confidentially, those actions or omissions in the work or professional context that could constitute breaches of regulations, guaranteeing the informant the absence of retaliation. This channel has replaced the communication

and whistleblowing channel, incorporating within its scope the notification of possible conduct contrary to the provisions of the Correos Group's general Code of Conduct.

The ethics channel is managed through an internal reporting system, the head of which is appointed by the company's directors. Thus, in June 2023, the Board of Directors of Correos implemented the internal reporting system of Correos Group, under the supervision of the Compliance Committee, and approved both the **General Policy of the Internal Reporting System** (which sets out the general principles of the system) and the **Reporting Management Procedure** (which establishes the necessary provisions for the internal reporting system to comply with the established requirements).

Correos Group implemented its ethics channel and approved a Corporate Competition Compliance Policy.

<sup>61</sup>Act 2/2023 of 20 February, on the protection of whistleblowers and the fight against corruption.





The Procedure details the mechanism for processing the communications received, the regulation of incompatibilities or conflicts of interest on the part of the case managers, the application of the principle of objectivity, autonomy and independence, as well as the measures for the protection of whistleblowers.

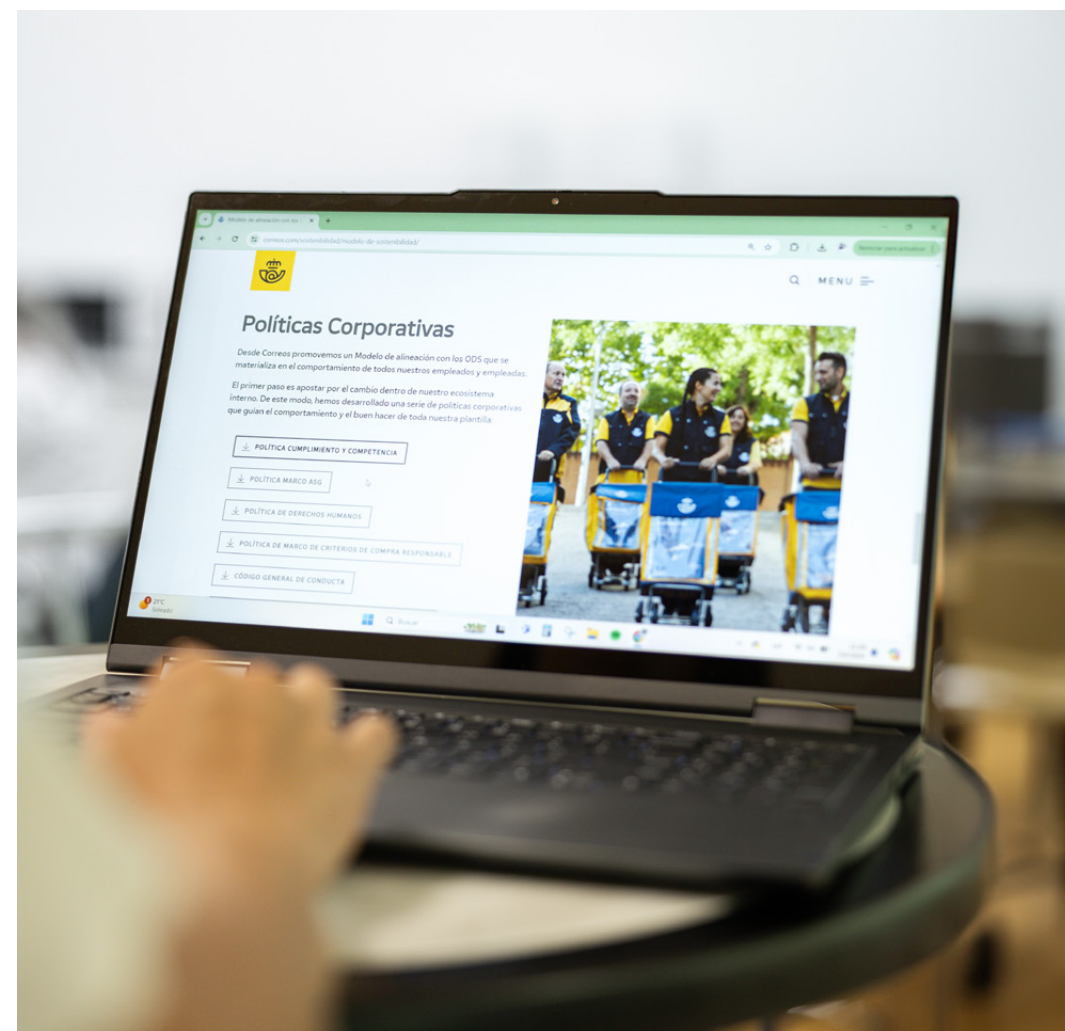
In addition, it provides that the final decision on the relevant reports, notified by the Compliance Committee, must be submitted to the Board of Directors for ratification, on the basis of the position held by the offender, the potential impact of the facts on the company or if the facts are of special significance.

From the commissioning of the internal reporting system until the end of the financial year, the number of

communications received through the ethics channel was 699, referring to the following subjects:

- ▶ Data protection
- ▶ Harassment
- ▶ Corruption
- ▶ Discriminatory acts
- ▶ Recruitment
- ▶ Postal vote
- ▶ Conflict of interest

In 2023, Correos Group also adopted a Corporate Competition Compliance Policy, which sets out the basic principles of action for competition that should govern the conduct of all employees, managers and directors. The document addresses the issues of collusive practices, abuse of dominance, unfair competition, merger and acquisition control, office inspections by competition authorities and supervision of intra-group agreements.





## Implementation of internal audit procedures

GRI 2-24, 3-3

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 Correos Group, approved by SEPI Group 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 **11 operational, accounting and compliance audits**.

Thus, within the scope of the Group, the **recommendations of external bodies** were followed up and the measures applied for compliance with the regulations on **energy saving and efficiency measures** of the General State Administration and the

state public sector<sup>62</sup> were analysed, at the request of SEPI Group for all its companies.

In addition, **public procurement processes** were reviewed and the commercial procurement of both Correos and Correos Express, as well as the latter's **claims management**, were audited.

“  
**Correos Group audited its compliance with energy efficiency regulations and public procurement processes.**”

**Correos Market's** transactions and the profit and loss account of the business units, as well as **Correos Telecom's business performance**, were assessed.

In addition, **570 process verification audits** were conducted, within the framework of certifications in accordance with UNE-EN ISO 9001:2015, UNE-EN ISO 14001:2015 and UNE-ISO/IEC 27001:2017 standards, for Correos, Correos Express and Correos Telecom. Last year, the grouping of the Correos Express business in the Correos processing centres led to the extension of the scope of the operational process audits carried out in the centres. There were also 106 financial audits of offices and 297 audits of delivery units, outside the scope of the ISO certificates.

In order to review the status of findings issued in previous years, recommendations from the operational audit of administrative notifications and rural services were followed up.

In addition, 31 recommendations from internal audits conducted in 2023 were implemented, such as the establishment of the ESG Committee (as recommended in the audit report on energy saving measures), the implementation of the Group's new procedure for related-party transactions, the establishment of the intra-group agreements monitoring committee and the improvement plan for analytical accounting.

As part of the internal control activities, 106 specific investigations and reports on potentially irregular actions by employees were conducted.



<sup>62</sup>Order PCM/466/2022, of 25 May, which enacts the Agreement of the Council of Ministers of 24 May 2022, approving the plan of energy saving and efficiency measures for the General State Administration and the entities of the state institutional public sector. Royal Decree-Law 14/2022, of 1 August, on economic sustainability measures in the field of transport, scholarships and study aids, as well as energy saving and efficiency measures and measures to reduce energy dependence on natural gas.



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](#).

In 2023, the IGAE initiated compliance and operational audits of Correos Express and Correos Telecom and issued an interim report on Correos' audit for 2021 and 2022.

For its part, the Court of Auditors carried out a follow-up inspection of the recommendations included in various inspection reports on entities of the non-financial state public business sector approved in the period 2016 to 2019, as well as on the provision by Correos of the universal postal service and its monitoring by the CNMC, for the financial year 2022. In addition, the Court followed up on the recommendations issued in previous years, 75% of which were considered to have been

observed, with only one recommendation pending implementation at year-end. The final reports are published on the Court of Auditors' website and on the Correos' website.

The Correos Group is also subject to public control through the supervisory mechanisms applicable to its sole shareholder (more information available on the SEPI Group's [website](#) and annual report) and its business is subject to the Rules regulating the system of authorisation and supervision of acts and operations of SEPI Group, updated in 2023. Thus, Act 40/2015<sup>63</sup> 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 Act 10/2010 and its Regulation<sup>64</sup>, Correos has an internal money laundering prevention manual. **The anti-money laundering area is subject to both internal and external audits on an annual basis** and systematic

and continuous controls on the application of due diligence measures are conducted at branches, where the greatest risk is focused, as they handle financial transactions on a daily basis.

The induction and on-the-job training given to new recruits covers regulatory content applicable to all Group staff, including the prevention of money laundering for office employees. In 2023, training was provided to 4,048 people.



<sup>63</sup>Act 40/2015, of 1 November, on the Legal Regime applicable to the Public Administration.

<sup>64</sup>Act 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 Act 10/2010 of 28 April on the prevention of money laundering and terrorist financing.



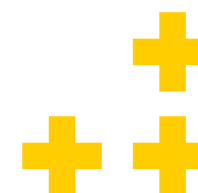
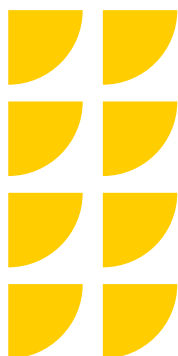
## The main associations and organisations in which the Correos Group participates

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), belonging to the Board of Directors
- ▶ AUTELSI (Spanish Telecommunications Users and Information Society Association), participating in the Advisory Committee of Madrid Digital and as a member of the AI group
- ▶ 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)
- ▶ UNE (Spanish Standardisation Association)





**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 gender violence', of Government Office for Gender Violence
- ▶ LGTBI Business Network for Diversity and Inclusion (REDI)
- ▶ United Nations Global Compact Network Spain

**International organisations and partnerships**

- ▶ IPC (International Post Corporation). An international body comprising the 26 most prominent postal operators. Correos was a member of its Board of Directors.
- ▶ Kahala Post Group. Business Alliance with postal operators from Australia, China, South Korea, Hong Kong, Japan, United States, United Kingdom, France, Thailand and Canada. The company co-chaired the Sustainability Leadership Group, which aims to strengthen cooperation between members on sustainability matters.

- ▶ PostEurop. Association of the main European postal operators. Correos chaired its Steering Committee.
- ▶ PuMed (Postal Union for the Mediterranean). Correos belonged to its Steering Committee. Correos was the vice-chair of its Steering Committee, as well as the vice-chair of the CSR-Sustainability Panel.
- ▶ UPAEP (Postal Union of the Americas, Spain and Portugal). Correos was the cochair of the Financial & Digital Services, Sustainability and Electronic

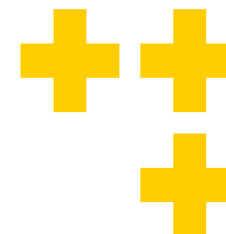
Advance Data Working Groups. Besides, Spain participates in the Management Board, as first vice chair.

- ▶ UPU (Universal Postal Union). Correos was a member of the Postal Operations Council and co-chairs the Compliance Working Group.



## Annexes

- ▶ Reporting frameworks and indicators
- ▶ External verification of the non-financial information statement
- ▶ GRI Content Index, Global Compact Principles and SDG







# Annex I. Reporting frameworks and indicators

GRI 2-2, 2-3

The Correos Group's Statement of non financial information (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 Statement of non-financial information have been prepared in accordance with the requirements of Law 11/2018<sup>65</sup>, 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.

The content of the Delegated Regulation (EU) 2023/2772<sup>66</sup> has also been taken as a reference for the reporting and the preparation of a double materiality analysis.

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 Statement of non financial information 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.



<sup>65</sup>Law 11/2018, of 28 December, amending the Commercial Code, the revised text of the Law on Capital Companies approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing Accounts, on non-financial and diversity information.

<sup>66</sup>Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.



## Indicators used in the Non-Financial Information Statement

	Chapter	GRI Indicator, Global Compact Principle and SDG	External verification
1. Business environment	Business environment and market trends	GRI 2-6	●
2. Organisation and structure	Structure and organisation of the Correos Group	GRI 2-1	●
3. Markets served	The Correos Group and its business model. Business environment and market trends	GRI 2-1, GRI 2-6	●
4. Objectives and strategies	Strategy	-	●
5. Factors and trends that may affect its future evolution	Business environment and market trends. Future trends. Risk and opportunity management	GRI 3-2	●
6. 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.	Risk and opportunity management. Sustainability framework. Environmental management procedures. Climate change adaptation and mitigation. Pollution and air quality. Resource use and circular economy. Talent support and professional development. Diverse and inclusive management. Safe and healthy work environment. Sustainable supply chain. Respect for human rights. Security of people and facilities. Cybersecurity. Protection of privacy. Compliance and ethical commitment. Implementation of internal audit procedures. Prevention of money laundering	GRI 2-12, GRI 2-17, GRI 2-23, GRI 2-24, GRI 2-26, GRI 3-3, GRI 205-2	●
7. 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	Labour indicators. Environmental indicators	GRI 301-1, GRI 302-1, GRI 303-5, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-7, GRI 306-3, GRI 401-3, GRI 403-9, GRI 403-10, GRI 404-1, GRI 405-1, GRI 405-2	●
8. Commercial relations, products or services that may have negative effects in these areas	Environmental impacts and opportunities	GRI 305-5, GRI 305-7, ODS 13	●



	Chapter	GRI Indicator, Global Compact Principle and SDG	External verification
9. How the group manages these risks (procedures used to detect and evaluate them in accordance with national, European or international reference frameworks)	Risk and opportunity management. Sustainability Master Plan. Environmental management procedures. Sustainable supply chain. Respect for human rights. Security of people and facilities	GRI 2-12, GRI 2-13, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 3-3, GRI 205-2, GRI 308-2	●
10. Information on the impacts that have been detected, disaggregated, in particular on the main risks in the short, medium and long term	Future trends. Risk management and opportunities	GRI 3-2	●
<b>Environment</b>			
11. Detailed information about the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety	Climate change adaptation and mitigation. Pollution and air quality	GRI 3-2, GRI 305-5, GRI 308-2	
12. Procedures for evaluation and environmental certification	Environmental management procedures	-	●
13. The resources allocated to the prevention of environmental risks	Environmental indicators	Principle 7, 8, 9 Global Compact, SDG 13	●
14. Application of the precautionary principle	Environmental impacts and opportunities	-	●
15. The amount of provisions and guarantees for environmental risks	Environmental indicators	Principle 7, 8, 9 Global Compact, SDG 13	●
16. 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	Environmental management procedures. Sustainable performance of the postal sector. Climate change adaptation and mitigation. Pollution and air quality	GRI 305-5, GRI 305-7, SDG 3, 7, 11, 12, 13	●



	Chapter	GRI Indicator, Global Compact Principle and SDG	External verification
17. Circular economy and waste prevention and management: prevention measures, recycling, reuse, other forms of recovery and waste disposal; actions to fight food waste	Resource use and circular economy. Environmental indicators	GRI 306-2, GRI 306-3, SDG 12	●
18. 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	Energy efficiency. Environmental indicators	GRI 301-1, GRI 302-1, GRI 302-4, GRI 303-5, SDG 7, 11, 12	●
19. 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	Sustainable performance of the postal sector. Climate change adaptation and mitigation. Environmental indicators	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	●
20. Protection of biodiversity: measures taken to preserve or restore biodiversity; impacts of activities or operations in protected areas	Biodiversity and ecosystems	GRI 304-3, SDG 12, 13, 15, 17	●
<b>Social</b>			
21. Total number and distribution of employees by gender, age, country and professional classification	Labour indicators	GRI 2-7, GRI 405-1, SDG 5, 8, 10	●



	Chapter	GRI Indicator, Global Compact Principle and SDG	External verification
22. 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	Labour indicators	GRI 2-7, SDG 5, 8, 10	●
23. Number of dismissals by gender, age, country and professional classification	Labour indicators	-	●
24. Average remunerations and their evolution disaggregated by gender, age and professional classification or equal value	Labour indicators	GRI 405-2, Principle 6 Global Compact, SDG 5, 8, 10	●
25. Salary gap, remuneration of equal positions or average company remuneration	Labour indicators	GRI 405-2, Principle 6 Global Compact, SDG 5, 8, 10	●
26. Average remuneration of directors and executives, including variable remuneration, allowances, compensations	Remuneration of the Board of Directors and Management Committee. Social bodies of the subsidiaries of the Correos Group	GRI 2-19, GRI 2-20	●
27. Payment to long-term savings forecast systems and any other perception disaggregated by gender	Social benefits for employees	GRI 401-2, SDG 8	●
28. Implementation of work disconnection	Organisation and flexibility of working time	-	●
29. Disabled employees	Equality and prevention of discrimination	GRI 3-3, GRI 405-1, SDG 8, 10	●
30. Organization of working time	Organisation and flexibility of working time	GRI 402-1	●
31. Number of absenteeism hours	Labour indicators	GRI 403-9, SDG 3, 8	●
32. Measures aimed at facilitating conciliation and encouraging the co-responsible exercise by both parents	Reconciliation of work and personal life. Work indicators	GRI 401-3, SDG 5, 8, 10	●



	Chapter	GRI Indicator, Global Compact Principle and SDG	External verification
33. Occupational safety and health at work conditions	Safe and healthy working environment	GRI 3-3, GRI 403-1 GRI 403-2, GRI 403-5, GRI 403-6, SDG 3, 8	●
34. Work accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender	Labour indicators	GRI 403-9, GRI 403-10, SDG 3, 8	●
35. Organization of social dialogue, including procedures to inform and consult staff and negotiate with them	Organisation of social dialogue	GRI 402-1, GRI 403-4, Principle 3 Global Compact, SDG 8	●
36. Percentage of employees covered by collective agreement	Organisation of social dialogue	GRI 2-30	●
37. Balance of collective agreements, particularly in the field of health and safety at work	Organisation of social dialogue	GRI 403-4, SDG 3, 8	●
38. Implemented training policies	Training for new strategic challenges. Efficient preventive management	GRI 3-3, GRI 403-5, GRI 404-1, SDG 3, 8	●
39. Training hours by professional category	Labour indicators	GRI 404-1, SDG 5, 8	●
40. Universal accessibility of people with disabilities	Labour integration. Accessibility, affordability and inclusion	GRI 3-3, SDG 8, 10	●
41. Measures adopted to promote equal treatment and opportunities between women and men	Professional development programmes. Diverse and inclusive management. Work-life balance	GRI 401-2, GRI 401-3, GRI 404-1, GRI 404-3, GRI 405-1, GRI 405-2, Principle 6 Global Compact, SDG 5, 8, 10	●
42. Equality plans (Chapter III of Organic Act 3/2007, of 22 March, on effective equality for men and women)	Diverse and inclusive management	Principle 6 Global Compact, SDG 5	●
43. Measures adopted to promote employment	Call for applications for permanent staff	GRI 203-2, GRI 413-1, SDG 8	●





	Chapter	GRI Indicator, Global Compact Principle and SDG	External verification
44. Protocols against sexual harassment and for gender reasons	Equality and prevention of discrimination	Principle 6 Global Compact	●
45. Universal accessibility and integration of people with disabilities	Equality and prevention of discrimination. Integration in the workplace. Accessibility, affordability and inclusion	GRI 3-3, GRI 203-2, GRI 405-1 Principle 6 Global Compact, SDG 8, 10	●
46. Policy against all types of discrimination and, where appropriate, on management of diversity	Diverse and inclusive management	GRI 3-3, GRI 405-1, Principle 6 Global Compact, SDG 5, 8, 10	●
<b>Human rights</b>			
47. 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	Sustainable supply chain. Respect for human rights. Compliance and ethical commitment	GRI 2-23, GRI 2-24, GRI 3-3, GRI 408-1, GRI 409-1 Principle 1, 2 Global Compact, SDG 16	●
48. 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	Organisation of social dialogue. Sustainable supply chain. Respect for human rights. Compliance and ethical commitment	GRI 2-23, GRI 2-24, GRI 2-30, GRI 3-3, GRI 408-1, GRI 409-1 Principle 3 Global Compact, SDG 8	●
49. Elimination of discrimination in work and occupation	Respect for human rights. Compliance and ethical commitment. Organisation of social dialogue. Sustainable supply chain. Respect for human rights. Compliance and ethical commitment	GRI 2-23, GRI 2-24, GRI 3-3, GRI 405-2, Principle 6 Global Compact SDG 5, 8, 10	●
50. Elimination of forced labor	Sustainable supply chain. Respect for human rights. Compliance and ethical commitment	GRI 2-23, GRI 2-24, GRI 3-3, GRI 409-1, Principle 4 Global Compact SDG 8, 16, 17	●
51. Abolition of child labour	Sustainable supply chain. Respect for human rights. Compliance and ethical commitment	GRI 2-23, GRI 2-24, GRI 3-3, GRI 408-1, Principle 5 Global Compact SDG 8, 16, 17	●



	Chapter	GRI Indicator, Global Compact Principle and SDG	External verification
<b>Fight against corruption and bribery</b>			
52. Measures adopted to prevent corruption and bribery	Respect for human rights. Social bodies of the Post Office. Compliance and ethical commitment. Application of internal audit procedures	GRI 2-15, GRI 2-23, GRI 3-3, GRI 205-2 SDG 16	●
53. Measures to fight money laundering	Prevention of money laundering	GRI 3-3, SDG 16	●
54. Contributions to foundations and non-profit entities	Commitment to the community	GRI 203-2, SDG 17	●
<b>Social commitment</b>			
55. Impact of the company's activity on local development and employment	Call for applications for permanent staff. Sustainable supply chain. E-local solutions and responsible consumption	GRI 2-6, GRI 203-2, GRI 204-1, SDG 8	●
56. Impact of the company's activity on local populations and on the territory	Development of electoral processes. Proximity services. Agreements with Public Administrations and citizen services. E-local solutions and responsible consumption. Commitment to the community	GRI 203-2, GRI 413-1, SDG 8, 11	●
57. Relationships maintained with the actors of local communities and the types of dialogue with them	The main channels of communication with the Correos Group's stakeholders. Agreements with Public Administrations and citizen services	GRI 2-29	●
58. Partnership and sponsorship actions	Commitment to the community. Main associations and organisations in which the Correos Group participates	GRI 2-28, GRI 203-2 SDG 17	●
59. Inclusion in the purchasing policy of social, gender equality and environmental issues	Sustainable supply chain	GRI 2-23, GRI 2-24; GRI 3-3; GRI 308-1, GRI 414-1 SDG 5, 13	●
60. Consideration in the relations with suppliers and subcontractors of their social and environmental responsibility	Pollution and air quality. Sustainable supply chain. Respect for human rights. Implementation of internal audit procedures	GRI 2-23, GRI 2-24; GRI 3-3; GRI 308-1, GRI 414-1 SDG 5, 13	●

	Chapter	GRI Indicator, Global Compact Principle and SDG	External verification
61. Monitoring and audit systems and their results	The application of internal audit procedures	GRI 2-24, GRI 3-3, SDG 16	●
62. Measures for the health and safety of consumers	Environmental impacts and opportunities. Sustainable mobility. Safety of people and facilities	GRI 3-3, GRI 305-5, GRI 418-1, SDG 3, 11, 12, 13	●
63. Claims systems, complaints received and their resolution	Customers and users	GRI 2-25, GRI 3-3, SDG 9, 11, 12, 13, 15	●
64. Profits obtained by country	Economic value generated and distributed	GRI 201-1, SDG 8, 9	●
65. Income tax paid	Economic value generated and distributed	GRI 201-1, SDG 8, 9	●
66. Public subsidies received	Economic value generated and distributed	GRI 201-4	●





## Annex II. External verification of the non-financial information statement

### 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 2023 FINANCIAL YEAR

To the shareholders of Sociedad Estatal 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 2023 for Sociedad Estatal 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 2023 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 2023 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 2023 financial year.
- ▶ Testing, based on a sample selection, of the information related to the content included in the NFI for the year 2023 and its proper compilation from the data provided by information sources.
- ▶ Obtaining a letter of representation from the directors and management.

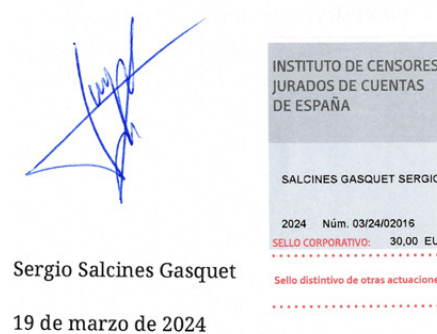
## Conclusion

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 2023 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

19 de marzo de 2024



# 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 2023  
GRI 1: Foundation 2021  
Not available





GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar 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.	-	-	-	-	<div></div>	-	-
	2-2 Entities included in the organization's sustainability reporting	Materiality analysis and relationship with stakeholders. Reporting frameworks and indicators.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	2-3 Reporting period, frequency and contact point	Pag. 3. Materiality analysis and relationship with stakeholders. Reporting frameworks and indicators.	-	-	-		<div></div>	-	-











GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
General disclosures									
GRI 2: General Disclosures 2021	2-4 Restatements of information	In 2023, Correos amended its articles of association to incorporate into its corporate purpose the business conducted until then by the subsidiary Correos Nexea, which was absorbed by merger on February 2023. The Correos figures for 2023 include both the staff and the consumption corresponding to Correos Nexea.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	2-5 External assurance	Materiality analysis and relationship with stakeholders. External verification of the non-financial information statement.	-	-	-		<div></div>	-	-
	2-6 Activities, value chain and other business relationships	Business lines. The Correos Group and its business model . Generated and distributed economic value. Business environment and market trends. Sustainable supply chain. Consolidated annual accounts of Correos Group.	-	-	-		<div></div>	-	16
	2-7 Employees	Our team.	-	-	-		<div></div>	6	5,8
	2-8 Workers who are not employees	Sustainable supply chain.	-	-	-		<div></div>	1,2	5,8







GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
General disclosures									
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Corporate bodies of Correos. Corporate bodies of the subsidiaries of the Correos Group.	-	-	-	Not applicable. Standard sectoral GRI not available.		-	-
	2-10 Nomination and selection of the highest governance body	Corporate bodies of Correos.	-	-	-			-	-
	2-11 Chair of the highest governance body	Corporate bodies of Correos. Corporate bodies of the subsidiaries of the Correos Group.	-	-	-			-	-
	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.	-	-	-			-	-
	2-13 Delegation of responsibility for managing impacts	Risk and opportunity management. Corporate bodies of Correos. Sustainability Plan.	-	-	-			-	-



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar 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. Standard sectoral GRI not available.		-	-
	2-15 Conflicts of interest	Corporate bodies of Correos.	-	-	-			10	-
	2-16 Communication of critical concerns	Transparency in management.	-	-	-			1,2	-
	2-17 Collective knowledge of the highest governance body	Cibersecurity. 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.	-	-	-			-	-








GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
General disclosures									
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	Remuneration of the Board of Directors and the Management Committee.	-	-	-	Not applicable. Standard sectoral GRI not available.		-	-
	2-21 Annual total compensation ratio		2-21 Ratio de compensación total anual	Information unavailable / incomplete	For the year 2023, 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.			-	-
	2-22 Statement on sustainable development strategy	Chairman's statement.	-	-	-			10	-
	2-23 Policy commitments	Risk and opportunity management. Sustainability framework. Diverse and inclusive management. Legal framework for the activities of the Correos Group. Safe and healthy working environment. Sustainable supply chain. Respect for human rights. Security of persons and facilities. Cybersecurity. Transparency in management.	-	-	-			1, 2, 7, 8, 10	-



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
General disclosures									
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Risk and opportunity management. Sustainability framework. Diverse and inclusive management. Safe and healthy working environment. Sustainable supply chain. Security of persons and facilities. Cybersecurity. Transparency in management. Implementation of internal audit procedures.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	1, 2, 7, 8, 10	-
	2-25 Processes to remediate negative impacts	Environmental impacts and opportunities. Diverse and inclusive management . Respect for human rights. Cibersecurity. Protection of privacy. Transparency in management. Implementation of internal audit procedures.	-	-	-		<div></div>	1, 2	-
	2-26 Mechanisms for seeking advice and raising concerns	Transparency in management.	-	-	-		<div></div>	1, 2	-
	2-27 Compliance with laws and regulations	Environmental indicators. Transparency in management. Implementation of internal audit procedures.	-	-	-		<div></div>	10	-



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
General disclosures									
GRI 2: General Disclosures 2021	2-28 Membership associations	The main associations and organisations in which the Correos Group participates.	-	-	-	Not applicable. Standard sectoral GRI not available.		-	17
	2-29 Approach to stakeholder engagement	Relationship with stakeholders.	-	-	-			-	-
	2-30 Collective bargaining agreements	Organisation of social dialogue.	-	-	-			3	8
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. Environmental impacts and opportunities. Our team.	-	-	-	-		-	-





GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				

### Material topics

#### GRI 201: Economic Performance 2016

3-3 Management of material topics	3-3 Management of material topics	Strategy. Risk and opportunity management. Business conduct.	-	-	-	Not applicable. Standard sectoral GRI not available.	●	-	-
	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. Sustainability framework. Our team. Sustainable supply chain. Environmental management. Accessibility, affordability and inclusion. Security of persons and facilities. Social impact of products and services. Community engagement.	-	-	-	Not applicable. Standard sectoral GRI not available.	●	-	-
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GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
Material topics									
	203-2 Significant indirect economic impacts	Our team. Sustainable supply chain. Accessibility, affordability and inclusion. Security of persons and facilities. Social impact of products and services. Community engagement.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	1, 2, 6, 7, 8, 10	8, 9
GRI 204: Procurement Practices 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Value chain. Business conduct.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	204-1 Proportion of spending on local suppliers	Sustainable supply chain.	-	-	-		<div></div>	-	8
GRI 205: Anti-corruption 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Risk and opportunity management. Sustainability framework. Value chain. Business conduct.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	205-2 Communication and training about anti-corruption policies	Training for new strategic challenges.	-	-	-		<div></div>	10	16



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
Material topics									
GRI 301: Materials 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Risk and opportunity management. Sustainability framework. Environmental impacts and opportunities.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	301-1 Materials used by weight or volume	Environmental impacts and opportunities. Environmental indicators.	-	-	-		<div></div>	7, 8	12
GRI 302: Energy 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Strategy. Risk and opportunity management. Sustainability framework. Environmental impacts and opportunities.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	302-1 Energy consumption within the organization	Environmental impacts and opportunities. Environmental indicators.	-	-	-		<div></div>	7, 8	7, 11, 12, 13
	302-4 Reduction of energy consumption	Environmental impacts and opportunities.	-	-	-		<div></div>	7, 8, 9	7, 11, 12, 13



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				

### Material topics

#### GRI 303: Water and Effluents 2018

GRI 3: Material topics 2021	3-3 Management of material topics	Risk and opportunity management. Sustainability framework. Environmental impacts and opportunities.	-	-	-	Not applicable. Standard sectoral GRI not available.		-	-
	303-5 Water consumption	Environmental indicators.	-	-	-			7, 8	6, 12

#### GRI 304: Biodiversity 2016

GRI 3: Material topics 2021	3-3 Management of material topics	Risk and opportunity management. Sustainability framework. Environmental impacts and opportunities.	-	-	-	Not applicable. Standard sectoral GRI not available.		-	-
	304-3 Habitats protected or restored	Biodiversity and ecosystems.	-	-	-			7, 8	13, 15, 17



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar 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. Sustainability framework. Environmental impacts and opportunities.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	305-1 Direct (Scope 1) GHG emissions	Environmental indicators.	-	-	-		<div></div>	7, 8	3, 11, 12, 13
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental indicators.	-	-	-		<div></div>	7, 8	3, 11, 12, 13
	305-3 Other indirect (Scope 3) GHG emissions	Environmental indicators.	-	-	-		<div></div>	7, 8	3, 11, 12, 13



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
Material topics									
	305-5 Reduction of GHG emissions	Environmental impacts and opportunities.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	7, 8, 9	3, 11, 12, 13
	305-7 NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions	Environmental indicators.	-	-	-		<div></div>	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. Sustainability framework. Environmental impacts and opportunities.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	306-2 Management of significant waste-related impacts	Resource use and circular economy.	-	-	-		<div></div>	7, 8,	3, 11, 12
	306-3 Waste generated	Environmental indicators.	-	-	-		<div></div>	7, 8,	3, 11, 12





GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar 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. Sustainability framework. Environmental impacts and opportunities. Sustainable supply chain.	-	-	-	Not applicable. Standard sectoral GRI not available.	●	-	-
	308-1 New suppliers that were screened using environmental criteria	Sustainable supply chain.	-	-	-		●	7, 8,	3, 11, 12, 13
	308-2 Negative environmental impacts in the supply chain and actions taken	Environmental impacts and opportunities. Sustainable supply chain.	-	-	-		●	7, 8,	3, 11, 12, 13

#### GRI 401: Employment 2016

GRI 3: Material topics 2021	3-3 Management of material topics	Our team.	-	-	-	Not applicable. Standard sectoral GRI not available.	●	-	-
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GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
Material topics									
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our team. Labour indicators.	-	-	-	Not applicable. Standard sectoral GRI not available.		6	3, 5, 8, 10
	401-3 Parental leave	Labour indicators.	-	-	-			6	3, 5, 8, 10
GRI 402: Labor/Management Relations 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Our team.	-	-	-	Not applicable. Standard sectoral GRI not available.		-	-
	402-1 Minimum notice periods regarding operational changes	Organisation of social dialogue.	-	-	-			3	8
GRI 403: Occupational Health and Safety 2018									
GRI 3: Material topics 2021	3-3 Management of material topics	Risk and opportunity management. Our team.	-	-	-	Not applicable. Standard sectoral GRI not available.		-	-



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
Material topics									
	403-1 Occupational health and safety management system	Safe and healthy working environment.	-	-	-	Not applicable. Standard sectoral GRI not available.		-	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	Organisation of social dialogue.	-	-	-			3	3, 8
	403-5 Worker training on occupational health and safety	Training for new strategic challenges. Safe and healthy working environment.	-	-	-			-	3, 8
	403-6 Promotion of worker health	Safe and healthy working environment.	-	-	-			-	3, 8



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
Material topics									
	403-9 Work-related injuries	Labour indicators.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	3, 8
	403-10 Work-related ill health	Labour indicators.	-	-	-		<div></div>	-	3, 8
GRI 404: Training and Education 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Our team.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	404-1 Average hours of training per year per employee	Training for new strategic challenges. Labour indicators.	-	-	-		<div></div>	6	4, 5, 8
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent support and professional development.	-	-	-		<div></div>	-	8
GRI 405: Diversity and Equal Opportunity 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Our team.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	405-1 Diversity of governance bodies and employees	Our team. Labour indicators. Corporate bodies of Correos. Corporate bodies of the subsidiaries of the Correos Group.	-	-	-		<div></div>	6	5, 8, 10



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
Material topics									
	405-2 Ratio of basic salary and remuneration of women to men	Labour indicators.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	6	5, 8, 10
GRI 408: Child Labor 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Risk and opportunity management. Respect for human rights.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	408-1 Operations and suppliers at significant risk for incidents of child labour	Respect for human rights.	-	-	-		<div></div>	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.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Respect for human rights.	-	-	-		<div></div>	1, 2, 4	8, 16, 17
GRI 413: Local Communities 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Our team. Value chain. Customers and users.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-



GRI Standar / other source	Disclosure	Location	Omission			GRI Sector Standar Number	External verification	Global Compact Principle	Sustainable Development Goal
			Requirement (s) omitted	Reason	Explanation				
Material topics									
	413-1 Operations with local community engagement, impact assessments and development programs	Correos Group employment. Sustainable supply chain. Accessibility, affordability and inclusion. Social impact of products and services. Community engagement.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	11, 17
GRI 414: Supplier Social Assessment 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Risk and opportunity management. Sustainability framework. Sustainable supply chain.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	414-1 New suppliers that were screened using social criteria	Sustainable supply chain.	-	-	-		<div></div>	-	11, 17
GRI 418: Customer Privacy 2016									
GRI 3: Material topics 2021	3-3 Management of material topics	Risk and opportunity management. Customers and users.	-	-	-	Not applicable. Standard sectoral GRI not available.	<div></div>	-	-
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Security of persons and facilities. Cybersecurity. Protection of privacy	-	-	-		<div></div>	1, 2	-



# 04

Consolidated annual  
accounts of Correos Group





# Auditor's report

## 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 2023, 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 2023, 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.





### 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 1,509,749 thousand euros, corresponding to the sales of corporate clients and representing 71% of the 'Revenue' heading.
- ▶ Sales of cash receipts, amounting to 296,948 thousand euros, representing 14% of the 'Revenue' heading.
- ▶ Sales of the international unit, amounting to 78,451 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 2023 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 2023 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 2023 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 81,334 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 2023, 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 1,136,389 thousand euros. This section includes a provision for impairment amounting to 101,892 thousand euros.

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 2023.

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 48% of the Group's total assets as of 31 December 2023, 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 amortisation 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 2023 compensation for providing the universal postal service (hereinafter 'UPS') amounting to 247,301 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, 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 2011-2023.

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.

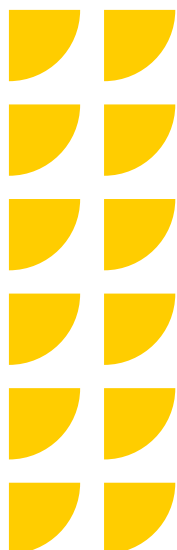
We have considered this area as the most relevant aspect of our audit and subject to material misstatement, in relation to the complexity of the compensation accrual principle and the lack of approval of the new Benefit Plan that includes a methodology for calculating compensations for services provided 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 2023 is 242,905 thousand euros, of which corresponds to 2023.
- ▶ 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 2011-2023 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.







### Paragraph of Emphasis

We draw attention to note 3.2 of the accompanying notes to the consolidated financial statements, which indicates that on 31 December 2023, the Group had negative working capital of 191,017 thousand euros (49,200 thousand euros positive in 2022) and had incurred losses of 120 million euros (217 million euros of negative result in 2022). These factors have led to a reduction in the Group's shareholder's equity to 514 million euros (633 million euros of positive shareholder's equity at the end of 2022), with share capital standing at 612 million and equity at 724 million euros (851 million euros in 2022). Furthermore, based on the initial estimation of future cash flows provided by Management, it is foreseeable that the Parent Company will experience an equity imbalance in 2025. The projections indicate the necessity for the measure implementations to achieve a rebalancing of assets and liabilities by the end of the year in question. Conversely, as elucidated in the note, the Parent Company is engaged in negotiations to procure new financing in the 2024 financial year, which it anticipates will yield positive outcomes. Additionally, it is indicated that the business strategy is undergoing a restructuring process, for

which a strategic plan has been formulated and is awaiting approval. The Parent Company's Administrators have prepared these consolidated Financial Statements on a going concern basis, considering the factors giving rise to doubt and all the factors mitigating such doubts, as set out in the note. This institution's position on this matter remains unchanged.

### Other information: Consolidated management report

The other information comprises exclusively the consolidated management report for 2023, 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 2023 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 García  
ROAC nº 22480

29 April 2024





# Consolidated Balance Sheet for 31 December 2023

(Expressed in thousands of euros)

ASSETS	Notes	Balance at 31/12/2023	Balance at 31/12/2022
<b>NON-CURRENT ASSETS</b>		<b>1,552,225</b>	<b>1,522,197</b>
<b>Intangible assets</b>	<b>6</b>	<b>88,932</b>	<b>75,455</b>
Consolidated goodwill	6.1	4,664	5,538
Computer software		83,879	68,680
Other intangible assets		389	1,237
<b>Property, plant and equipment</b>	<b>7</b>	<b>1,346,087</b>	<b>1,360,621</b>
Land and buildings		1,148,951	1,145,209
Technical installations and other fixed assets		190,505	185,508
Assets under construction and advances		6,631	29,904
<b>Investment property</b>	<b>8</b>	<b>15,661</b>	<b>20,471</b>
<b>Non-current investments in group companies and associates</b>		<b>4,247</b>	<b>4,639</b>
Investments in equity accounted companies	11.4	4,247	4,050
Loans to companies accounted for by the equity method	20	-	589
<b>Non-current financial investments</b>	<b>11</b>	<b>7,996</b>	<b>7,330</b>
Loans third parties		2,027	2,235
Other financial investments		5,969	5,095
<b>Deferred tax assets</b>	<b>18</b>	<b>89,302</b>	<b>53,681</b>
<b>CURRENT ASSETS</b>		<b>839,902</b>	<b>740,683</b>
<b>Non-current assets held for sale</b>	<b>9</b>	<b>1,501</b>	<b>3,192</b>
<b>Inventories</b>	<b>10</b>	<b>13,211</b>	<b>13,654</b>

Notes 1 to 25 of the attached consolidated report form an integral part of the consolidated financial statements of the Correos Group as of 31 December 2023.



<b>Trade and other receivables</b>	<b>11</b>	<b>534,776</b>	<b>603,924</b>
Clients for sales and provision of services		475,169	460,780
Clients, group companies and associates	20	9,294	10,075
Sundry debtors		22,542	54,389
Debtors, group companies and associates	20	22,075	72,665
Staff		5,454	5,330
Other receivables from public administration	18	242	685
<b>Current investments in group companies and associates</b>		<b>-</b>	<b>35</b>
<b>Current financial investments</b>	<b>11</b>	<b>1,156</b>	<b>1,136</b>
<b>Current accruals</b>		<b>7,298</b>	<b>7,268</b>
<b>Cash and cash equivalents</b>	<b>11, 12</b>	<b>281,960</b>	<b>111,474</b>
<b>TOTAL ASSETS</b>		<b>2,392,127</b>	<b>2,262,880</b>
<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>Balance at 31/12/2023</b>	<b>Balance at 31/12/2022</b>
<b>EQUITY</b>		<b>724,386</b>	<b>851,178</b>
<b>Shareholder's equity</b>	<b>13</b>	<b>513,648</b>	<b>632,985</b>
<b>Capital</b>		<b>611,521</b>	<b>611,521</b>
<b>Reserves</b>		<b>181,464</b>	<b>335,037</b>
Legal reserve		101,847	101,847
Statutory reserves		214,119	214,119
Voluntary reserves		16,198	179,110
Merger reserves		(135)	-
Reserves in consolidated companies		(152,366)	(161,656)
Reserves to companies accounted for by the equity method		1,801	1,617
<b>Prior periods' negative results</b>		<b>(158,956)</b>	<b>(96,376)</b>
<b>Result for the year attributable to Parent Company</b>		<b>(120,381)</b>	<b>(217,197)</b>

Continue &gt;



<b>Grants, donations and bequest received</b>	<b>14</b>	<b>210,318</b>	<b>217,836</b>
<b>External partners</b>	<b>13</b>	<b>420</b>	<b>357</b>
External partners		358	427
Result for external partners		62	(70)
<b>NON-CURRENT LIABILITIES</b>		<b>636,822</b>	<b>720,219</b>
<b>Non-current provisions</b>	<b>15</b>	<b>65,059</b>	<b>61,301</b>
<b>Non-current payables</b>	<b>11,16</b>	<b>476,255</b>	<b>560,780</b>
Debts with credit institutions		471,934	558,409
Finance lease creditors		808	-
Other financial liabilities		3,513	2,371
<b>Deferred tax</b>	<b>18</b>	<b>70,215</b>	<b>72,194</b>
<b>Non-current accruals</b>	<b>16</b>	<b>25,293</b>	<b>25,944</b>
<b>CURRENT LIABILITIES</b>		<b>1,030,919</b>	<b>691,483</b>
<b>Current provisions</b>	<b>15</b>	<b>16,275</b>	<b>34,336</b>
<b>Current payables</b>	<b>11,16</b>	<b>363,282</b>	<b>44,711</b>
Debts with credit institutions		329,968	6,541
Other financial liabilities		33,314	38,170
<b>Short-term debts with group companies and associates</b>	<b>11, 16, 20</b>	<b>939</b>	<b>1,595</b>
<b>Trade creditors and other accounts payable</b>	<b>11,16</b>	<b>645,046</b>	<b>605,756</b>
Suppliers		5,383	2,649
Sundry creditors		332,054	317,953
Staff		34,750	28,692
Other debts with public administration	18	79,523	59,324
Customers advances		193,336	197,138
<b>Current accruals</b>	<b>16</b>	<b>5,377</b>	<b>5,085</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,392,127</b>	<b>2,262,880</b>





# Consolidated Profit and Loss Account for 31 December 2023

(expressed in thousands of euros)

CONTINUED OPERATIONS	Notes	Financial year 2023	Financial year 2022
<b>Revenue</b>	<b>17-i)</b>	<b>2,113,044</b>	<b>1,962,378</b>
<b>Supplies</b>	<b>17-j)</b>	<b>(427,300)</b>	<b>(387,744)</b>
Merchandise used		(13,318)	(11,897)
Impairment of merchandise, raw materials and other supplies		(3,378)	(848)
Work carried out by other companies		(410,604)	(374,999)
<b>Other operating income</b>		<b>255,785</b>	<b>122,389</b>
Non-trading and other operating income		7,829	7,275
Compensation for provision of the UPS	17-k)	247,301	114,522
Operating grants included in the result of the financial year		655	592
<b>Staff costs</b>	<b>17-l)</b>	<b>(1,661,488)</b>	<b>(1,479,648)</b>
Salaries, wages and similar		(1,271,542)	(1,148,986)
Social Security contributions		(381,835)	(323,423)
Other expenses		(8,111)	(7,239)
<b>Other operating expenses</b>		<b>(386,166)</b>	<b>(429,098)</b>
External services	17-m)	(358,825)	(408,635)
Taxes	17-n)	(13,809)	(11,347)
Losses, impairment and change in trade provisions		(3,102)	(841)
Other expenses from ordinary activities		(10,430)	(8,275)
<b>Amortisation and depreciation</b>	<b>6,7,8</b>	<b>(77,671)</b>	<b>(71,992)</b>



<b>Non-financial and other capital subsidies</b>	<b>14</b>	<b>8,206</b>	<b>7,155</b>
<b>Impairment and loss/gain on disposal of fixed assets</b>	<b>17-o)</b>	<b>950</b>	<b>737</b>
Impairment and losses		253	82
Result from disposals and others		697	655
<b>Other results</b>		<b>321</b>	<b>(10,669)</b>
<b>OPERATING RESULT</b>		<b>(174,319)</b>	<b>(286,492)</b>
<b>Financial income</b>	<b>17-p)</b>	<b>285</b>	<b>318</b>
From negotiable securities and other financial instruments:			
From group companies		9	19
From third parties		276	299
<b>Financial expenses</b>	<b>17-p)</b>	<b>(9,496)</b>	<b>(644)</b>
Debts with third parties		(9,406)	(644)
Debts with group companies and associates		(90)	-
<b>Exchange-rate differences</b>		<b>7,087</b>	<b>7,215</b>
<b>FINANCIAL RESULT</b>		<b>(2,124)</b>	<b>6,889</b>
Share in income of companies accounted for by the equity method	11.4	197	184
<b>RESULT BEFORE TAX</b>		<b>(176,246)</b>	<b>(279,419)</b>
Income tax	18	55,927	62,152
<b>CONSOLIDATED RESULT FOR THE FINANCIAL YEAR</b>	<b>13</b>	<b>(120,319)</b>	<b>(217,267)</b>
<b>Result for the Parent Company</b>		<b>(120,381)</b>	<b>(217,197)</b>
<b>Result for external partners</b>		<b>62</b>	<b>(70)</b>



# Consolidated Cash Flows statement for 31 December 2023

(Expressed in thousands of euros)

OPERATING ACTIVITIES	Notes	Financial year 2023	Financial year 2022
<b>Result for the financial year before taxes</b>		<b>(176,246)</b>	<b>(279,419)</b>
<b>Adjustments to the result</b>			
Amortisation and depreciation	6,7,8	77,671	71,992
Valuation adjustments due to impairment	7,10,11	6,227	1,607
Change in provisions		5,713	16,410
Allocation of capital subsidies	14	(8,206)	(7,193)
Operating grants included in the result of the financial year		(671)	-
Result of removals and disposal of fixed assets		(697)	(655)
Financial income	17-p)	(285)	(318)
Financial expenses	17-p)	9,496	644
Exchange-rate differences		(7,087)	(7,215)
Other income and expenses		(4,759)	(1,585)
Share in income (losses) of companies accounted for by the equity method of dividends	11.4	(197)	(184)
<b>Changes in current capital</b>			
Inventories		(2,793)	1,626
Trade debtors and other accounts receivables		9,213	(18,823)
Other current assets		336	(295)
Creditors and other accounts payables		39,426	59,094
Other current liabilities		11,884	27,789



Other non-current assets and liabilities (+/-)	(468)	15,378
<b>Other cash flows from operating activities</b>		
Interest payments	(6,359)	-
Interest received	191	244
Income tax received	69,816	31,211
Other payments	(18,816)	-
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,388</b>	<b>(89,692)</b>

INVESTMENT ACTIVITIES	Notes	Financial year 2023	Financial year 2022
<b>Payments for investments</b>			
Intangible assets		(41,821)	(29,897)
Property, plant and equipment		(46,165)	(42,220)
Other financial assets		-	(1,653)
Non-current assets held for sale		(953)	(350)
<b>Proceeds from disposal</b>			
Group companies and associates		589	-
Property, plant and equipment		774	4,644
Non-current assets held for sale		8,776	2,267
Other financial assets		-	-
<b>TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(78,800)</b>	<b>(67,209)</b>



FINANCING ACTIVITIES	Notes	Financial year 2023	Financial year 2022
<b>Proceeds from and payment for equity instruments</b>			
Grants, donations and legacies bequests received		748	150
<b>Proceeds from and payment for financial liability</b>			
Issue			
Debts with credit institutions (+)		240,229	231,754
Reimbursement and amortisation			
Debts with credit institutions (+)		(2,025)	(112,075)
Other debts		(142)	-
<b>TOTAL CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>238,811</b>	<b>119,829</b>
<b>D) EFFECT OF EXCHANGE RATE FLUCTUATIONS</b>		<b>7,087</b>	<b>7,215</b>
<b>NET VARIATION IN CASH OR EQUIVALENTS</b>		<b>170,486</b>	<b>(29,857)</b>
<b>Cash and cash equivalents at the start of the financial year</b>	<b>12</b>	<b>111,474</b>	<b>141,331</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>12</b>	<b>281,960</b>	<b>111,474</b>



# Consolidated Statement of Recognised Income and Expenses for financial year ended 31 December 2023

(Expressed in thousands of euros)

## A) Consolidated statement of recognised income and expenses for the financial year ended 31 December 2023:

	Notes	Financial year 2023	Financial year 2022
<b>Consolidated result for the financial year</b>		<b>(120,319)</b>	<b>(217,267)</b>
<b>Income and expenses directly attributed to consolidated equity:</b>			
Grants, donations and bequests received		76	188
Business combination effect		(1,732)	-
Tax effect		293	(35)
		<b>(1,363)</b>	<b>153</b>
<b>Transfers to consolidated profit and loss account:</b>	<b>14</b>		
Grants, donations and bequests received:			
- due to amortisation		(5,425)	(5,513)
- due to adjustments for impairment		(1,751)	-
- due to disposals		(1,010)	(1,593)
- Other		(20)	(49)
Tax effect		2,051	1,909
		<b>(6,155)</b>	<b>(5,247)</b>
<b>TOTAL RECOGNISED CONSOLIDATED INCOME AND EXPENSES</b>		<b>(127,837)</b>	<b>(222,360)</b>
<b>Total income and expenses for the Parent Company</b>		<b>(127,899)</b>	<b>(222,290)</b>
<b>Total income and expenses for external partners</b>		<b>62</b>	<b>(70)</b>





# Consolidated statement of changes in equity for financial year ended 31 December 2023

(Expressed in thousands of euros)

## B) Consolidated statement of changes in equity for financial year ended 31 December 2023:

	Reserves held by the Parent Company										
	Capital	Legal reserve	Voluntary, statutory reserves	Merger 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 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
Total recognised consolidated income and expenses	-	-	-	-	-	-	-	(120,381)	(7,519)	63	(127,837)
Other variations in consolidated equity	-	-	(162,912)	-	8,225	184	(62,580)	217,197	-	-	114
Business combination (Note 21)	-	-	-	(135)	1,065	-	-	-	-	-	930
BALANCE END OF 2023 FINANCIAL YEAR	611,521	101,847	230,317	(135)	(152,366)	1,801	(158,956)	(120,381)	210,318	420	724,386



# Consolidated report for financial year 2023

(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 Section 6.1.a) of the Recast Text of the *Ley General Presupuestaria* [General Budgetary Act], 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* [Act 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 Section 58 section one of *Ley 14/2000, de 29 de diciembre, de Medidas Fiscales, Administrativas y del Orden Social* [Act 14/2000, of 29 December, on Tax, Administrative and Social Order Measures]. The State Company is subject to the *Ley*

*de Sociedades de Capital* [Corporate Enterprises Act], and other applicable legislation and provisions and its articles of association.

On 1 February 2017, the Sole Shareholder, with the agreement of the Board of Directors of the Parent 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 Section 11 of *Ley 40/2015, de 1 de octubre, de Régimen Jurídico del Sector Público* [Act 40/2015, of 1 October, on the Legal Regime of the Public Sector. According to the provisions, the name of the Parent Company is amended and hereinafter shall be named *Sociedad Estatal Correos y Telégrafos, S.A., S.M.E.* (Sociedad Unipersonal). The decision of the Sole Shareholder was executed by public deed by the Parent Company on 1 February 2017, and is registered with the Business Registry on 20 February 2017.

In accordance with the second and third paragraphs of Section 58 of the aforementioned Act 14/2000, the commencement of the activities of the State 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 State Company of 29 June 2001 was registered in the Business Registry, which took place on 3 July 2001. The State 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* [Act 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* [Act 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 Section 58 of Act 14/2000, the State 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 Act 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 State 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 State Company decides to exploit these properties.

Pursuant to section seven of Section 58 of the aforementioned Act 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 State 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 State Company is regulated by *Real Decreto 370/2004, de 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. (Sociedad Unipersonal).

In addition, and in accordance with paragraph seventeen of Section 58 of the aforementioned Act 14/2000, the personnel hired by the Parent Company as from the date of commencement of its activities will be hired under ordinary labour Act.

Part of the services provided by the Parent Company are within the scope of the universal postal service and are regulated by Act 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 universal postal service Provision Plan and the contract regulating the provision of the universal postal service. This Act 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* [Act 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* [Act 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 *Comité de Regulación Ferroviaria* [Railway Regulation Committee], the *Comisión Nacional del Sector Postal Nacional* [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 Act 3/2013 of 5 June, the CNMC supervises and controls the correct functioning of the postal market, highlighting the following functions:

- ▶ To ensure that the universal postal service is guaranteed, in compliance with postal regulations and free competition in the sector.

- ▶ To 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 Act 43/2010 of 30 December.
- ▶ To manage the universal postal service financing fund and the public benefits affected by its financing, in accordance with Act 43/2010 of 30 December 2010.
- ▶ To supervise and control the application of current regulations on network access and other postal infrastructures and services, in accordance with Act 43/2010 of 30 December.
- ▶ To monitor and measure the conditions for the provision of the universal postal service, in accordance with Act 43/2010 of 30 December 2010.
- ▶ To issue the report provided for in Act 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, Act 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 Act 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.

Section 26 of Act 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 thereof. In accordance with Act 43/2010 the postal operator shall submit the net cost calculation for each financial year for validation.

Similarly, Act 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. Act 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 Act 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 Act 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 Act, until the Universal Postal Service Provision Plan and its regulatory contract are approved. This Performance Plan 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 Provision Plan 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 Act 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 Section 45 of Act 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 Section 45.3 of Act 43/2010.

Finally, the third final provision of the Act, additional services, and services complementary to the postal services, establishes that the postal 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 Act.

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* [Act 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 Parent Company, whose registered office is at Calle Conde Peñalver no. 19, Madrid, has the corporate purpose set out in Article 2 of its articles of association, including the following activities:

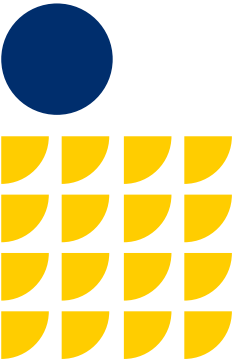
- ▶ The management and operation of any postal services.
- ▶ The provision of financial services related to postal services, money remittance and money transfer services.
- ▶ The reception of requests, written submissions, and communications that

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.

- ▶ Provision of hybrid mail services, whereby documents sent telematically or electronically to CORREOS by the sender of the document are printed, enveloped, distributed, and delivered to the addressee.





The State Company has been part of the SEPI Group since June 2012, being the public Act 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 Section 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 State Company is a sole-shareholder company. In accordance with the provisions of Section 136 paragraphs 2 and 3 of Act 47/2003, of 26 November, of the General Budgetary Act, 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.

The State Company is the head of the Correos Group. The individual and consolidated financial statements of the State Company for the year ended 31 December 2022 were prepared by the Board of Directors of Correos on 28 February 2023 and approved by the Sole Shareholder of the Parent Company on 31 May 2023. The financial statements are deposited with the Business Registry of Madrid.

In 2023, GDP has increased by 2.5% in 2023, according to the Group's projections. However, there are still uncertainties generated by the war situation in the Middle East and Ukraine, as well as the possibility of supply shortages due to the Red Sea crisis. Estimated annual inflation in December 2023 was 3.1%. Throughout 2023 inflation has been on a downward trend since peaking in February at 6% growth. This decline is due to stable food prices and lower electricity and fuel prices.

In the Parent Company, following the stabilisation of demand due to the end of the pandemic, the recovery of the parcel business in 2023 is accentuated.

In the subsidiary Correos Express, the uncertainties caused by the pandemic, the conflict in Ukraine, with the consequent increase in fossil fuel prices, as well as the approval of *Real Decreto Ley 03/2022* [Royal Decree Act 03/2022] and *Real Decreto Ley 06/2022* [Royal Decree Act 06/2022], led to an increase in the Company's distribution and hauling costs in 2022. In addition, trends such as the digitisation of production consumption and, above all, of personal and commercial communications have continued to accelerate, shortening the timescales for widespread implementation.





## 2. Structure of the Correos Group

The subsidiaries comprising the Correos Group (hereinafter the Group) and included in the scope of consolidation as of 31 December 2023 are as follows:

Name of the company	Principal activity	Registered address	Integration method
<b>Correos Telecom, S.A., S.M.E.; S.U</b>	Management of the network of Telecommunications of the Parent Company	c/ Conde de Peñalver, 19 (Madrid)	Global
<b>Correos Express P.U., S.A., S.M.E; S.U.</b>	Transportation services of documents and small parcels	Avenida de Europa, 8 Coslada (Madrid)	Global
<b>CEP - Assessoria Ibérica de Logística e Transporte, S.A.</b>	Logistics consulting services	Rua de Santo Ovidio nº21, 4425-379 Folgosa	Global
<b>CEP II – Correos Express Portugal, S.A.</b>	Freight transport services in the national and international market	Rua da Serra nº654, Moreira Maia	Global
<b>K Parcel Company Limited</b>	Transportation services parcels	16/F., Kerry Cargo Centre 55 Wing Kei Road Kwai Chung, New Territories HONG KONG	Equity method
<b>KCG ecommerce solutions Company Limited</b>	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 2023 and 2022 financial years:**

At 31 December 2022, the Parent Company held a 100% of shares in the subsidiary Nexea Gestión Documental S.A. (hereinafter Nexea).

In view of the difficult economic and financial situation of Nexea in 2022, the Directors considered that a business combination in which Nexea would be absorbed in its entirety by its sole shareholder, Correos, would improve liquidity, solvency and obtain competitive advantages by transforming the absorbed company into a business unit within the parent company, thus guaranteeing the viability and profitability of Nexea's core business.

On 19 May 2023, the merger was approved by the Boards of Directors of both companies.

On 3 July 2023, the merger agreement adopted by the Boards of Directors of Nexea (absorbed company), Correos (absorbing company), SEPI and authorised by the Council of Ministers was executed in a public deed. This resolution agreed the

merger by absorption by Correos of the company Nexea, transferring all its assets and liabilities to the absorbing company en masse, acquiring by universal succession the rights and obligations of the same and with accounting effect from 1 January 2023, as it is a merger between related companies, covered by section 31.7 'LME' and the General Accounting Plan.

All assets and liabilities have been integrated into the acquiring company at their book values in the consolidated annual accounts.

Registration with the Business Registry was made on 3 July 2023.

As a result of the integration, negative merger reserves of 135 thousand euro have been generated in the Parent Company.

There were no changes in the scope of consolidation in the financial year 2022.

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, which has been collected ahead of schedule in 2023. These two companies are accounted for by the equity method within the consolidated group of the 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.

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 the 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 Section 111 of Act 40/2015, of 1 October, on the Legal Regime of the Public Sector. Accordingly, the corporate name of all the companies in the 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)

Correos Express Paquetería Urgente, S.A., S.M.E (Sole-Shareholder Company)

The decision of the Sole Shareholder was recorded on a public deed by each company and is recorded in the Business Registry for all Group companies.

The breakdown as of 31 December 2023 and 2022 of the equity of subsidiaries included in the consolidation of the Correos Group, before consolidation and/or homogenisation adjustments, is as follows:



Financial year 2023	Correos Express P.U., S.A., S.M.E.; S.U	Correos Telecom S.A., S.M.E., S.U.	CEP y CEP II (*)
<b>Net book value of the investment</b>	<b>182,342</b>	<b>1,503</b>	<b>11,050</b>
Direct shareholding (%)	100%	100%	51%
Share capital	66	1,503	750
Share premium	6,415	-	3,115
Legal reserve	1,231	301	164
Other reserves	45,152	12,890	886
Results of previous financial years	(9,394)	-	(3,383)
Result for the financial year Parent Company	17,290	3,310	2,325
Other equity instruments (**)	-	-	4,600
Grants	-	54	-
External partners (Result for the financial year)	-	-	62
<b>Total equity</b>	<b>60,760</b>	<b>18,058</b>	<b>8,519</b>
<b>Operating result</b>	<b>5,681</b>	<b>4,591</b>	<b>1,716</b>

(\*) 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 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 y CEP II (*)
<b>Net book value of the investment</b>	<b>182,342</b>	<b>1,503</b>	<b>-</b>	<b>11,050</b>
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
<b>Total equity</b>	<b>43,470</b>	<b>14,748</b>	<b>(11,491)</b>	<b>6,132</b>
<b>Operating result</b>	<b>337</b>	<b>3,856</b>	<b>(4,697)</b>	<b>1,463</b>

(\*) 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 Royal Decree 1514/2007, the amendments incorporated therein by *Real Decreto* [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 2023. 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.

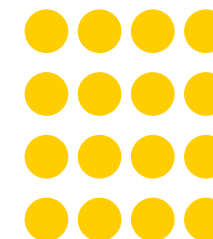
- ▶ In those cases where the subsidiaries have followed accounting and valuation criteria that are significantly different from those of the Parent Company, the corresponding adjustments have been made in order to present the Group's consolidated financial statements on homogeneous basis.
- ▶ The different 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 2023 are included under 'Reserves in consolidated companies' in the consolidated balance sheet.

In relation to the impairment of assets recognised under the heading 'Property, plant and equipment', since 2009 the Parent Company has applied the provisions of *Orden EHA/733/2010 de 25 de Marzo* [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 the Correos Group, they have been prepared in accordance with the legal provisions in force as of 31 December 2023 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 flow statement. The consolidated cash flow 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 Renmimbi (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 result of 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

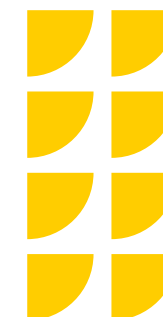
- ▶ The cash flows are converted at the exchange rate on the date of the transaction or using a weighted exchange rate of the monthly period provided there have not been significant variations.

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 - the Correos Group as lessee

The 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 - the Correos Group as lessor

The 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 as finally settled until the declarations filed have been duly audited by tax authorities or the statute of limitations has expired. In the opinion of the Parent Company's directors, as of 31 December 2023 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

The Correos Group acknowledges risk provisions pursuant to the accounting policy set forth in Note (5-k) of this consolidated report 'Provisions and contingent liabilities'. The 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, is a present obligation resulting from past events, whether legal or legitimate, and the sum can be reliably estimated.

#### > Impairment of non-financial assets

The 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, considering, 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, that is the assumption that the activity of the 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:

At 31 December 2023, the Group had negative working capital of Euros 191,017 thousand euros (49,200 thousand euros of positive results in 2022), also incurred losses of 120 million euros (217 million euros of negative result in 2022), which led the Group to reduce its equity to 514 million euros (633 million euros of positive equity at the end of 2022), with capital of 612 million euros and net equity of 724 million euros (851 million euros in 2022).

The negative working capital situation is mainly due to the one-off repayment in April 2024 of a loan of 325 million euros held by the Parent Company. In addition, the Parent's management estimates that additional financing of approximately 220 million euros will be required by 2024.

In relation to the capacity to obtain financing and liquidity, the Parent Company obtained five new credit policies during 2023, with the following characteristics (see note 16):

Company	Contract date	Due date	Interest rate	Credit facility limits (euros)	Amount drawn at 31.12.2023 (euros)
Caixabank	30/03/2023	30/03/2026	Eur. 3 month + 0.480%	139,597,000	139,448,330
Ibercaja	30/03/2023	30/03/2026	Eur. 3 month + 0.370%	10,000,000	9,875,000
Caixabank	16/11/2023	16/11/2026	Eur. 3 month + 0.550%	10,585,000	10,579,504
Kutxabank	16/11/2023	16/11/2026	Eur. 3 month + 0.400%	30,000,000	30,000,000
Cajamar	16/11/2023	16/11/2026	Eur. 3 month + 0.100%	50,000,000	50,000,000
				<b>Total amount drawn</b>	<b>239,902,834</b>



Therefore, in 2023 the liquidity risk has been mitigated and the Parent Company's ability to obtain funding has been demonstrated. In this regard, in 2024, negotiations are underway with various financial institutions to obtain financing of 325 million euros to repay the principal of the current loan, which matures in April 2024. Binding offers are expected to be obtained in the first days of March 2024, with new financing maturing in 2028-2029. It is considered relevant to affirm that the financing obtained did not require any additional guarantees beyond the equity of the Parent Company.

Based on the foregoing, the Directors of the Parent Company, in agreement with the Management, understand that in view of the additional financing that may be required for the financial year 2024, as detailed above, the necessary steps will be taken to obtain it, on the understanding that there are no problems in the market to obtain such financing, as has been made clear.

On the other hand, 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 the expected post-pandemic economic recovery starting in 2022, the invasion of Ukraine and its effects dramatically altered these forecasts. In 2023, after the stabilisation of demand due to the end of the pandemic, the recovery of the parcels business is accentuated, but not enough to neutralise the decline of the postal business.

In relation to the future situation of the Parent Company's assets, in accordance with section 13.1 of Act 3/2020, of 18 September (as amended by section 65 of Royal Decree-Law 20/2022, of 27 December, which establishes the exclusion of the losses for the financial years 2020 and 2021 on the determination of the net equity for the calculation of grounds for winding-up, when net equity is less than a half share capital), is not expected an equity imbalance at 31 December 2024.

If the exclusion of losses for the years 2020 and 2021 had not been extended on the basis of the estimated budget for 2024, there would not be an equity imbalance at 31 December 2024 either.

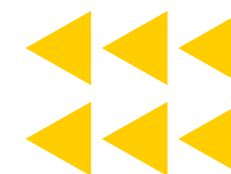
For the initial estimate of future cash flows for 2024 and subsequent years, management has assumed a scenario in which:

- ▶ the amount for the year 2024 has been increased, which is expected to be approximately 125 million euros, 110 million euros, with the amount received annually as UPS compensation until 2022,
- ▶ the exemption of losses for 2020 and 2021 introduced by Section 13.1 of Act 3/2020 of 18 September (in its current wording as amended by Section 65 of Royal Decree-Law 20/2022 of 27 December), which is currently valid until 31 December 2024 after the latest extension, is not extended.

Based on the aforementioned assumptions, it is foreseeable that the Parent Company will be in financial imbalance during the financial year 2025. Therefore, in the financial projections for the year 2024 by the Parent's management, it has already been made clear that it is necessary to implement measures to

achieve the aforementioned rebalancing of equity in the aforementioned year.

The management of Correos, aware of the economic situation described above, is restructuring its strategy and with the help of an independent expert has drawn up a strategic plan 2024-2027, as established in the previous year. This business plan formulates a strategy with a 2027 horizon that is articulated in both the public and private areas. The generation of positive EBITDA impacts is progressive and a break even scenario is expected by 2026. The development of the proposed strategy aims to consolidate a positive EBITDA in the financial year 2026-2027.





The new measures present actions in all the Parent Company's business lines, seeking to consolidate Correos both in its position as a benchmark company in the public sector and to reinforce and boost its position as one of the main parcel delivery operators, redefining its value proposition to the market and defining new businesses. This strategic proposal seeks to transform Correos into a more efficient and competitive organisation that takes advantage of its operational synergies, in order to position it in the profitable environment in which its European peers are currently positioned.

At the date of preparation of these consolidated annual accounts, the 2024-2027 strategic plan has not been approved and is currently under review, although it is expected to be approved during the year 2024, both by the Company and by its sole shareholder.

Should it be necessary to carry out additional measures in subsequent years, the Parent's management will analyse the status of the 2024-2027 strategic plan and the actual situation at that time, and will assess the various possible alternatives in order to re-establish the equity balance.

In relation to the universal postal service, Act 43/2010, of 30 December, entrusted the Parent Company with the provision of the universal postal service for a period of 15 years, from 1 January 2011, that is until 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. At the date of preparation of these Consolidated Financial Statements, no communication has been received regarding the continuity or otherwise of the provision of the UPS. Despite this, the Parent Company considers that there is a high probability that Correos will again be the designated operator for the provision of universal postal service, as envisaged in the 2024-2027 Strategic Plan.

During the period 2021-2023 there was a growing disparity between the unfair financial burden for each year estimated by Correos and the amount of the advances on account for these years set in the State Budget. In order to mitigate this disparity, an additional interim income of 132.9 million euros was received in December 2023 (see note 17k).

All these factors, positive Net Equity, the non-existence of problems in obtaining new financing, and the foreseeable approval of the strategic plan, ensure compliance with the going concern principle, which is why, in agreement with the Parent Company's Management, the Directors of the Parent Company have prepared these Consolidated Annual Accounts on a going concern basis.

**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.

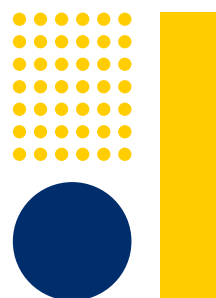




## 4. Application of the results of the Parent Company

The proposed appropriation of profit for the year 2023 formulated by the Directors of the Parent Company and pending the approval of its Sole Shareholder, as well as the approved distribution for the financial year 2022 is as follows:

Entity	Financial year 2023	Financial year 2022
<b>Result for the financial year</b>	<b>(140,369)</b>	<b>(198,114)</b>
<b>Distribution base:</b>		
Legal reserve	-	-
Voluntary reserves	-	(135,534)
Prior periods' negative results	(140,369)	(62,580)
<b>Total</b>	<b>(140,369)</b>	<b>(198,114)</b>



On 31 May 2023, the Parent Company's sole shareholder approved the Parent Company's annual accounts, which approved the appropriation of profit for the year 2022.

The losses for the year 2022 amounting to 198,114 thousand euros were offset against all voluntary reserves amounting to 135,534 thousand euros, and the

remainder was applied to 'Negative results of previous years'.

### Limits for the distribution of results and dividends

According to Section 274 of the Corporate Enterprises 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 Sec. 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 the 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 the 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 2023 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 the 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 partners. The agreements executed between the Correos 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 shares, 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 external partners 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 asset

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 2023, 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 2023 and 2022 (years)
<b>Buildings</b>	10 to 75
<b>Technical installations</b>	4 to 18
<b>Machinery</b>	10 to 18
<b>Other installations</b>	10
<b>Furniture</b>	15
<b>IT equipment</b>	4 to 7
<b>Transportation elements</b>	7 to 12



Likewise, in the event of indications of impairment, the 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 the 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 investment property we use the straight-line method based on the useful life years estimated for them, which amounts to 50-75 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 Grupo 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.

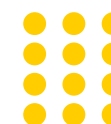
#### *Correos Group as lessee*

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 flow 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 the 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 the 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 Group 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, the Correos Group 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:
  - i.** 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.

**ii.** The sale of the asset must be actively negotiated at a price appropriate to its current fair value.

**iii.** 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.

**iv.** 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 the 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**

The 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 trading 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 priced 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 income statement 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 measure 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 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.

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 revenues

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 deliver on the right of all citizens to postal communications, in a market that was fully liberalised on 1 January 2011, in accordance with Act 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* [Act 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* [Act 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 revenue may be reliably assessed.
- ▶ It is probable that the Parent Company 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 Act 16/1987 of 30 July 1987 on the Regulation of Land Transport and Act 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) 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 revenue 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 inventories.

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 consider, 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 Act 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 Section 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 2023 and 2022, 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 the Correos Group, in which case the tax is also recognised under this heading.

In 2011, the 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 the 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 the 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

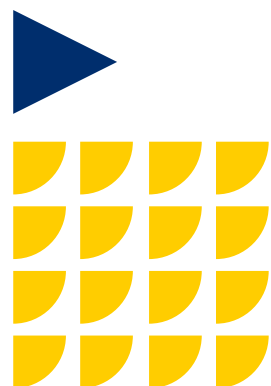
provisions of Sec. 58 of *Ley 27/2014, del Impuesto de Sociedades* [Act 27/2014 on Corporate Income Tax].

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 the 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 the 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 the 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 the 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.

In 2023, the Parent Company generated a negative corporate income tax base, which has been recognised in the balance sheet as a deferred tax asset in an amount equal to the result of multiplying the general corporate income tax rate of 25% by 50% of the negative tax base, which will be reduced by tenths in the first ten tax periods beginning on or after 1 January 2024, in accordance with the provisions

of Additional Provision 19 of Corporate Income Tax Act 27/2014.

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.

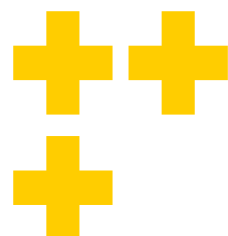
It is deemed to be non-refundable when there is an individual agreement to grant the subsidy, donation, or bequest in favour

of the Parent 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 Act 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 Universal Postal Service Provision Plan

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 Section 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, Correos accounted for €60 million in consideration for the provision of UPS, 60 million, i.e. the full amount received from the Ministry of Transport and Sustainable Mobility through programme 491N SPU in the 2020 State Budget, once the requirements for non-refundable status had been met.

The Resolution of 15 June 2021, of the General Technical Secretariat, publishing the Agreement of the Council of Ministers of 1 June 2021, approving the Universal Postal Service provision plan. Said provision 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 not 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 Sec. 22.3 paragraph 1 of the LSPU, the Universal Postal Service Provision Plan 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 Provision Plan, 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.

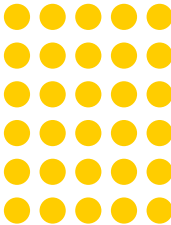
During the period 2021-2023, there is a growing disparity between the unfair financial burden for each year estimated by the Parent Company and the amount of the advances on account for these

years set in the General State Budget. This disparity was mitigated in December 2023 with an additional payment on account of 132.9 million euros.

Based on this methodology for the financial year 2023, 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 2023.

With the approval of the Universal Postal Service Provision Plan, 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 amounts appropriated on account in the LPGE [Law of General State Budget] within the budgets of the Ministry of Transport and Sustainable Mobility through programme 491N SPU are recognised in the consolidated profit and loss account for the year as an operating subsidy.





► 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 revenue figure recorded for the provision of the Universal Postal Service. This sum is identical to that calculated as accrued expense as of 31 December for the Postal Contribution to be paid by the designated operator, in accordance with the provision of Section 31 of Act 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 considered.

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<sup>a</sup> 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 Act 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 2023 financial year, the Parent Company recorded compensation for the provision of the Universal Postal Service (Note 17.k):

► 242,905 thousand euros originating in the amounts appropriated on account in the LPGE within the budgets of the Ministry of Transport and Sustainable Mobility through programme 491N Universal Postal Service once the necessary requirements for their consideration as non-refundable have been met.





- ▶ 4,248 thousand euros, to be transferred in 2024 from the UPS financing fund, originating from the designated operator's postal contribution for the year 2023.
- ▶ 148 thousand euros, transferred in 2023 from the UPS financing fund, originating from the postal contribution of the other operators.

On the other hand, the amount of 4,182 thousand euros of the Postal Contribution, which is determined by applying the rate in force each year, currently 0.5%, of the taxable base corresponding to the revenue recorded for the provision of the universal postal service, has been recorded under the heading 'Other operating costs' in the consolidated income statement.

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:

- ▶ The payment of the amount relating to the financial year 2022, in the amount of 4,368 thousand euros corresponding to the Postal Contribution which is accrued on 31 December of each financial year.
- ▶ The collection received by transfer from the UPS Financing Fund amounted to 4,475 thousand euros. The difference corresponds to the contribution of the rest of the companies to the aforementioned Fund.

### **(r) Transactions with related parties**

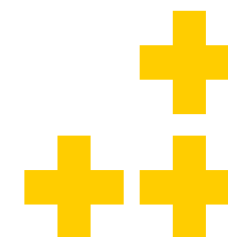
Transactions with related parties are recognised in accordance with the measurement criteria detailed above.

### **(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.

Section 2 of *Ley 23/2005, de 18 de noviembre, de reformas en materia tributaria para el impulso a la productividad* [Act 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.





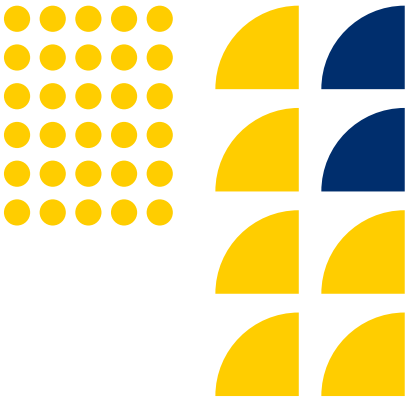
Section 22.2 of Act 43/2010 of 30 December 2010 on the Universal Postal Service, users' rights and the postal market establishes, with effect from 1 January 2011, that the operator designated by the State to provide the Universal Postal Service will be exempt from the taxes levied on its activity related 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 flow statement**

The consolidated cash flows 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 other equivalent liquid assets.
- ▶ 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 2023 and 2022 were the following:

Financial year 2023	Balance at 01/01/2023	Additions	Disposals	Transfers	Balance at 31/12/2023
<b>Cost</b>					
Development	366	-	-	-	366
Patents, licences and similar	592	-	-	-	592
Computer software	290,091	39,852	(3,554)	(721)	325,669
Other intangible assets	4,675	-	-	-	4,675
<b>Total cost</b>	<b>295,724</b>	<b>39,852</b>	<b>(3,554)</b>	<b>(721)</b>	<b>331,302</b>
<b>Accumulated amortisation</b>					
Development	(366)	-	-	-	(366)
Patents, licences and similar	(592)	-	-	-	(592)
Computer software	(221,411)	(24,035)	3,542	115	(241,789)
Other intangible assets	(3,438)	(848)	-	-	(4,286)
<b>Total accumulated amortisation</b>	<b>(225,807)</b>	<b>(24,883)</b>	<b>3,542</b>	<b>115</b>	<b>(247,033)</b>
<b>Net value</b>	<b>69,917</b>				<b>84,268</b>



Financial year 2022	Balance at 01/01/2022	Additions by combination	Additions	Disposals	Transfers	Balance at 31/12/2022
<b>Cost</b>						
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
<b>Total cost</b>	<b>272,757</b>	<b>7,975</b>	<b>32,981</b>	<b>(10,014)</b>	<b>0</b>	<b>295,724</b>
<b>Accumulated amortisation</b>						
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)
<b>Total accumulated amortisation</b>	<b>(215,942)</b>	<b>7,975</b>	<b>(19,879)</b>	<b>10,014</b>	<b>-</b>	<b>(225,807)</b>
Adjustments for impairment	-	-	-	-	-	-
<b>Net value</b>	<b>56,816</b>					<b>69,917</b>



The heading 'Computer software' records the amounts paid by the 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 related to the acquisition of user licences and new software, and the evolutionary improvement of others, amounting to approximately 34,051 thousand euros (with the investment recorded during the year 2022 amounting to 29,528 thousand euros).

The cost of fully amortised items forming part of the intangible assets of the Correos Group at 31 December 2023 amounts to 188,211 thousand euros (180,559 thousand euros in 2022).

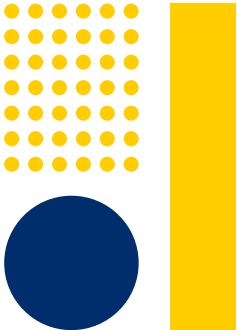
At 31 December 2023, the Parent Company has commitments for the acquisition of computer applications and evolutionary improvements to computer systems amounting to 78,584 thousand euros (27,379 thousand euros in 2022) and, at the same date, there were no firm sale commitments for any intangible asset owned by the Correos Group.

## 6.1. Consolidation goodwill

The balances and variations of the 'Consolidation Goodwill' account are:

	2023	2022
<b>Gross opening balance</b>	<b>8,744</b>	<b>8,744</b>
	<b>8,744</b>	<b>8,744</b>
<b>Accumulated depreciation, opening balance</b>	<b>(3,206)</b>	<b>(2,332)</b>
Entries	(874)	(874)
	<b>(4,080)</b>	<b>(3,206)</b>
<b>Net closing balance</b>	<b>4,664</b>	<b>5,538</b>





The 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 2023, the Correos Group, considering 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.

The Correos Group tests goodwill and intangible assets acquired in the business combination for impairment on an annual basis. For the year 2022, 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, the 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 5 years, in line with the evolution of the markets in which it operates. The discount rate used, 11.50% (12.10% at 31 December 2022), 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% (1.6% as of 31 December 2022) has also been used.

A comparison of the recoverable sum calculated using the discounted future cash flow 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 2023 and 2022 were the following:

Financial year 2023	Balance at 01/01/2023	Registrations and provisions	Disposals	Transfers	Balance at 31/12/2023
<b>Cost</b>					
Land	373,500	-	(307)	663	373,856
Buildings	1,501,917	12,427	(4,060)	14,259	1,524,543
Technical installations and other fixed assets	713,941	21,828	(71,935)	13,737	677,571
Assets under construction and advances	29,904	653	-	(23,926)	6,631
<b>Total cost</b>	<b>2,619,262</b>	<b>34,908</b>	<b>(76,302)</b>	<b>4,733</b>	<b>2,582,601</b>
<b>Accumulated amortisation</b>					
Buildings	(620,165)	(22,174)	3,000	(475)	(639,814)
Technical installations and other fixed assets	(526,483)	(29,266)	70,842	(211)	(485,118)
<b>Total accumulated amortisation</b>	<b>(1,146,648)</b>	<b>(51,440)</b>	<b>73,842</b>	<b>(686)</b>	<b>(1,124,932)</b>
<b>Adjustments for impairment</b>					
Land and buildings	(110,043)	(669)	886	192	(109,634)
Technical installations and other fixed assets	(1,950)	-	2	-	(1,948)
<b>Total adjustments for impairment</b>	<b>(111,993)</b>	<b>(669)</b>	<b>888</b>	<b>192</b>	<b>(111,582)</b>
<b>Net value</b>	<b>1,360,621</b>				<b>1,346,087</b>





Financial year 2022	Balance at 01/01/2022	Registrations and provisions	Disposals	Transfers	Others	Balance at 31/12/2022
<b>Cost</b>						
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)	(1,283)	29,904
<b>Total cost</b>	<b>2,626,037</b>	<b>36,715</b>	<b>(27,372)</b>	<b>(16,118)</b>	<b>(1,283)</b>	<b>2,619,262</b>
<b>Accumulated amortisation</b>						
Buildings	(611,350)	(21,271)	5,361	7,095	2,116	(620,165)
Technical installations and other fixed assets	(510,206)	(29,660)	13,481	(98)	(2,118)	(526,483)
<b>Total accumulated amortisation</b>	<b>(1,121,556)</b>	<b>(50,931)</b>	<b>18,842</b>	<b>6,997</b>	<b>(2)</b>	<b>(1,146,648)</b>
<b>Adjustments for impairment</b>						
Land and buildings	(113,917)	(2,079)	4,457	1,496	2	(110,043)
Technical installations and other fixed assets	(1,691)	(259)	-	-	-	(1,950)
Assets under construction and advances						
<b>Total adjustments for impairment</b>	<b>(115,608)</b>	<b>(2,338)</b>	<b>4,457</b>	<b>1,496</b>	<b>1,285</b>	<b>(111,993)</b>
<b>Net value</b>	<b>1,388,873</b>					<b>1,360,621</b>



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 furniture, IT equipment, other installations, and machinery of 2,127, 2,430 4,189 and 10,652 thousand euros, respectively (in 2022 IT equipment, other installations, and machinery in assembly of 1,232 thousand euros, 4,373 thousand euros and 12,486 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 and machinery.

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.

A comparison of the depreciated replacement cost with the net book value of the assets assessed in the year 2023 shows an impairment of 443 thousand euros. No reversal or impairment was disclosed in 2022.

During the financial year 2023 all relevant property refurbishments have been completed and therefore there is no longer any provision for this item on the Parent Company's balance sheet liabilities. In the year 2022 the Company had recognised an impairment of 817 thousand euros in anticipation of planned asset disposals due to property refurbishments.

At as 31 December 2023, the Parent Company has commitments to acquire

property, plant and equipment amounting to 27,153 thousand euros (35,001 thousand euros in 2022). At year end, the company has no commitments for the sale of assets.

The cost of fully depreciated items forming part of the Correos Group's property, plant, and equipment at 31 December 2023 amounts to 379,573 thousand euros (423,721 thousand euros at 31 December 2022).

The net book value of the homes, premises and plots of land comprising the Parent Company's property, plant and equipment not assigned to operations amounts to 92,019 thousand euros (39,102 thousand euros at 31 December 2022), being their acquisition cost 163,670 thousand euros (127,633 thousand euros at 31 December 2022).

The 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 2023 and 2022 were the following:

	Balance at 01/01/2022	Registrations and provisions	Disposals	Transfers	Balance at 31/12/2022	Registrations and provisions	Disposals	Transfers	Balance at 31/12/2023
<b>Cost</b>									
Land	7,108	-	-	654	7,762	-	(13)	(421)	7,328
Buildings	21,788	255		3,088	25,131	160	(760)	(4,476)	20,055
<b>Total cost</b>	<b>28,896</b>	<b>255</b>	<b>-</b>	<b>3,742</b>	<b>32,893</b>	<b>160</b>	<b>(773)</b>	<b>(4,897)</b>	<b>27,383</b>
<b>Accumulated amortisation</b>									
Buildings	(7,459)	(308)	-	(1,865)	(9,632)	(473)	533	758	(8,814)
<b>Adjustments for impairment</b>									
Land and buildings	(2,916)	-	43	83	(2,790)	85	-	(203)	(2,908)
<b>Net book value</b>	<b>18,521</b>				<b>20,471</b>				<b>15,661</b>



Investment properties are premises leased by the Parent Company to third parties. Income from these contracts recorded in the consolidated income statement amounted to 1,875 thousand euros in the financial year 2023 (1,669 thousand euros in the financial year 2022).

The expenses associated with investment property mainly relate to annual depreciation and maintenance costs and amounted to 1,569 thousand euros in the year 2023 (1,014 thousand euros in the year 2022). 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 2023	Financial year 2022
Up to one year	1,690	1,283
Between one and five years	2,343	2,002
More than five years	-	174
	<b>4,033</b>	<b>3,459</b>





## 9. Non-current assets held for sale

The details and movements under this heading in the years 2023 and 2022 were the following:

	Balance at 01/01/2023	Registrations and provisions	Disposals	Transfers	Balance at 31/12/2023
<b>Cost</b>					
Land	1,095	-	(312)	(243)	540
Buildings	7,503	-	(4,661)	1,195	4,037
Other installations	46	-	(44)	79	81
<b>Total cost</b>	<b>8,644</b>	<b>-</b>	<b>(5,017)</b>	<b>1,031</b>	<b>4,658</b>
<b>Accumulated amortisation</b>					
Buildings	(5,225)	-	2,822	(283)	(2,686)
Other installations	(45)	-	20	(49)	(74)
<b>Total accumulated amortisation</b>	<b>(5,270)</b>	<b>-</b>	<b>2,842</b>	<b>(332)</b>	<b>(2,760)</b>
<b>Adjustments for impairment</b>					
Land and buildings	(182)	(278)	52	11	(397)
<b>Net book value</b>	<b>3,192</b>				<b>1,501</b>



	Balance at 01/01/2022	Registrations and provisions	Disposals	Transfers	Balance at 31/12/2022
<b>Cost</b>					
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
<b>Total cost</b>	<b>7,806</b>	<b>350</b>	<b>(11,866)</b>	<b>12,354</b>	<b>8,644</b>
<b>Accumulated amortisation</b>					
Buildings	(2,720)	-	2,726	(5,231)	(5,225)
Other installations	(149)	-	6	98	(45)
<b>Total accumulated amortisation</b>	<b>(2,869)</b>	<b>-</b>	<b>2,732</b>	<b>(5,133)</b>	<b>(5,270)</b>
<b>Adjustments for impairment</b>					
Land and buildings	(804)	(284)	2,461	(1,555)	(182)
<b>Net book value</b>	<b>4,133</b>				<b>3,192</b>

At year-end 2023, the Group classifies 1,501 thousand euros (2022: 3,192 thousand euros) under 'Non-current assets held for sale', which corresponds to the investment in land, buildings and facilities on own properties that are available for immediate sale and whose sale is highly probable. 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.

In addition, the Parent Company has made disposals, with the result obtained from the sale of properties amounting to 602 thousand euros (1,708 thousand euros in 2022).



## 10. Inventories

The composition of this heading at 31 December 2023 and 2022 is as follows:

	Balance at 31/12/2023	Balance at 31/12/2022
<b>Inventories valued at cost</b>		
Stamps in the possession of third parties	140	121
Stamps at company's post offices and warehouses	2,252	1,714
Philately Stamps	3,748	2,721
Wardrobe	5,677	5,121
Other stocks	8,199	7,585
	<b>20,016</b>	<b>17,262</b>
Valuation adjustments due to impairment	(6,805)	(3,608)
	<b>13,211</b>	<b>13,654</b>







The movements of the valuation corrections for impairment of stocks in the years 2023 and 2022 were the following:

	Valuation adjustments		
	Stamps	Other	Total
<b>Balance at 31 December 2021</b>	<b>2,657</b>	<b>1,161</b>	<b>3,817</b>
Valuation adjustments due to impairment	1,158		<b>1,158</b>
Reversal of valuation adjustments	(4)	(401)	<b>(405)</b>
Application against cost of inventories	(927)	(35)	<b>(962)</b>
<b>Balance at 31 December 2022</b>	<b>2,884</b>	<b>725</b>	<b>3,608</b>
Valuation adjustments due to impairment	764	2,576	<b>3,340</b>
Reversal of valuation adjustments	-	-	-
Application against cost of inventories	(141)	(2)	<b>(143)</b>
<b>Balance at 31 December 2023</b>	<b>3,507</b>	<b>3,299</b>	<b>6,805</b>

The Correos Group maintains valuation corrections for the impairment of stamps for 6,805 thousand euros (3,608 thousand euros in 2022) in those cases in which it has estimated that their net realisable value is lower than their book value.

In 2023, the Parent Company destroyed stamps and other products for an amount of 143 thousand euros. In 2022, stamps were destroyed in the amount of 756 thousand euros.





## 11. Current and non-current financial assets

The composition of the Correos Group's current and non-current financial assets as of 31 December 2023 and 2022, except for cash and cash equivalents described in

Note (12), including balances with public administrations that are not considered financial instruments, is as follows:

	Notes	Balance at 31/12/2023	Balance at 31/12/2022
<b>Non-current financial investments</b>			
Deposits and guarantees		5,863	5,006
Loans to third parties		2,027	2,235
Other		106	89
		<b>7,996</b>	<b>7,330</b>
<b>Trade debtors and other receivables:</b>			
Clients for sales and provision of services		475,169	460,780
Clients, companies accounted for by the equity method	20	9,294	10,075
Sundry debtors		22,542	54,389
Debtors, group companies and associates	20	22,075	72,665
Staff		5,454	5,330
Public administration	18	242	685
		<b>534,776</b>	<b>603,924</b>
<b>Current financial investments:</b>			
Deposits and guarantees		1,156	1,136

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 'Trade receivables for sales and services' and 'Sundry debtors' include 214,671 thousands euros of the Parent Company's receivables from postal operators in third countries for the provision of postal and telegraphic services (228,941 thousand euros at 31 December 2022).

The 'Staff' entry includes the 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 2023 and 2021 is as follows:



	Valuation adjustments		
	Clients	Debtors	Total
<b>Balance at 01 January 2022</b>	<b>27,341</b>	<b>515</b>	<b>27,856</b>
Valuation adjustments due to impairment	3,288	-	<b>3,288</b>
Reversals of valuation adjustments	(5,762)	(34)	<b>(5,796)</b>
<b>Balance at 31 December 2022</b>	<b>24,867</b>	<b>481</b>	<b>25,348</b>
Valuation adjustments due to impairment	3,823	-	<b>3,823</b>
Reversals of valuation adjustments	(2,730)	(155)	<b>(2,885)</b>
<b>Balance at 31 December 2023</b>	<b>25,960</b>	<b>326</b>	<b>26,286</b>

The Correos Group has recorded an expense of 1,069 thousand euros under the heading 'Losses, impairment and changes in provisions for trade operations' in the consolidated income

statement for the direct write-off of bad debts (an amount of 3,349 thousand euros having been recorded for the same concept during the financial year 2022).



### 11.2.) Non-current and current financial investments

The heading 'Current deposits and guarantees' relates mainly to legal deposits deposited with various labour courts in connection with lawsuits brought by employees and former employees of the Parent Company.

The composition of 'Non-current financial investments' is the following:

	Balance at 31/12/2023	Balance at 31/12/2022
<b>Non-current financial investments</b>		
Loans to third parties	2,027	2,235
Other financial investments	5,969	5,095
	<b>7,996</b>	<b>7,330</b>

The heading 'Non-current financial investments' of the Parent Company includes long-term deposits and guarantees of 4,878 thousand euros (3,960 thousand euros in 2022), in addition to 18 thousand euros (218 thousand euros in 2022) corresponding to the acquisition of shares in International Post Corporation (IPC). Credits to third parties pertain to advances to personnel.

The different companies of the 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 risks

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 the Correos Group as of 31 December 2023 and 2022 is the following:

	Balance at 31/12/2023	Balance at 31/12/2022
Non-current financial investments	7,996	7,330
Clients for sales and provision of services	475,169	460,780
Sundry debtors	22,542	54,389
Current financial investments	1,156	1,136
Banks and credit institutions (Note 12)	254,323	85,004
Clients, companies accounted for by the equity method	9,294	10,075
	<b>770,480</b>	<b>618,714</b>

'Sundry debtors' includes, inter alia, balances receivable for interim payments for international correspondence of the Parent Company of 7,831 thousand euros (16,885 thousand euros in 2022).

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 the Correos Group as of 31 December 2023 and 2022 is the following:



Financial year 2023	Parent Company		Rest of companies	
	Number	Thousands of euros	Number	Thousands of euros
<b>Clients and debtors:</b>				
With balance greater than 1,000 thousand euros	21	62,619	-	-
With balance between 500 and 1,000 thousand euros	29	21,654	1	656
With balance below 500 thousand euros	27,344	81,560	27,525	99,896
	<b>27,394</b>	<b>165,833</b>	<b>27,526</b>	<b>100,552</b>
Foreign postal operators		208,175	-	-
Other financial assets		31,748	-	697
		<b>239,923</b>		<b>697</b>
		<b>405,756</b>		<b>101,249</b>





Financial year 2022	Parent Company		Rest of companies	
	Number	Thousands of euros	Number	Thousands of euros
<b>Clients and debtors:</b>				
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
	<b>24,615</b>	<b>164,778</b>	<b>25,482</b>	<b>91,846</b>
Foreign postal operators		230,827	-	-
Other financial assets		36,270	-	1,523
		<b>267,097</b>		<b>1,523</b>
		<b>431,875</b>		<b>93,369</b>







The breakdown, by seniority date, of the 'Clients' and 'Foreign postal operators' of the Parent Company of the Correos Group as of 31 December 2023 and 2022, in order of the most representative, is as follows:



	Financial year 2023		Financial year 2022	
	Parent Company		Parent Company	
	Clients	Foreign postal operators	Clients	Foreign postal operators
<b>Not due</b>	<b>147,646</b>	<b>32,151</b>	<b>142,640</b>	<b>29,847</b>
<b>Due, non-doubtful:</b>				
Less than 30 days	11,087	580	8,935	370
Between 30 and 60 days	3,138	979	5,116	106
Between 60 and 90 days	2,130	166	1,657	5,334
Between 90 and 120 days	1,070	23,542	(327)	8,437
Over 120 days	762	150,757	6,757	169,848
Provisional payments	-	-	-	16,885
	<b>165,833</b>	<b>208,175</b>	<b>164,778</b>	<b>230,827</b>
Doubtful clients	11,173	1,979	10,953	1,887
Adjustments for impairment		(1,979)	(10,953)	(1,887)
	<b>165,833</b>	<b>208,175</b>	<b>164,778</b>	<b>230,827</b>





Balances receivable from clients more than 120 days old amount to 762 thousand euros at 31 December 2023 (6,757 thousand euros in 2022). The balance of advances collected from foreign operators by the Parent Company amounts to 185,339 thousand euros at 31 December 2023 (31 December 2022: 191,674 thousand euros).

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 consider 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 2023 through active management of funds deposited in current accounts with the most solvent national financial institutions.

**11.3.2.) Market risks**

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 0.10% and 0.55%. The Parent Company has forecast that interest accrued for the financial year 2024 will be approximately 27,019 million euros. With the changes in interest rates currently being experienced in the market, a sensitivity study was

conducted, with the conclusions detailed below:

- ▶ In the event of a rise of +0.25%: interest would rise by 1,925 thousand euros.
- ▶ Faced with a rise of +0.50%: interest would rise by 3,850 thousand euros.
- ▶ In the event of a rise of +0.75%: The interest would increase by 5,775 thousand euros.
- ▶ Faced with a rise of +1.00%: Interest would rise by 7,700 thousand euros.





### Exchange rate risk

Exchange rate risk arises from the potential loss caused by changes in the exchange rate. The Group's exposure to foreign exchange-rate fluctuations risk arises mainly from sales made in currencies other than the functional currency. These balances mainly

arise from services provided and received from foreign postal operators and from the provision of the Parent Company's international money order service.

As virtually all of the Company's business is domestic, this risk is not significant and therefore the Company does not follow hedging policies.

### 11.3.3.) Liquidity risk

Liquidity risk arises from the possibility of the 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 2023, the amount drawn down at 31 December 2023 being 472 million euros (232 million euros in 2022).

In addition, in 2021 a long-term loan of 325 million euros was obtained.

In addition, during 2023, the Parent Company has contracted five new credit policies in addition to the three credit facilities contracted in 2022, as detailed below:

Company	Contract date	Due date	Interest rate	Credit policy limits (euros)	Amount drawn at 31.12.2023 (euros)
Caixabank	18/03/2022	18/03/2025	Eur. 3 month	139,500,000	123,338,669
Ibercaja	28/06/2022	28/06/2025	Eur. 3 month + 0.200%	10,000,000	9,994,002
Caixabank	05/07/2022	05/07/2025	Eur. 3 month + 0.380%	98,800,000	98,698,874
Caixabank	30/03/2023	30/03/2026	Eur. 3 month + 0.480%	139,597,000	139,448,330
Ibercaja	30/03/2023	30/03/2026	Eur. 3 month + 0.370%	10,000,000	9,875,000
Caixabank	16/11/2023	16/11/2026	Eur. 3 month + 0.550%	10,585,000	10,579,504
Kutxabank	16/11/2023	16/11/2026	Eur. 3 month + 0.400%	30,000,000	30,000,000
Cajamar	16/11/2023	16/11/2026	Eur. 3 month + 0.100%	50,000,000	50,000,000
Total amount drawn					471,934,408



Details of the Group's current financial assets and liabilities and government borrowings at 31 December 2023 and 2022 and, by difference, its ability to meet its payment obligations in the short term are as follows:

	Balance at 31/12/2023	Balance at 31/12/2022
<b>Current financial assets and public administrations</b>		
Clients for sales and provision of services	475,169	460,780
Clients, companies accounted for by the equity method	9,294	10,075
Debtors, group companies and associates (Note 20)	22,075	72,665
Sundry debtors	22,542	54,389
Staff	5,454	5,330
Public administrations (Note 18)	242	685
Financial investments	1,156	1,136
Cash and other cash equivalents	281,960	111,474
<b>Current financial liabilities and public administrations</b>		
Current debts	(363,282)	(44,711)
Debts with group companies (Note 20)	(939)	(1,595)
Trade creditors and other accounts payable	(645,046)	(605,756)
<b>Difference</b>	<b>(191,375)</b>	<b>64,472</b>

As indicated in note 3.2, the 325 million euros loan maturing in April 2024 has been reclassified to short term, which is why the working capital has such a significant variation compared to 2022.



#### 11.4.) Shareholdings in companies accounted for by the equity method

The breakdown and movements under the heading 'Shareholdings in companies based on the equity method' were as follows:

##### Financial year 2023

	K Parcel Company Limited Local currency (HKD)		KCG ecommerce solutions Company Limited Local currency (RMB)
<b>Net book value (Euros)</b>	<b>407,904</b>	<b>Net book value (Euros)</b>	<b>1,840,980</b>
Direct shareholding (%)	35%	Direct shareholding (%)	35%
Share capital + reserves (HKD)	55,388,199	Share capital + reserves (RMB)	43,204,219
Result of the financial year (HKD)	4,519,774	Result of the financial year (RMB)	222,703
<b>Total net equity (HKD)</b>	<b>59,907,973</b>	<b>Total net equity (RMB)</b>	<b>43,426,922</b>
<b>Total net equity (EUR) (35%)</b>	<b>2,356,202</b>	<b>Total net equity (EUR) (35%)</b>	<b>1,890,619</b>

##### Financial year 2022

	K Parcel Company Limited Local currency (HKD)		KCG ecommerce solutions Company Limited Local currency (RMB)
<b>Net book value (Euros)</b>	<b>407,904</b>	<b>Net book value (Euros)</b>	<b>1,840,980</b>
Direct shareholding (%)	35%	Direct shareholding (%)	35%
Share capital + reserves (HKD)	51,433,414	Share capital + reserves (RMB)	42,833,102
Result of the financial year (HKD)	3,954,785	Result of the financial year (RMB)	371,117
<b>Total net equity (HKD)</b>	<b>55,388,199</b>	<b>Total net equity (RMB)</b>	<b>43,204,219</b>
<b>Total net equity (EUR) (35%)</b>	<b>2,169,410</b>	<b>Total net equity (EUR) (35%)</b>	<b>1,880,468</b>



	Balance at 31/12/2022	Results adjustment 2022	Stake in the result accounted for by the equity method	Balance at 31/12/2023
K Parcel Company Limited	2,169	-	187	2,356
KCG ecommerce solutions Company Limited	1,881	-	10	1,891
	<b>4,050</b>	<b>-</b>	<b>197</b>	<b>4,247</b>

	Balance at 31/12/2021	Results adjustment 2021	Stake 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
	<b>3,859</b>	<b>7</b>	<b>184</b>	<b>4,050</b>





## 12. Cash and other cash equivalents

The composition of this heading at 31 December 2023 and 2022 is as follows:

	Balance at 31/12/2023	Balance at 31/12/2022
<b>Cash:</b>		
Cash	27,696	26,470
Banks and credit institutions	254,264	85,004
	<b>281,960</b>	<b>111,474</b>



At 31 December 2023, the heading 'Banks and credit institutions' includes 1,330 thousand euros relating to collections made by Correos Express on behalf of

customers to whom it provides a cash on delivery service (1,521 thousand euros at 31 December 2022).







### 13. Shareholders' equity

Details of the movement in the 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 2023, nor was there as of 31 December 2022.

#### c) Reserves

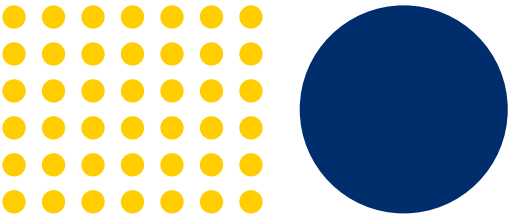
In accordance with Section 274 of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July,

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 Statutory 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 2023, the Parent Company's Statutory Reserves amounted to 214,119 thousand euros (as of 31 December 2022 214,119 thousand euros).

In 2024, 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 2023, is the following:

	Balance at 31/12/2023	Balance at 31/12/2022
<b>Details of Reserves:</b>		
Legal reserve	101,847	101,847
Statutory Reserves	214,119	214,119
Voluntary Reserves	16,198	179,110
Merger Reserves	(135)	-
Prior periods' negative results	(158,956)	(96,376)
Reserves in fully consolidated companies	(152,366)	(161,656)
Reserves in companies accounted for by the equity method	1,801	1,617
<b>Total</b>	<b>22,508</b>	<b>238,661</b>

The breakdown of reserves in consolidated companies is as follows:

	Balance at 31/12/2023	Balance at 31/12/2022
<b>Details of reserves in consolidated companies:</b>		
Correos Telecom, S.A., S.M.E.,S.U.	13,191	10,454
Nexea Gestión Documental, S.A., S.M.E. S.U.	-	(14,370)
Correos Express Paquetería Urgente, S.A., S.M.E. S.U.	(165,557)	(157,740)
<b>Total</b>	<b>(152,366)</b>	<b>(161,656)</b>



#### d) Consolidated results of the Correos Group

Details of the consolidated result of the Correos Group for 2023 and 2022 are as follows:

2023	Individual results	Consolidation adjustments	Consolidated results	For the parent company	For external partners
Correos y Telégrafos, S.A., S.M.E.	(140,369)	-	(140,369)	(140,369)	-
Correos Telecom, S.A., S.M.E., S.U.	3,310	-	3,310	3,310	-
Grupo CEX	16,480	62	16,543	16,480	62
KCG E-commerce Solutions Company Limited	-	10	10	10	-
K-Parcel Company Limited	-	187	187	187	-
	<b>(120,578)</b>	<b>259</b>	<b>(120,319)</b>	<b>(120,381)</b>	<b>62</b>

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)	-
Grupo CEX	(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	-
	<b>(207,845)</b>	<b>(9,421)</b>	<b>(217,267)</b>	<b>(217,197)</b>	<b>(70)</b>



### e) Breakdown of external shareholders:

The details of external shareholders as of 31 December 2023 and 2022 is the following:

2023	Company	Percentage external partners	Share capital	Reserves	Integration CEP II	Goodwill CEP	Result for external partners	Total
	CEP	49%	123	682	(1,280)	833	62	<b>420</b>

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)	<b>357</b>





## 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 2023 and 2022, for compensation received as capital subsidies was as follows:

Financial year 2023	Thousands euros
<b>Initial balance at 01 January 2023</b>	<b>217,836</b>
Grants, donations and bequests recognized	76
Others	(1,527)
Tax effect	(19)
<b>Allocation of the profit and loss account:</b>	
- due to amortisation	(5,425)
- due to adjustments for impairment	(1,751)
- Others	(1,010)
- due to disposals	(20)
Tax effect	2,158
<b>Final balance at 31 December 2023</b>	<b>210,318</b>

Financial year 2022	Thousands euros
<b>Initial balance at 01 January 2022</b>	<b>222,929</b>
Grants, donations and bequests recognised	188
Tax effect	(35)
<b>Allocation of the profit and loss account:</b>	
- due to amortisation	(5,513)
- due to adjustments for impairment	-
- Others	(1,593)
- due to disposals	(49)
Tax effect	1,909
<b>Final balance at 31 December 2022</b>	<b>217,836</b>



The Group measures deferred tax liabilities related to capital compensation received up to 2010 at the tax rates expected at the time of reversal,

according to the regulations in force at 31 December 2023, and recognises this change in consolidated net equity (see Note 5q and Note 18).



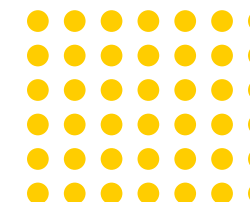
## 15. Non-current and current provisions

The details and movements under this heading in the years 2023 and 2022 were the following:

	Long-term provisions			
	Provision for taxes	Provision claims from the staff	Provision for court actions	Total
<b>Balance at 01 December 2021</b>	<b>1,134</b>	<b>9,758</b>	<b>62,303</b>	<b>73,195</b>
Provisions	1,402	2,506	9,981	<b>13,889</b>
Applications / payments	(569)	(836)	(94)	<b>(1,499)</b>
Reversals / excesses	-	(610)	(95)	<b>(705)</b>
Reclassifications	-	-	(23,578)	<b>(23,578)</b>
<b>Balance at 31 December 2022</b>	<b>1,967</b>	<b>10,818</b>	<b>48,517</b>	<b>61,301</b>
Provisions	359	5,916	277	<b>6,552</b>
Applications / payments	(1,001)	(941)	(7)	<b>(1,949)</b>
Reversals / excesses	(173)	(377)	(295)	<b>(845)</b>
<b>Balance at 31 December 2023</b>	<b>1,152</b>	<b>15,416</b>	<b>48,492</b>	<b>65,059</b>

The non-current provisions arise from litigation settlements that have been unfavourable to the Correos Group during the year 2023 and which have resulted in the effective payment of certain sums.

Reversals of non-current provisions for the year amounting to 845 thousand euros were credited to the consolidated income statement (705 thousand euros in 2022).





**Provision for staff claims**

The balance of this provision as of 31 December 2023 and 2022 records the estimated amounts payable for employment claims and litigation against the Correos Group.

**Provision for litigation**

The balance of this provision at 31 December 2023 and 2022 includes the amounts estimated by the Parent Company in relation to certain proceedings which, if decided against the Parent Company, will result in an outflow of resources for settlement.

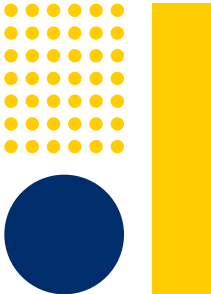
On 21 February 2022, the CNMC [Spanish National Markets and Competition Commission] notified the Parent Company of its decision dated 18 February 2022, which put an end to the disciplinary proceedings, opened in 2019, in relation to discounts for large customers. In this decision, the CNMC declared that Correos had committed an infringement and imposed a fine of 32.6 million euros. The Company appealed the resolution before

the Spanish High Court by filing the appropriate contentious-administrative appeal. By written submission on 8 July 2022, the Parent Company filed a formal statement of claim, and the State Attorney's Office was summoned to respond to it, but the Parent Company has not been notified of its response 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 2023 the risk is considered likely with a probability of 75%. In light of this, a provision of 24.45 million euros is considered reasonable.

During the financial year 2018, the National Market and Competition Commission issued a resolution sanctioning Correos Express for a total of 19,635 thousand euros for alleged breaches of antitrust regulations.

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 Spanish High Court against the aforementioned resolution.

On 7 December 2022, the Spanish High Court issued its judgement confirming the sanctions imposed on the subsidiary Correos Express by the National Commission for Markets and Competition. The Spanish High Court's judgement is not final, and is subject to appeal, which the subsidiary company intends to submit.







However, based on the principle of prudence, Correos Express increased the provision recorded at the time by 9,818 thousand euros, corresponding to the remaining amount, up to the total amount of the penalty imposed. The total provision recorded at year-end 2023 and 2022 for this concept amounts to 19,635 thousand euros.

The claims of Correos Express against resolutions of the Toledo Provincial Directorate of the General Treasury of Social Security arising from proceedings initiated by the Labour Inspectorate, which resolved to process the registration with Social Security of drivers belonging to companies supplying CEX and the other proceedings linked to this principal, are currently pending before the courts.

**Current provisions**

At 31 December 2023, the subsidiary CEX records an amount of 3,508 thousand euros for estimated amounts payable for present and future claims against the subsidiary itself arising from past parcel transport claims (4,332 thousand euros at 31 December 2022), as well as an estimate of future payments arising from labour-related claims amounting to 3,542 thousand euros (1,346 thousand euros at 31 December 2022).

In addition, the Parent Company reflects unpaid penalties of 4,451 thousand euros (23,578 thousand euros in 2022) for possible non-compliance in the provision of the notification service in the centralised contract for administrative and judicial notifications. Finally, the portion of the postal contribution amounting to 4,248 thousand euros (4,434 thousand euros in 2022) is also recorded (see Notes 5.q and 17.k).





## 16. Financial liabilities

The composition of the Correos Group's long-term and short-term financial liabilities as of 31 December 2023 and 2022, including balances with public administrations that are not considered financial instruments, is as follows:

Non-current payables:	Balance at 31/12/2023	Balance at 31/12/2022
Debts with credit institutions	471,934	558,409
Non-current debts convertible into subsidies	159	224
Deposits and guarantees	2,381	1,835
Other non-current payables	973	312
	<b>476,255</b>	<b>560,780</b>

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	Balance at 31/12/2023	Balance at 31/12/2022
<b>Current payables:</b>		
Debts with credit institutions	329,968	6,541
Creditors for fixed assets	8,345	8,727
Money order deposits	7,574	7,029
Deposits and guarantees	17,395	22,414
<b>Total Current payables</b>	<b>363,282</b>	<b>44,711</b>
<b>Short-term debts with group companies and associates (Note 20)</b>	<b>939</b>	<b>1,595</b>
<b>Trade creditors and other accounts payable:</b>		
Suppliers	5,383	2,649
Sundry creditors	332,054	317,953
Staff (unpaid wages)	34,750	28,692
Other debts with public administrations (Note 18)	79,523	59,324
Customers advances	193,336	197,138
<b>Trade creditors and other accounts payable</b>	<b>645,046</b>	<b>605,756</b>
<b>Current accruals</b>	<b>5,377</b>	<b>5,085</b>

The financial instrument headings included in the above table are considered 'Liabilities at amortised cost' except for payables to public authorities.





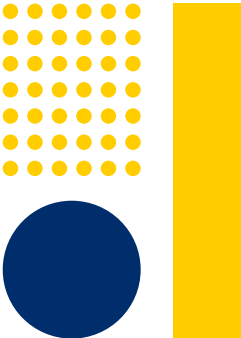
Non-current bank debt corresponds to the provisions of the Parent Company's credit facilities. Five new credit facilities

have been contracted in 2023. Details of the outstanding credit facilities at year-end 2023 and 2022 are as follows:

Company	Contract date	Due date	Interest rate	Credit facility limits (euros)	Amount drawn at 31.12.2023 (euros)
Caixabank	18/03/2022	18/03/2025	Eur. 3 month	123,500,000	123,338,669
Ibercaja	28/06/2022	28/06/2025	Eur. 3 month + 0.200%	10,000,000	9,994,002
Caixabank	05/07/2022	05/07/2025	Eur. 3 month + 0.380%	98,800,000	98,698,874
Caixabank	30/03/2023	30/03/2026	Eur. 3 month + 0.480%	139,597,000	139,448,330
Ibercaja	30/03/2023	30/03/2026	Eur. 3 month + 0.370%	10,000,000	9,875,000
Caixabank	16/11/2023	16/11/2026	Eur. 3 month + 0.550%	10,585,000	10,579,504
Kutxabank	16/11/2023	16/11/2026	Eur. 3 month + 0.400%	30,000,000	30,000,000
Cajamar	16/11/2023	16/11/2026	Eur. 3 month + 0.100%	50,000,000	50,000,000
				<b>Total amount drawn</b>	<b>471,934,408</b>

Company	Contract date	Due date	Interest rate	Credit facility 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
				<b>Total amount drawn</b>	<b>231,753,713</b>



In 2021, the Parent Company contracted with the financial institution Kutxabank a loan of 325 million euros to be repaid in full on 14 April 2024 at 0% interest. This year it is classified as short-term bank debts and in 2022 it was classified as long-term bank debt.

The heading 'Money order deposits' includes money orders drawn prior to 31 December 2023 and outstanding to their payees as at that date.

The heading 'Sundry creditors' includes amounts collected by the Parent Company on behalf of third parties amounting to Euros 15,075 thousand euros (18,823 thousand euros in 2022).

In addition, the headings 'Sundry creditors' include 67,872 thousand euros originating from the obligations pending payment to various third-country postal operators for postal services received from them (61,819 thousand euros at 31 December 2022).

Non-current accruals include 10,133 thousand euros (14,133 thousand euros) of the Parent Company corresponding to the long-term portion to be taken to income for a one-off non-refundable exclusivity payment of 20,000 thousand euros received from the customer Western Union which is accrued over the term of the contract maturing in July 2027. The short term portion is booked in the current accruals under current liabilities on the consolidated balance sheet for a sum of 4,000 thousand euros. Also included is 15,160 thousand euros

(11,810 thousand euros in 2022) from the subsidiary Correos Telecom, which corresponds to register prepayments collected in connection with contracts with customers for the provision of telecommunications services and infrastructure leases.

The Parent Company, at year-end, has no outstanding balances payable to suppliers that represent a deferral exceeding the legal period established by Ley 18/2022, de 28 de septiembre [Act 18/2022 of 28 September].





In accordance with the provisions of Act 18/2022, the Parent Company's information on the average period for payment to

suppliers in commercial transactions as of 31 December 2023 and 2022, as it is the most representative of the Group, as follows:

	Financial year 2023	Financial year 2022
	Days	Days
Average settlement period for suppliers	11	20
Ratio of paid transactions	11	19
Ratio of outstanding transactions	25	37

	Thousands of euros	Thousands of euros
Total payments made in a period shorter than that established in the regulations	152,837	143,042
Total payments made in a period longer than that established in the regulations	272,718	277,074
Total outstanding payments	2,434	9,318





	2023	
	Number of invoices	Thousands of euros
Total payments made	81,381	425,555
Invoices paid in a period lesser than the maximum established in the payment defaults regulations	15,951	152,837
% of total invoices paid	20%	36%

	2022	
	Number of invoices	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 credit 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 credit facility, it granted an extension dated 26 April 2019 for the sum of 10,000 thousand euros.

The conditions of the credit facility 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 credit facility at amortised cost. The credit facility does not incorporate any covenants.

The detail of the amortisation table of the loan in 2023 is as follows;

Financial year	Capital outstanding	Interest rate	Instalment	Interest	Capital
2023	1,500	0.73%	1,525	25	1,500
2024	-	0.73%	4	4	-
			<b>1,529</b>	<b>29</b>	<b>1,500</b>

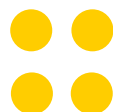
The detail of the amortisation table of the loan in 2022 is as follows;

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	-
			<b>4,576</b>	<b>76</b>	<b>4,500</b>

In addition, the Group also has other financial liabilities with credit institutions, the most representative of which is a loan granted by the financial institution Bankinter, S.A. to the Portuguese company CEP for an amount of 1. 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 Banco Sabadell, S.A. to CEP and drawn down in full of a variable interest rate of 0.85% + Euribor 3 months from January to July and 0.75% + Euribor 3 months from August to December.





The breakdown of the amortisation table of the loan is the following:

Financial year	Capital outstanding	Interest rate	Instalment	Interest	Capital
2023	155	1.35%	207	4	203
Rest	-	1.35%	155	1	154
			<b>362</b>	<b>5</b>	<b>357</b>

The breakdown of the amortisation table of the loan in 2022 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
Rest	-	1.35%	155	1	154
			<b>569</b>	<b>11</b>	<b>558</b>

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.



During the current financial year, the Parent Company has contracted five new credit facilities. Details of the outstanding

credit facilities at year-end 2023 and 2022 are as follows:

Company	Contract date	Due date	Interest rate	Credit facility limits(euros)	Amount drawn at 31.12.2023 (euros)
Caixabank	18/03/2022	18/03/2025	Eur. 3 month	123,500,000	123,338,669
Ibercaja	28/06/2022	28/06/2025	Eur. 3 month + 0.200%	10,000,000	9,994,002
Caixabank	05/07/2022	05/07/2025	Eur. 3 month + 0.380%	98,800,000	98,698,874
Caixabank	30/03/2023	30/03/2026	Eur. 3 month + 0.480%	139,597,000	139,448,330
Ibercaja	30/03/2023	30/03/2026	Eur. 3 month + 0.370%	10,000,000	9,875,000
Caixabank	16/11/2023	16/11/2026	Eur. 3 month + 0.550%	10,585,000	10,579,504
Kutxabank	16/11/2023	16/11/2026	Eur. 3 month + 0.400%	30,000,000	30,000,000
Cajamar	16/11/2023	16/11/2026	Eur. 3 month + 0.100%	50,000,000	50,000,000
				<b>Total amount drawn</b>	<b>471,934,408</b>

Company	Contract date	Due date	Interest rate	Credit facility limits(euros)	Amount drawn at 31.12.2023 (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
				<b>Total amount drawn</b>	<b>231,753,713</b>



As a result of the signing of the aforementioned loan agreements and credit facilities, 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. It has not been necessary to apply for a waiver during the financial year 2023.

## 17. Income and expenses

### a) Postal revenues

The Parent Company is the operator designated by law to provide the universal postal service in Spain, pursuant to the requirements of quality, regularity, accessibility and affordability that make effective the right of all citizens to postal communications, in a market that was fully liberalised on 1 January 2011, in accordance with Act 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 Act 16/1987 of 30 July 1987 on the Regulation of Land Transport and Act 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 parcel 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) 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 revenue 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 turnover of Correos Group corresponding to the ordinary

activities for categories of activities, and for geographic activities for the financial years 2023 and 2022 is as follows:



	Financial year 2023	Financial year 2022
<b>Segmentation by origin</b>		
Clients under contract	1,509,749	1,476,650
Cash collections	296,948	310,000
Franking machines	32,864	35,661
International (ETOE and activity in Portugal)	78,451	83,780
Penalties	(13)	(6,324)
Others	195,045	62,611
<b>Total</b>	<b>2,113,044</b>	<b>1,962,378</b>
<b>Segmentation by geographical markets</b>		
National	2,094,055	1,939,808
International	18,989	22,570
<b>Total</b>	<b>2,113,044</b>	<b>1,962,378</b>

The heading 'Clients under contract' is presented net of the figure for rebates granted by the Correos Group to its customers

during the year in the amount of 1,169 thousand euros (the same figure for the 2022 financial year being equivalent to 1,407 thousand euros).



## j) Supplies

The breakdown of the heading 'Supplies' in the consolidated profit and loss account for the financial years 2023 and 2022 is as follows:

	Balance at 31/12/2023	Balance at 31/12/2022
<b>National purchases of merchandise</b>		
Stamps and other franking signs	3,740	2,267
Other products	11,125	9,926
Changes in inventories	(1,277)	(296)
<b>Merchandise used</b>	<b>13,318</b>	<b>11,897</b>
Impairment of merchandise, raw materials and other supplies	3,378	848
Work carried out by other companies	410,604	374,999
<b>Supplies</b>	<b>427,300</b>	<b>387,744</b>

'Work carried out by other companies' includes the Parent Company's 'international correspondence expenses', which include the costs invoiced to the Parent Company by postal operators in the various countries in connection with the provision of postal and telegraphic services for recipients residing in those countries,

53,433 thousand euros in financial year 2023 (38,972 thousand euros in financial year 2022). Also included is expenditure on transport contracted with third parties, 98,208 thousand euros in the financial year 2023 (92,289 thousand euros in the financial year 2022).

In addition, this heading includes charges received from suppliers who work on their own account providing goods distribution services for the Correos Express Group, 254,980 thousand euros in the financial year 2023 (236,358 thousand euros in the financial year 2022).





### k) Compensation for costs arising from the provision of the universal postal service

The Parent Company has recognised consideration for the provision of the UPS amounting to 247,301 thousand euros (2022: 114,522 thousand euros).

During the period 2021-2023 there is a growing disparity between the unfair financial burden for each year estimated by the Parent Company Correos and the amount of the advances on account for these years set in the General State Budget. This disparity was mitigated in December 2023 with an additional interim income of 132.9 million euros.

The Parent Company accrued other grants in the year 2023 in the amount of 560 thousand euros (491 thousand euros in the year 2022).

#### Financial year 2022

##### UPS compensation:

- From the transfers consigned in the State's general budgets (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**

#### Financial year 2023

##### UPS compensation:

- From the transfers consigned in the State's general budgets (PGE) for the year 2022	242,905
- From the 2022 postal contribution of the rest of the operators	148
- From the 2023 postal contribution of Correos	4,248
- Amounts discounted by the CNMC	-

##### Compensation collected from UPS Financing Fund:

- Transfers consigned in the PGE of 2022	(242,905)
- From the 2022 postal contribution of the rest of the operators	(148)
- Bank charges discounted by the CNMC	-

##### Compensation for provision of the UPS pending collection as of 31 December 2023

**4,248**



## I) Staff costs

The breakdown of personnel costs for the years ending 31 December 2023 and 2022 were the following:

	Financial year 2023	Financial year 2022
Salaries, wages and similar	1,271,542	1,148,986
Social Security contributions	381,835	323,423
Other expenses	8,111	7,239
	<b>1,661,488</b>	<b>1,479,648</b>

The social charges for the financial years 2023 and 2022 do not include any sum for pension contributions and endowments. In accordance with the provisions of Section 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 2023 and 2022 is as follow:

	Financial year 2023	Financial year 2022
Leases	75,866	60,457
Repairs, preservation and maintenance	82,729	74,256
Independent professionals	69,938	132,737
Insurance premiums	3,260	3,148
Supplies	58,705	68,630
Advertising, marketing and public relations	16,895	18,242
Banking and similar services	920	688
Other expenses	50,512	50,477
	<b>358,825</b>	<b>408,635</b>

'Other expenses' include, inter alia, costs arising from the maintenance and management of the data processing

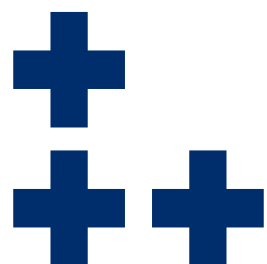
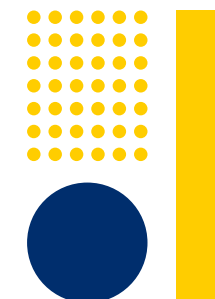
centres by a third party, legal, advisory and consultancy fees of the Group.



At 31 December 2023 and 2022, the minimum future non-cancellable payments arising from the operating lease

contracts signed by the various companies of the Correos Group are broken down in the following table:

	Financial year 2023	Financial year 2022
Up to one year	25,308	24,078
Between one and five years	19,734	18,781
More than five years	22,502	26,452
	<b>67,544</b>	<b>69,311</b>



## n) Taxes

The heading 'Taxes' includes, inter alia, the effect of the adjustment of the pro rata of indirect taxes on capital goods from previous years and the effect of the adjustment of the definitive pro rata for the year 2023 (see Note 5-s).

In 2023 the Group's parent company has recorded a decrease of 2 points in its VAT deduction pro-rata, and therefore an amount of 1,741 thousand euros has been recorded as an expense for the adjustment of the definitive pro-rata compared to the provisional one (in 2022 there was

no change in the percentage of VAT deduction pro-rata). Regarding the effect of the regularisation of the Group's parent company's capital goods from previous years, an income of 102 thousand euros has been recorded (in 2022 the income recorded was 163 thousand euros).

With regard to other taxes, the most significant is the *Impuesto sobre Bienes Inmuebles* [property tax] recorded by the Parent company, which has resulted in an expense of 5,635 thousand euros in 2023 (5,935 thousand euros in 2022).

**o) Impairment and gains/losses on disposal of fixed assets**

The breakdown of this heading for the years ending 31 December 2023 and 2022 was as follows:

I. Fixed assets and non-current assets held for sale					
Financial year 2023	Intangible fixed assets	Land and buildings	Other assets	Technical installations	Total
<b>Adjustments for impairment:</b>					
Provisions	-	867	-	-	<b>867</b>
Reversals	-	(1,120)	-	-	<b>(1,120)</b>
	-	<b>(253)</b>	-	-	<b>(253)</b>
<b>Income from disposals and other results:</b>					
Profits	-	(2,209)	-	-	<b>(2,209)</b>
Losses	135	1,366	11	-	<b>1,512</b>
	<b>135</b>	<b>(843)</b>	<b>11</b>	-	<b>(697)</b>
	<b>135</b>	<b>(1,096)</b>	<b>11</b>	-	<b>(950)</b>



### I. Fixed assets and non-current assets held for sale

Financial year 2022	Intangible fixed assets	Land and buildings	Other assets	Technical installations	Total
<b>Adjustments for impairment:</b>					
Provisions	-	2,294	-	-	<b>2,294</b>
Reversals	-	(2,376)	-	-	<b>(2,376)</b>
Reclassifications	-	-	-	-	-
	-	<b>(82)</b>	-	-	<b>(82)</b>
<b>Income from disposals and other results:</b>					
Profits	-	(2,433)	-	-	<b>(2,433)</b>
Losses	149	1,779	-	-	<b>1,779</b>
	<b>149</b>	<b>(655)</b>	-	-	<b>(655)</b>
	<b>149</b>	<b>(737)</b>	-	-	<b>(737)</b>



## p) Revenue and financial costs

The breakdown of this heading for 2023 and 2022 was as follows:

	Financial year 2023	Financial year 2022
<b>Financial Income-</b>		
<b>From associated companies:</b>		
Loans	9	19
<b>From third parties:</b>		
Other financial income	276	299
	<b>285</b>	<b>318</b>
<b>Financial expenses-</b>		
<b>From Group companies</b>	<b>90</b>	<b>-</b>
<b>From third parties:</b>		
Other financial expenses	9,406	644
	<b>9,496</b>	<b>644</b>





## 18. Tax Situation



The breakdown of the balances held by the Group with Public Administrations as of 31

December 2023 and 2022 is as follows:

	Balance at 31/12/2023	Balance at 31/12/2022
<b>Non-current assets-</b>		
Deferred tax assets	89,302	53,681
<b>Total non-current assets with Public Administrations</b>	<b>89,302</b>	<b>53,681</b>
<b>Current assets-</b>		
Others (Note 11)	242	685
	<b>242</b>	<b>685</b>
	(Note 11)	(Note 11)
	Balance at 31/12/2023	Balance at 31/12/2022
<b>Non-current liabilities-</b>		
<b>Deferred tax liabilities</b>	<b>70,215</b>	<b>72,194</b>
<b>Current liabilities-</b>		
Personal Income Tax - (IRPF as per the Spanish)	23,767	22,121
Value Added Tax - VAT	18,065	7,731
Social security	35,969	27,656
MUFACE and passive rights	673	852
Others	1,049	964
	<b>79,523</b>	<b>59,324</b>
	(Note 16)	(Note 16)



In 2011, the Correos Group was taxed under the tax consolidation regime, Tax Group no. 38/11, comprising all the companies of the 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 the 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 Section 70.6 of the Consolidated Text of the Recast Text of the Act on Corporate Income Tax.

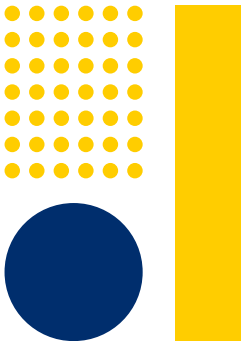
The taxable income of the Tax Group is determined by adding the individual taxable income of the companies that make up the Group, considering that they would be outside the Tax Group detailed above, CEP and CEP II. Notwithstanding the above, all companies of the Correos Group present their individual liquidation.

Following the registration of the merger between Correos and Nexea in the Business Registry, Correos filed with the Spanish Tax Agency (AEAT), on 18 September 2023, the notification of the special regime for mergers, spin-offs, contributions of assets and exchange of securities set out in Chapter VII of Title VII of the Corporate Income Tax Act. As a consequence of the aforementioned merger, Correos will proceed to file the corporate income tax for the year 2023 integrating the results generated by Nexea until the time of its extinction, regardless of the fact that Nexea's formal obligations (including the filing of Form 200 in July 2024, with a taxable base

of zero euros) must be fulfilled until the end of the year 2023.

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 2023	Financial year 2022
<b>Temporary differences:</b>		
Provisions for risks and costs	1,895	1,916
Goodwill amortisation	739	1,131
Staff-related provisions	678	348
Provisions related to fixed assets	6,277	5,374
Amortisation of fixed assets	2,463	3,673
Other	2,255	106
	<b>14,307</b>	<b>12,548</b>
Adjustment for change in tax rate	(180)	(180)
Credits for negative tax bases Portugal	403	626
Credits for negative tax bases Spain	31,316	19,804
Credit for deductions	21,691	20,883
Deferred tax 50% BIN DA 19ª LIS	21,765	-
<b>Deferred tax assets</b>	<b>89,302</b>	<b>53,681</b>
<b>Temporary differences:</b>		
Tax effect of universal postal service capital offsets received up to 2010	70,088	71,739
Intangibles generated in Business Combinations	109	437
Other temporary adjustments	18	18
<b>Deferred tax liabilities</b>	<b>70,215</b>	<b>72,194</b>



Movements in deferred tax assets for Corporate Income Tax for 2023 and 2022 are as follows:

	Balance at 31/12/2022	Recognitions	Adjustments	Reversal	Balance at 31/12/2023
Deferred tax base	130,227	73,821	-	(21,056)	182,992
<b>Tax effect:</b>					
Temporary differences	12,368	6,081	(180)	(4,142)	14,127
Credits for losses to compensate (Portugal)	625	65	-	(287)	403
Credits for losses to compensate (Spain)	19,805	12,298	-	(787)	31,316
Credit for deductions	20,883	808	-	-	21,691
Deferred tax 50% negative tax base <i>DA 19ª LIS</i>	-	21,765	-	-	21,765
<b>Total deferred tax assets</b>	<b>53,681</b>	<b>41,017</b>	<b>(180)</b>	<b>(5,216)</b>	<b>89,302</b>

	Balance at 31/12/2021	Recognitions	Adjustments	Reversal	Balance at 31/12/2022
Deferred tax base	173,288	9,513	-	(52,574)	130,227
<b>Tax effect:</b>					
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
<b>Total deferred tax assets</b>	<b>61,417</b>	<b>5,519</b>	<b>(180)</b>	<b>(13,075)</b>	<b>53,681</b>



The largest temporary differences in 2023 relate to the positive temporary adjustment of 8,382 thousand euros recognised in the parent company as a result of the application of the limitation on the deductibility of financial expenses provided for in section 20 of the Corporate Income Tax Act. Royal Decree Law 12/2012 established a limit for the deduction of net financial expenses of 30% of the operating profit for the year, with the amount of 1 million euros being deductible in any event if the limit on operating profit prevents deductibility.

However, paragraph 4 of section 20 determines that in the case of entities taxed under the consolidated tax regime, the limits are applied considering all the entities of the tax group. SEPI, as the parent company of the tax group, after calculating the limit established in Royal Decree Law 12/2012 and in the Resolution of 16 July 2012 of the Directorate General for Taxation, has determined that all the entities that form part of the tax group may deduct 1 million euros, proceeding to make a proportional distribution to each entity in accordance with the provisions of letter a)

of section 63 of the Corporate Income Tax Act. The excess of the net financial expense over the amount allocated as deductible to each group entity is considered non-deductible. Net finance expenses which have not been deducted may be deducted in the tax periods ending in the 18 years immediately following, after application of the above limits in each year.

On the other hand, the tax base for the year includes an off-balance sheet adjustment as a result of the recognition of the provision for impairment of non-financial assets in the parent company, amounting to Euros 6,998 thousand, a provision which, pursuant to the provisions of section 13 of Corporate Income Tax Act 27/2014, is considered to be a non-deductible expense for tax purposes.

Provisions arising from implicit or tacit obligations (provision for risks and costs amounting to 1,800 thousand euros at the parent company and provision for claims and risks and costs amounting to 5,451 thousand euros at Correos Express) were also considered non-deductible. The aforementioned expenses are considered

non-deductible expenses in accordance with the provisions of Act 27/2014 on Corporate Income Tax and, therefore, have led to an increase in the positive temporary differences arising in 2023.

On the other hand, the sum of the recoveries of temporary differences recorded in 2023 mainly corresponds to the reversal of the temporary measures established by *Ley 16/12, por la que se adoptan diversas medidas tributarias dirigidas a la consolidación de las Finanzas públicas y al impulse de la actividad económica* [Act 16/2012 adopting various tax measures aimed at consolidating public finances and boosting economic activity], by virtue of which the deductibility of fixed asset amortisation expense in 2013 and 2014 was limited to 70%, establishing its recovery in years commencing on or after 1 January 2015. The amount corresponding to this recovery in 2023 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. The subsidiary Correos Express has recorded a recovery of a temporary difference for the provision for claims amounting to 4,332 thousand euros).

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 entity reduced its tax base by 1,565 thousand euros.





Movements in deferred tax liabilities for Corporate Income Tax for 2023 and 2022 are as follows:

	Financial year 2023				
	Balance at 01/01/2023	Recognitions	Adjustment Rate change	Reversal	Balance at 31/12/2023
Deferred tax liability UPS capital compensation	71,757	-	-	(1,651)	70,106
Deferred tax liability business combination	437	-	-	(328)	109
Temporary differences	-	-	-	-	-
Tax effect of temporary differences	-	-	-	-	-
<b>Total deferred tax liabilities</b>	<b>72,194</b>	<b>-</b>	<b>-</b>	<b>(1,979)</b>	<b>70,215</b>

	Financial year 2022				
	Balance at 01/01/2022	Recognitions	Adjustment Rate change	Reversal	Balance at 31/12/2022
Deferred tax liability UPS capital compensation	73,624	-	-	(1,867)	71,757
Deferred tax liability business combination	765	-	-	(328)	437
Temporary differences	-	-	-	-	-
Tax effect of temporary differences	-	-	-	-	-
<b>Total deferred tax liabilities</b>	<b>74,389</b>	<b>-</b>	<b>-</b>	<b>(2,195)</b>	<b>72,194</b>



The reconciliation of the consolidated result with the tax base for profit tax as of 31 December 2023 and 2022:

	Financial year 2023		
	Increases	Decreases	Total
Aggregate pre-tax result			(173,043)
Consolidation adjustments			(3,203)
<b>Consolidated profit before taxes</b>			<b>(176,246)</b>
<b>Permanent differences:</b>			
- Individual companies	4,297	(1,144)	<b>3,153</b>
- Consolidation adjustments	3,203	-	<b>3,203</b>
<b>Temporary differences:</b>			
- Arising in the financial year	24,306	-	<b>24,306</b>
- Arising in previous financial years	-	(16,544)	<b>(16,544)</b>
<b>Preliminary tax base (tax result)</b>			<b>(162,127)</b>
Compensation for negative tax bases generated outside the SEPI Tax Group			<b>(3,146)</b>
<b>Tax base after offsetting</b>			<b>(165,273)</b>
Tax base Spain			<b>(168,106)</b>
Tax base Portugal			<b>2,834</b>





	Financial year 2022		
	Increases	Decreases	Total
Aggregate pre-tax result			(269,679)
Consolidation adjustments			(9,741)
<b>Consolidated profit before taxes</b>			<b>(279,420)</b>
<b>Permanent differences:</b>			
- Individual companies	18,629	(13,896)	<b>4,733</b>
- Consolidation adjustments	9,741	-	<b>9,741</b>
<b>Temporary differences:</b>			
- Arising in the financial year	10,576	(63)	<b>10,513</b>
- Arising in previous financial years	-	(18,414)	<b>(18,414)</b>
<b>Preliminary tax base (tax result)</b>			<b>(272,847)</b>
Compensation for negative tax bases generated outside the SEPI Tax Group			<b>(2,532)</b>
<b>Tax base after offsetting</b>			<b>(275,379)</b>
Tax base Spain			<b>(276,834)</b>
Tax base Portugal			<b>1,455</b>



In the year 2023, the merger by absorption took place between Correos, the absorbing company, and Nexea Gestión Documental, S.A., S.M.E. (Sole-Shareholder Company), absorbed company. This Merger has led to the extinction of the Absorbed Company through its dissolution without settlement and the transfer en bloc of its equity to Correos, which has acquired by universal succession all of said assets, as well as the rights and obligations of the latter, among others, in the tax area.

In 2022 Nexea, as a result of an analysis of indicators of the existence of impairment of its non-financial assets, determined that the fair value of the warehouse and land forming part of its assets until 31 December 2022 was lower than the book value, and therefore recorded an impairment of these assets amounting to 1,057 thousand euros, which was considered non-deductible in its income tax settlement for 2022, recognising the corresponding permanent positive adjustment.

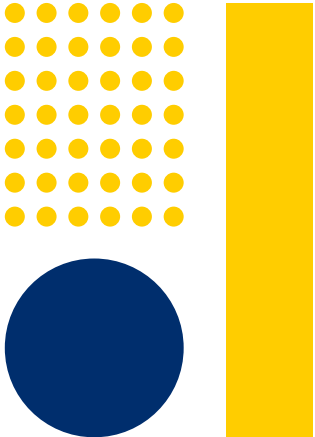
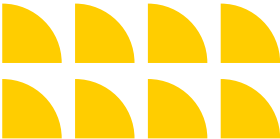
In 2023, these assets will be integrated into the equity of Correos as a result of

the merger and the impairment recorded by Nexea in the previous year has been reversed. As a result, Correos has recorded a permanent negative adjustment for the amount of the accounting reversal (1,057 thousand euros).

The Group's Parent Company includes a permanent positive adjustment of 3,723 thousand euros relating to the expense recorded by the Company in respect of

penalties, which are considered a non-deductible expense pursuant to section 15 of Corporate Income Tax Act 27/2014.

In 2023 there was no dividend contribution from group subsidiaries to the Parent company and therefore no homogenisation adjustment to the tax base is recorded (such adjustment amounted to 13,752 thousand euros in 2022).





	Financial year 2023	Financial year 2022
	Consolidated profit and loss account	Consolidated profit and loss account
<b>Aggregate result before tax</b>	<b>(173,043)</b>	<b>(269,679)</b>
Consolidation adjustments	(3,203)	(9,741)
<b>Consolidated result before tax</b>	<b>(176,246)</b>	<b>(279,420)</b>
<b>Detail of aggregated results before tax:</b>		
- Positive accounting basis	10,184	3,978
- Negative accounting basis	(186,626)	(273,657)
- Non-taxable accounting base	(3,203)	(9,741)
	<b>(179,645)</b>	<b>(279,420)</b>
Theoretical tax charge	(2,665)	(1,311)
Tax credits	46,515	68,778
Non-calculable income	286	3,511
Non-deductible expenditure	(1,074)	(4,921)
Deductions		3,733
<b>Effective aggregate taxable income / (expense)</b>	<b>43,062</b>	<b>69,790</b>
<b>Detail of effective aggregate taxable income / (expense):</b>		
Current taxes	(1,621)	(2,247)
Deferred Tax negative tax base <i>DA 19° LIS</i>	-	-
Repurchase tax credit	21,765	-

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	Financial year 2023	Financial year 2022
	Consolidated profit and loss account	Consolidated profit and loss account
Tax credits	21,765	72,050
Deferred taxes	1,153	(13)
<b>Total effective aggregate taxable income / (expense)</b>	<b>43,062</b>	<b>69,790</b>
Tax rate change adjustment	(180)	(180)
Tax rate change repurchase tax credit adjustment	-	-
Corporate income tax adjustment for previous year	-	-
Activation negative tax bases and temporary	13,106	(7,500)
Consolidation adjustment	(389)	(286)
Tax effect business combination	328	328
<b>Aggregate income / (expense) from corporate income tax</b>	<b>55,927</b>	<b>62,152</b>

The calculation of corporate income tax payable and receivable as of 31 December 2023 and 2022 is as follows:

	Financial year 2023		Financial year 2022	
	Tax current debtor	Tax current creditor	Tax current debtor	Tax current creditor
Aggregate current tax	21,765	939	72,050	(1,595)
Deferred tax 50% negative tax base <i>DA 19° LIS</i>	21,765	-	-	-
Repurchase tax credit SEPI	-	-	-	-
Withholdings and payments on account	310	-	615	-



For corporate income tax purposes, the companies resident in Spanish territory of the 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 Sections 42 and following of the *Código de Comercio* [Commercial Code], in accordance with the provisions of *Ley 5/1996, de 10 de enero, de creación de determinadas Entidades de Derecho Público* [Act 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.

In accordance with Act 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.

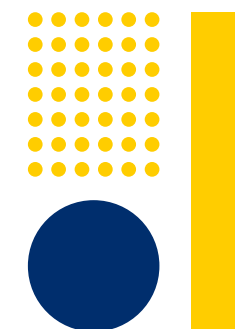
The negative tax bases prior to integration into Tax Group no. 9/86, generated in 2011 and prior years by the companies of the Correos Group, may be offset against future tax losses generated by these companies, since SEPI, the parent company of this tax consolidation group, allows this. In any case, and in accordance with the provisions of the Fifteenth Additional Provision of Act 27/2014 following the approval of Royal Decree Law 3/2016, the maximum compensation limit will apply, by virtue of which companies whose revenue 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.

*Ley 38/2022, de 27 de diciembre para el establecimiento de gravámenes temporales energético y de entidades de crédito y establecimientos financieros de crédito y por la que se crea el impuesto temporal de solidaridad de las grandes fortunas,*

*y se modifican determinadas normas tributarias* [Act 38/2022, of 27 December, for the establishment of temporary energy taxation and taxation of credit institutions and financial credit establishments and which creates the temporary solidarity tax on large fortunes and amends certain tax regulations], incorporates a new additional provision, the nineteenth, to Act 27/2014, of 27 November, on Corporate Income Tax, which establishes a temporary measure limiting by 50% the amount of the individual negative tax bases of each of the entities that make up the tax group for corporate income tax purposes.

The negative tax base generated in 2023 by the parent company of the Correos Group amounts to 174,117 thousand euros. Pursuant to the procedure established in Group 9/86 for tax consolidation and by virtue of the aforementioned Act 38/2022, SEPI will pay to Correos a 25% quota on 50% of this negative tax base once the consolidated tax return has been filed, amounting to 21,764 thousand euros, with the remaining 50% to be collected in tenths as of 2025. Therefore, between 2025 and 2034 SEPI will pay, each year, one tenth of 21,764 thousand euros, as reflected in the company's deferred tax assets.

In the financial year 2023 Correos Express Paquetería Urgente S.A., S.M.E. (Sole-Shareholder Company) has proceeded to offset against its positive tax base generated in 2023 an amount of 3,146 thousand euros (2,532 thousand euros in 2022) from the negative tax base generated by this subsidiary prior to its inclusion in the SEPI Tax Group.





In this regard, it should be noted that on 18 January 2024 the Constitutional Court, in a ruling, declared null and void the fifteenth additional provision and section 3 of the sixteenth transitional provision of Act 27/2014, of 27 November, on Corporate Income Tax, in the wording given by sec. 3. First, sections One and Two, of Royal Decree-Law 3/2016, of 2 December, whereby the special limits of 50% and 25% on negative tax base compensation will no longer apply and, therefore, in that tax period the general limit of 70% provided for in section 26.1 Corporate Income Tax Act will be applicable. Likewise, the 50% limitation on the application of the double taxation deduction disappears.

In the second place, it has been considered that the limit of 1 million euros referred to in the second paragraph of section 1 of section 26 of the Corporate Income Tax Act will not be applied in the compensation of negative tax base by the companies of the Correos Express Group. This criterion applicable in the legal-private relations between SEPI and the subsidiaries which form part of its

tax consolidated Group, is based on the fact that in the case of groups under the tax consolidation regime, such quantitative limit is not the result of multiplying 1 million euros for each of the entities of the Group, but, on the contrary, it is 1 million euros for the Group (which is considered as a taxpayer for the purposes of corporate income tax in accordance with section 56.1 of the Corporate Income Tax Act). This is clearly inferred from the literal wording of section 66 of the Corporate Income Tax Act - according to which the offsetting of negative tax base by the Group must be carried out 'under the terms set out in section 26 of this Act' - and from the criteria expressed by the General Directorate of Taxation in its replies to binding consultations no. V1057/2016, of 16-3-2016 and V1762/2015, of 21-4-2016.

Therefore, the Parent Company of the SEPI Group, in view of said limitation applicable as from 1 January 2015, in the internal quota distribution procedure established in the SEPI Tax Group, applies exclusively the

percentage limit indicated (up to financial year 2022 25% and from financial year 2023 inclusive, 70%).

For its part, Correos, as the absorbing company in the merger between Correos and Nexea, is subrogated to the right to offset the tax bases contributed by Nexea to the SEPI Tax Group at the time of its incorporation in 2012, amounting to 2,701 thousand euros.

At 31 December 2023, 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) amounting to 180,581 thousand euros (183,727 thousand euros in 2022). These taxable bases correspond to Correos Express Paquetería Urgente, S.A., S.M.E. (Sole-Shareholder Company) (177,881 thousand euros) and to the Sociedad Estatal Correos y Telégrafos, S.A. S.M.E. (Sole-Shareholder Company) for subrogation after the merger (2,701 thousand euros) are detailed below:





	Correos Express Paquetería Urgente S.A., S.M.E.	S.E. Correos y Telégrafos S.A., S.M.E.
2001	499	-
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
	<b>177,881</b>	<b>2,701</b>

Correos Express Paquetería Urgente S.A., S.M.E. (Sole-Shareholder Company), after entering into a profit path that began in 2016, proceeded to activate the tax bases that could be offset for the future 10 years, in addition to the existing temporary differences and deductions, as from 2017. In 2023, the Company recognised new assets of 49,194 thousand euros for negative tax bases to be offset against future taxable profits, thus generating a positive impact on the Company's profit and loss account in 2023 amounting to 12,298 thousand euros (in 2022 no such change was recorded in the deferred tax asset).

The balance existing at 31 December 2023, corresponding to the tax credit recorded in prior years by Correos Express Paquetería

Urgente S.A. S.M.E., i.e. 31,317 thousand, corresponds to an amount of negative tax bases pending offset against future taxable profits of 125,268 thousand euros (79,216 thousand euros at 31 December 2022).

The negative tax bases corresponding to CEP II pending offset at 31 December 2023 amount to 1,967 thousand euros (3,334 thousand euros at 31 December 2022), of which 1,743 thousand euros (3,110 thousand euros at 31 December 2022) have been capitalised at 31 December 2023, and are detailed in the following table:







Generation year	Expiry year	Negative tax bases	Compensation	Negative tax bases pending
2017	2023	305	(305)	-
2018	2024	978	(978)	-
2019	2025	1,005	(84)	921
2020	2026	1,046	-	1,046
		<b>3,334</b>	<b>(1,367)</b>	<b>1,967</b>

The subsidiaries CEP and CEP II are taxed at 21% in Portugal, and CEP II has capitalised 1,967 thousand euros as tax loss carryforwards for the years 2017-2020, and the directors consider that taxable income will be generated in the next five years which, in accordance with Portuguese regulations, will allow this asset to be recovered.

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 Act 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 2023, the companies comprising the Group remain open to inspection by the tax authorities for all applicable taxes from 1 January 2019. The directors of the Parent Company do not expect any significant additional liabilities to arise for the Parent Company as a result of an inspection.





## 19. Other information

### a) Number of employees

The breakdown the Group's average workforce (*Full Time Equivalent*), in number of employees, for the financial years 2023 and 2022 is as follows:

	Financial year 2023	Financial year 2022
Management Committee	18	19
<b>Rest of workforce:</b>		
Civil servants	4,048	5,260
Workers under ordinary employment contracts	46,154	43,062
	<b>50,221</b>	<b>48,341</b>

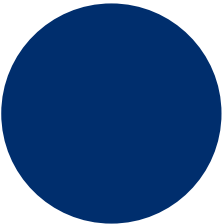
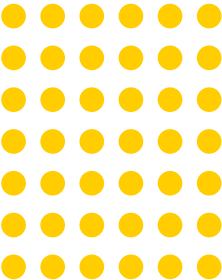
As of 31 December 2023 and 2022, the number of employees of the Correos Group by category and gender was as follows:

	Balance at 31/12/2023			Balance at 31/12/2022		
	Men	Women	Total workforce	Men	Women	Total workforce
Management Committee	11	6	17	14	5	19
<b>Rest of workforce:</b>						
Civil servants	2,431	1,224	3,654	3,162	1,623	4,786
Workers under ordinary employment contracts	23,006	26,782	49,788	20,800	24,604	45,404
	<b>25,447</b>	<b>28,012</b>	<b>53,459</b>	<b>23,976</b>	<b>26,233</b>	<b>50,208</b>

The average workforce (*Full Time Equivalent*) of the Group for persons with a disability of 33% or above during the financial years 2023 and 2022 was as follows:

	Financial year 2023	Financial year 2022
Civil servants	126	158
Workers under ordinary employment contracts	1,067	963
	<b>1,193</b>	<b>1,121</b>





**b) Commitments and contingencies**

As of 31 December 2023, guarantees granted by various financial institutions to the Correos Group amount to 138,947 thousand euros (140,817 thousand euros in 2022), of which 75,077 thousand euros (58,636 thousand euros in 2022) are derived from contracts with customers, 55,555 thousand euros (79,133 thousand euros in 2022) are derived from legal matters and the rest are derived from other causes. The Directors of the Parent Company estimate that additional liabilities, if any, which may arise from guarantees with third parties provided would not, in any case, be significant.

**c) Fees of auditors and their group or related companies**

The amounts accrued during the financial year 2023 for the audit services of Grant Thornton S.L.P. amounted to 135 thousand euros excluding VAT (201 thousand euros in 2022).

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 2023 were 14 thousand euros excluding VAT, regardless of the time of invoicing (14 thousand euros as of 31 December 2022).

In addition, fees accrued for non-audit services during 2023 by other companies in the Grant Thornton, S.L.P. network amount to 62 thousand euros (31 December 2022: 80.4 thousand euros).





## 20. Related parties

### a) Related companies

The related companies with whom the companies of the Correos Group have maintained transactions in the financial years 2023 and 2022 and the nature of the relationships are the following:

Name of the company	Nature of the relation ship
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)
Feirexpo, 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)
Rangel 2 Consumer, S.A.	Grupo Rangel company (Portugal)
Rangel Mozambique	Grupo Rangel company (Portugal)
Rangel Angola Expresso e Tránsitos	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 2023 and 2022 are as follows:

	Clients		Suppliers	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Rangel Group	1,055	1,758	411	559
K-Parcel Company Limited	9,294	10,075	-	-
SEPI Group, reminder	3,420	197	163	-
	<b>13,769</b>	<b>12,030</b>	<b>574</b>	<b>559</b>
	(Note 11)	(Note 11)	(Note 16)	(Note 16)

	Current debts		Non-current credits	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
K-Parcel Company Limited	-	-	-	589
	<b>-</b>	<b>-</b>	<b>-</b>	<b>589</b>

The cross receivables and payables relating to the Tax Group's operations (see Note 18) are as follows:

	Debtors, Group companies		Debts, Group companies	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
SEPI	22,075	72,665	(939)	(1,595)
	<b>22,075</b>	<b>72,665</b>	<b>(939)</b>	<b>(1,595)</b>



The breakdown of the tax balances with SEPI is the following:

	Balance at 31/12/2023	
	Debtor	Creditor
Telecom	-	602
Grupo Correos Express	-	337
<b>Correos:</b>		-
- Tax fee SEPI	21,765	-
- Tax withholdings and prepayments 2022	296	-
- Tax withholdings and prepayments 2023	14	-
<b>Total (Note 18)</b>	<b>22,075</b>	<b>939</b>

	Balance at 31/12/2022	
	Debtor	Creditor
Telecom	-	287
Nexea	959	-
Grupo Correos Express	-	1,308
<b>Correos:</b>		
- Tax fee SEPI	71,091	-
- Tax withholdings and prepayments 2021	306	-
- Tax withholdings and prepayments 2022	309	-
<b>Total (Note 18)</b>	<b>72,665</b>	<b>1,595</b>



The transactions with SEPI Group and Rangel Group companies in the years 2023 and 2022 were the following:

	Revenue from provision of services		Operating costs	
	Balance at 31/12/2023	Balance at 31/12/2022	Balance at 31/12/2023	Balance at 31/12/2022
SEPI	3	-	-	-
Rangel Group	2,958	3,908	1,531	1,447
SEPI Group, remainder	1,149	443	657	576
	<b>4,110</b>	<b>4,351</b>	<b>2,188</b>	<b>2,023</b>

	Financial income		Financial costs	
	Balance at 31/12/2023	Balance at 31/12/2022	Balance at 31/12/2023	Balance at 31/12/2022
SEPI	-	-	90	-
K-Parcel Company Limited	9	19	-	-
	<b>9</b>	<b>19</b>	<b>90</b>	<b>-</b>





**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 2023 and 2022 in unusual and/or significant transactions with companies of the 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 in 2023 by members of the Board of Directors and senior management

personnel of the Parent amounted to 1,595 thousand euro (1,601 thousand euro in 2022), of which 141 thousand euro corresponds to attendance fees received by members of the Parent's Board of Directors for attending Board meetings (153 thousand euro in 2022), and the remainder relates to salaries and/or other remuneration items (including indemnities) of the Parent's senior management staff.

As of 31 December 2023, 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 the Parent Company have fulfilled their obligations under Section 228 of the recast text of the Corporate Enterprises Act. Both the directors and persons related to them have refrained from any conflict of interest provided for under Section 229 of said Act.

The Board of Directors of the Parent Company at the date of preparation of these financial statements consisted of 10 men and 4 women.





## 21. Business Combination

In the financial year 2023 the Parent Company has carried out a merger by absorption. This merger has been carried out for reasons of internal organisation and economies of scale in the unification of processes that will improve liquidity, solvency and obtain competitive advantages through the transformation of the absorbed company into a Business Unit within the parent company, thus guaranteeing the feasibility and profitability of Nexea's core business, and has been justified within the framework of a restructuring process of the Correos Group aimed at optimising commercial operations.

### ***Merger by absorption NEXEA GESTIÓN DOCUMENTAL S.A***

On 3 July 2023, the merger agreement adopted by the Boards of Directors of Nexea (absorbed company), Correos (absorbing company), SEPI and authorised by the Council of Ministers was recorded

on a public deed. This resolution agreed the merger by absorption by Correos of the company Nexea, transferring all its assets and liabilities to the absorbing company en bloc, acquiring by universal succession the rights and obligations of the same and with accounting effect from 1 January 2023.

The merger was approved on 23 February 2023 by Nexea's Board of Directors on the basis of the merger plan of the same day. The merger plan was not filed with the Companies Registries where the merging companies were registered, nor was it published in the Official Gazette of the Business Registry pursuant to Section 42 (1) of the LME [Spanish Act On Structural Modifications].

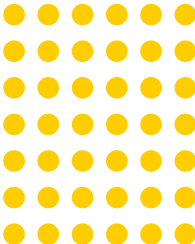
As this is a merger between related companies, covered by section 31.7 'LME' and the General Accounting Plan, the accounting effects of the merger have been recorded as of 1 January 2023. All assets

and liabilities have been integrated into the absorbing company at their book values in the consolidated annual accounts.

Nexea was entirely owned by the sole shareholder Correos.

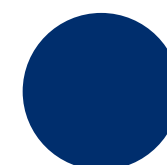
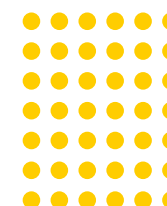
As a result of the integration, positive merger reserves of 135 thousand euros have been generated.

The approved merger balance sheet of Nexea, dated 31 December 2022, is shown below:





<b>ASSETS</b>	<b>Balance at 31/12/2022</b>
<b>NON-CURRENT ASSETS</b>	<b>5,794,220</b>
<b>Intangible assets</b>	<b>60,863</b>
Computer software	60,863
<b>Property, plant and equipment</b>	<b>5,669,155</b>
Land and buildings	3,753,252
Technical installations and other fixed assets	1,915,903
<b>Non-current financial investments</b>	<b>60,000</b>
Other financial investments	60,000
<b>Deferred tax assets</b>	<b>4,202</b>
<b>CURRENT ASSETS</b>	<b>5,319,205</b>
<b>Inventories</b>	<b>1,268,418</b>
Raw materials and other supplies	1,268,418
<b>Trade and other receivables</b>	<b>3,944,896</b>
Clients for sales and provision of services	2,818,738
Clients, group companies and associates	92,391
Debtors, group companies and associates	1,008,559
Sundry debtors	25,208
<b>Current financial investments</b>	<b>47,435</b>
Other financial assets	47,435
<b>Current accruals</b>	<b>39,845</b>
<b>Cash and cash equivalents</b>	<b>18,611</b>
Cash and cash equivalents	18,611
<b>TOTAL ASSETS</b>	<b>11,113,425</b>





<b>EQUITY AND LIABILITIES</b>	<b>Balance at 31/12/2022</b>	
<b>EQUITY</b>	<b>(11,491,716)</b>	
<b>Shareholder's equity</b>	<b>(11,633,104)</b>	
Capital	973,842	
<b>Reserves</b>	<b>67,583</b>	
Prior periods' negative results	(8,738,115)	
Result for the year	(3,936,414)	
<b>Grants, donations and bequest received</b>	<b>141,388</b>	
<b>NON-CURRENT LIABILITIES</b>	<b>18,000,000</b>	
<b>Long term debts with group companies and associates</b>	<b>18,000,000</b>	
<b>CURRENT LIABILITIES</b>	<b>4,605,141</b>	
<b>Current provisions</b>	<b>23,395</b>	
<b>Current payables</b>	<b>239,208</b>	
Other financial liabilities	239,208	
<b>Short term debts with group companies and associates</b>	<b>1,963,192</b>	
<b>Trade creditors and other accounts payable</b>	<b>2,379,346</b>	
Suppliers	940,745	
Suppliers, group companies and associates	170,392	
Sundry creditors	1,010,209	
Staff (Unpaid wages)	56,146	
Other debts with public administration	201,854	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,113,425</b>	



## 22. Segmented information

The Group's segment results for the financial years 2023 and 2022 as well as

the balance sheet and cash flow statement are as follows:

	Financial year 2023			
	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Revenue	1,721,575	423,195	(31,725)	<b>2,113,045</b>
Supplies	(169,152)	(267,760)	9,611	<b>(427,301)</b>
UPS compensation	247,301	-	-	<b>247,301</b>
Staff costs	(1,583,070)	(78,468)	49	<b>(1,661,489)</b>
Other results	(402,713)	(67,351)	22,262	<b>(447,802)</b>
<b>Result before tax</b>	<b>(186,059)</b>	<b>9,616</b>	<b>197</b>	<b>(176,246)</b>

	Financial year 2022			
	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Revenue	1,567,123	412,222	(16,967)	<b>1,962,378</b>
Supplies	(140,201)	(254,330)	6,787	<b>(387,744)</b>
UPS compensation	114,522	-	-	<b>114,522</b>
Staff costs	(1,415,780)	(63,944)	76	<b>(1,479,648)</b>
Other results	(395,881)	(95,617)	2,571	<b>(488,927)</b>
<b>Result before tax</b>	<b>(270,217)</b>	<b>(1,669)</b>	<b>(7,533)</b>	<b>(279,419)</b>



	Balance at 31/12/2023			
	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Fixed assets and investment property	1,391,070	59,610	-	<b>1,450,680</b>
Non-current investments in Group companies	186,093	-	(181,847)	<b>4,247</b>
Other non-current assets	6,924	1,251	(179)	<b>7,996</b>
Deferred tax assets	53,975	35,328	-	<b>89,302</b>
<b>Non-current assets</b>	<b>1,638,062</b>	<b>96,189</b>	<b>(182,025)</b>	<b>1,552,225</b>
Trade and other receivables	440,185	111,720	(17,129)	<b>534,776</b>
Other current assets	22,426	25,657	(24,917)	<b>23,166</b>
Cash	274,537	7,423	-	<b>281,960</b>
<b>Current assets</b>	<b>737,148</b>	<b>144,800</b>	<b>(42,046)</b>	<b>839,902</b>
<b>Total assets</b>	<b>2,375,209</b>	<b>240,988</b>	<b>(224,071)</b>	<b>2,392,127</b>



	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	-	<b>1,456,546</b>
Non-current investments in Group companies	193,190	-	(188,552)	<b>4,638</b>
Other non-current assets	6,213	1,287	(168)	<b>7,332</b>
Deferred tax assets	30,045	23,636	-	<b>53,681</b>
<b>Non-current assets</b>	<b>1,619,143</b>	<b>91,774</b>	<b>(188,720)</b>	<b>1,522,197</b>
Trade and other receivables	517,166	101,553	(14,793)	<b>603,926</b>
Other current assets	25,272	24,689	(24,677)	<b>25,284</b>
Cash	104,259	7,214	-	<b>111,473</b>
<b>Current assets</b>	<b>646,697</b>	<b>133,456</b>	<b>(39,470)</b>	<b>740,683</b>
<b>Total assets</b>	<b>2,265,840</b>	<b>225,230</b>	<b>(228,190)</b>	<b>2,262,880</b>



	Balance at 31/12/2023			
	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Shareholder's equity	622,679	72,816	(181,847)	<b>513,648</b>
External partners	-	420	-	<b>420</b>
Grants, donations and bequest received	210,264	54	-	<b>210,318</b>
<b>Equity</b>	<b>832,943</b>	<b>73,289</b>	<b>(181,847)</b>	<b>724,386</b>
Non-current provisions	45,106	19,952	-	<b>65,059</b>
Deferred tax liabilities	70,088	127	-	<b>70,215</b>
Other non-current liabilities	485,741	15,986	(179)	<b>501,548</b>
<b>Non-current liabilities</b>	<b>600,936</b>	<b>36,065</b>	<b>(179)</b>	<b>636,822</b>
Current payables	361,319	1,963	-	<b>363,282</b>
Trade creditors and other accounts payable	541,752	120,423	(17,129)	<b>645,046</b>
Other current liabilities	38,259	9,248	(24,917)	<b>22,590</b>
<b>Current liabilities</b>	<b>941,330</b>	<b>131,633</b>	<b>(42,046)</b>	<b>1,030,919</b>
<b>Total equity and liabilities</b>	<b>2,375,209</b>	<b>240,988</b>	<b>(224,071)</b>	<b>2,392,127</b>





	Balance at 31/12/2022			
	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
Shareholder's equity	763,183	41,392	(171,590)	<b>632,985</b>
External partners	-	357	-	<b>357</b>
Grants, donations and bequest received	216,256	195	1,385	<b>217,836</b>
<b>Equity</b>	<b>979,439</b>	<b>41,944</b>	<b>(170,205)</b>	<b>851,178</b>
Non-current provisions	41,437	19,864	-	<b>61,301</b>
Deferred tax liabilities	559,275	1,673	(168)	<b>560,779</b>
Other non-current liabilities	86,219	30,266	(18,346)	<b>98,139</b>
<b>Non-current liabilities</b>	<b>686,931</b>	<b>51,803</b>	<b>(18,514)</b>	<b>720,219</b>
Current payables	38,137	6,573	-	<b>44,711</b>
Trade creditors and other accounts payable	505,868	114,682	(76,451)	<b>544,100</b>
Other current liabilities	55,465	10,228	36,979	<b>102,672</b>
<b>Current liabilities</b>	<b>599,470</b>	<b>131,483</b>	<b>(39,472)</b>	<b>691,483</b>
<b>Total equity and liabilities</b>	<b>2,265,840</b>	<b>225,230</b>	<b>(228,190)</b>	<b>2,262,880</b>



	Financial year 2023			
	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
<b>Operating activities</b>				
<b>Result for the financial year before tax</b>	<b>(186,059)</b>	<b>9,616</b>	<b>197</b>	<b>(176,246)</b>
Adjustments to the result	67,201	8,295	1,709	<b>77,205</b>
Changes in current capital	46,289	(1,992)	13,301	<b>57,598</b>
Other cash flows from operating activities	65,464	(5,619)	(15,034)	<b>44,811</b>
<b>Total cash flows from operating activities</b>	<b>(7,105)</b>	<b>10,300</b>	<b>173</b>	<b>3,368</b>
<b>Investment activities</b>				
Payments for investments	(80,061)	(9,040)	162	<b>(88,939)</b>
Proceeds from disposals	9,428	2,424	(1,713)	<b>10,139</b>
<b>Total cash flows from investment activities</b>	<b>(70,633)</b>	<b>(6,616)</b>	<b>(1,551)</b>	<b>(78,800)</b>
<b>Financing activities</b>				
<b>Total cash flows from financing activities</b>	<b>240,929</b>	<b>(3,476)</b>	<b>1,358</b>	<b>238,811</b>
Effect of exchange rates fluctuations	7,087	-	-	<b>7,087</b>
Net variation in cash or equivalents	170,278	208	-	<b>170,486</b>
<b>Cash and other cash equivalents at the start of the financial year</b>	<b>104,259</b>	<b>7,196</b>	<b>0</b>	<b>111,474</b>
<b>Cash and other cash equivalents at the end of the financial year</b>	<b>274,537</b>	<b>7,423</b>	<b>0</b>	<b>281,960</b>



	Financial year 2022			
	Postal, telegraphic and parcel	Urgent parcel and others	Homogenisations and eliminations	Total
<b>Operating activities</b>				
<b>Result for the financial year before tax</b>	<b>(270,216)</b>	<b>(1,669)</b>	<b>(7,534)</b>	<b>(279,419)</b>
Adjustments to the result	37,582	18,390	17,531	<b>73,503</b>
Changes in current capital	76,889	12,252	(4,372)	<b>84,769</b>
Other cash flows from operating activities	49,188	72	(17,805)	<b>31,455</b>
<b>Total cash flows from operating activities</b>	<b>(106,557)</b>	<b>29,045</b>	<b>(12,179)</b>	<b>(89,691)</b>
<b>Investment activities</b>				
Payments for investments	(63,946)	(18,304)	8,130	<b>(74,120)</b>
Proceeds from disposals	6,911	4,871	(4,871)	<b>6,911</b>
<b>Total cash flows from investment activities</b>	<b>(57,035)</b>	<b>(13,433)</b>	<b>3,259</b>	<b>(67,209)</b>
<b>Financing activities</b>				
<b>Total cash flows from financing activities</b>	<b>122,892</b>	<b>(11,984)</b>	<b>8,920</b>	<b>119,828</b>
Effect of exchange rates fluctuations	7,215	-	-	<b>7,215</b>
Net variation in cash or equivalents	(33,485)	3,628	-	<b>(29,857)</b>
<b>Cash and other cash equivalents at the start of the financial year</b>	<b>137,744</b>	<b>3,587</b>	<b>0</b>	<b>141,331</b>
<b>Cash and other cash equivalents at the end of the financial year</b>	<b>104,259</b>	<b>7,215</b>	<b>0</b>	<b>111,474</b>



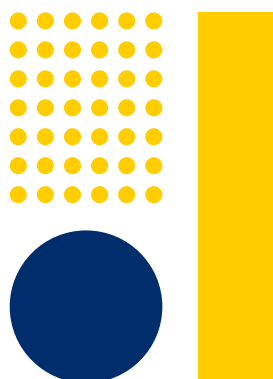
## 23. Environmental information

Details of the Parent Company's investments and expenses for environmental protection and improvement for the financial years 2023 and 2022 are the following:

	Financial year 2023	Financial year 2022
<b>Investments</b>	<b>1,932</b>	<b>3,456</b>
<b>Expenses</b>		
Environmental protection services	426	318
Environmental management costs	135	289
Environmental taxes	845	582
Clean-up costs	59	4
Prevention costs	895	2,811
<b>Total expenses</b>	<b>2,360</b>	<b>4,004</b>

During the financial year, environmental grants of 77 thousand euros (108 thousand euros in 2022) were received.

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 2023.





## 24. Contingent liabilities

On 4 June 2020, UNIPOST S.A.U. filed a lawsuit before the Business Court No. 7 of Barcelona, in which said company brought an action for non-contractual liability against Correos with the aim of ordering the Company to pay UNIPOST a compensation of 301,259,464 euros, as well as interest from the date on which the lawsuit was brought and the costs of the proceedings. On 15 January 2024, the hearing was held where the oral conclusions were made by the representatives of the parties and a final diligence was requested. Currently, the proceedings are still being processed in court and are not yet ready for sentence, so it is not possible to estimate an amount to be provisioned. At the date of preparation of these financial statements, the risk is estimated as possible.

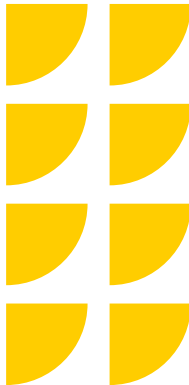
On 17 November 2023, the Parent Company received a lawsuit from the company RECERCA I DESENVOLUPAMENT EMPRESARIAL, S.L. (hereinafter, 'RD Post') for the payment of compensation ranging from 41,401,381 euros (the higher

amount) to 4,131,117 euros (the lower amount) due, in its opinion, to the deficient and defective provision of postal services contracted with Correos. At the date of preparation of these annual accounts, the proceedings are pending a decision by the Court on the declinatory plea filed by Correos and, consequently, on whether or not it has jurisdiction to hear RD POST's lawsuit. The risk associated with the demand is estimated as possible.

The claims of Correos Express against resolutions of the Toledo Provincial Directorate of the General Treasury of Social Security arising from proceedings initiated by the Labour Inspectorate, which resolved to process the registration with Social Security of drivers belonging to companies supplying CEX and the other proceedings linked to this principal (Note 15), are currently pending court decision. 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.





# Consolidated Management Report

## - Financial Year 2023 -

### 1. Business model and evolution

The Correos Group operates in the physical and digital communications sector, as well as in the parcels 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 main company in the Spanish postal market and one of the leading companies in the parcels 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 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.

At 31 December 2022, the Parent Company held a 100% interest in the subsidiary Nexea Gestión Documental SA (hereinafter Nexea).

Due to the delicate economic and financial situation of Nexea in 2022, the Directors considered that a business combination in which Nexea would be absorbed in its entirety by its sole shareholder, Correos, would improve liquidity, solvency and obtain competitive advantages by transforming the absorbed company into a business unit within the parent company,

thus guaranteeing the feasibility and profitability of Nexea's core business.

On 3 July 2023, the merger agreement adopted by the Boards of Directors of Nexea (absorbed company), Correos (absorbing company), SEPI and authorised by the Council of Ministers was recorded on a public deed. This resolution agreed the merger by absorption by Correos of the company Nexea, transferring all its assets and liabilities to the absorbing company en bloc, acquiring by universal succession the rights and obligations of the same and with accounting effect from 1 January 2023.





## 2. Environment and trends

### Economic uncertainty

At the beginning of 2023, forecasts pointed to a new recession, in a context of persistent inflation, tight monetary policy and severe geopolitical tensions. However, the performance of the world economy, at least during the first half of the year, was better than expected, albeit with notable differences between nations and without the threat of a new crisis being fully dispelled.

Spain was one of the European Union countries where developments would have been most positive. Last year could have closed with GDP growth of 2.5% (compared to 0.6% in Europe), thanks to the contribution of net external demand, the recovery of business investment, job creation, the extension of public support

measures and the increase in household consumption, especially between April and September.

However, in the last quarter Spanish economic activity, like that of Europe, is reported to have started to weaken, due to the slowdown in global trade and a combination of loss of purchasing power of citizens, tighter financing conditions, low levels of confidence and lower competitiveness of the continent.

On the other hand, after some volatility in oil prices in September and October, due to the tightening of oil supply and the conflicts in Ukraine and the Gaza Strip, the decline in demand from advanced economies led to further declines in energy prices, thereby contributing to lower inflation.

In 2024, this moderation in inflation is expected to continue, together with some stability in interest rates and the continued strength of the European labour market,

which would contribute to an increase in disposable income. Coupled with an increase in exports, the continent's GDP could start to recover from the first quarter of the year.

However, this forecast is still subject to many uncertainties, related to the pace of growth in China, the main customer of some European nations, or a hypothetical extension of the confrontations in Ukraine and the Middle East that could have repercussions on energy or logistical prices, as evidenced by the recent conflict in the Red Sea.

### Postal market

The past year in Spain was marked by general, regional, and local elections. The extraordinary mobilisation of resources, both material and human, and the solvency of its management demonstrated once again the important role of Correos in providing public services to the citizens.





Although postal volumes continued to decline as a result of e-substitution, the growing demand for the proximity services provided by the company's distribution and postal office networks continued to confirm its potential to provide additional services for administrations in an effective and efficient manner, contributing to providing solutions to the country's demographic challenge and bridging the financial and digital divides.

In this regard, during 2023, several countries addressed the debate on the future role of national postal operators. Some of them pushed for changes in their regulations, in two ways: by reducing the scope of universal postal service requirements (longer delivery times, lower quality requirements or even its disappearance as an obligation, as in the case of Denmark), motivated by changes in social habits, but also by extending the range of services provided by these operators.

**Parcel market**

The parcels market stabilises, after the extraordinary momentum of the pandemic. The slowdown in economic growth in some European countries was reflected in the performance of e-commerce and thus in the demand for parcels. After the post-pandemic peak in 2021, households normalised their consumption patterns in 2023, cutting back on non-essential spending and balancing online and physical shopping. Consequently, the rate of increase in parcel volumes also slowed down (again with differences between nations).

In Spain, although e-commerce revenue in the second quarter of 2023 (latest available data) increased by 12.7%, this was half of the growth recorded in the same period of 2022. However, Correos and the subsidiary Correos Express accelerated their volume growth, but in a context where all companies in the parcels sector faced

high costs and a squeeze on already tight business margins.

Similarly, in Portugal, where Correos Express Portugal operates, parcel volumes increased by 14.6% in the first half of the year, which would have boosted the activity of the Group's subsidiary, but in recent months this growth in the sector has also weakened.

In other European nations, increased competitive pressures, coupled with high fuel and labour costs, led to shrinking profits for some postal operators. The most widespread response to this unfavourable scenario was price increases or the application of surcharges linked to fuel prices and, to a lesser extent, job cuts.

As in previous years, another solution was inorganic growth in markets with high potential, such as cold chain logistics services, technology, or healthcare-related





services. Other postal companies, on the other hand, divested businesses further away from their core business, rethinking their diversification and internationalisation strategies.

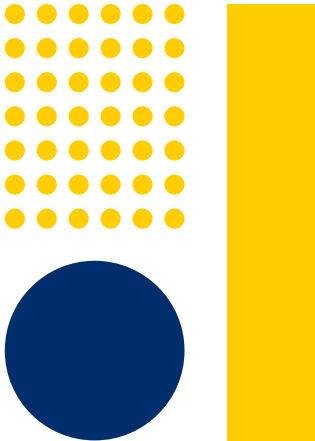
In Spain, some companies in the sector paused their infrastructure investment plans, due to the slowdown in the growth of e-commerce, as well as the overcapacity of the centres' networks as a result of the pandemic. However, parcel delivery companies have continued to invest in alternative home delivery solutions and in the transition to more sustainable fleets, as a measure that also contributes to contain transport costs.

The slowdown in e-commerce in Spain also drove business concentration, especially among smaller, newer operators, focused on last-mile delivery and highly dependent on volume growth.

At the European level, in the emerging business of ultra-fast delivery, especially linked to online shopping, there was

also the exit or takeover of numerous companies, motivated by low business margins and requiring extremely high levels of investment with uncertain returns. In addition, some postal operators that had invested in this type of business also ended up abandoning it due to low profitability.

With regard to the Spanish market forecasts for 2024, there are many unknowns. Although the postal and parcels sector's revenue in the last months of 2023 could reveal a recovery in demand, a possible slowdown in the national economy this year would impact e-commerce, the main driver of the parcels and logistics business, by slowing its growth rate.





### 3. 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 may 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
- ▶ 3D printing



#### 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





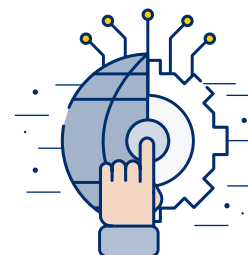
### Activist citizens

- ▶ Increased preference for local and sustainable consumption
- ▶ Increased price sensitivity
- ▶ Sustainable consumption
- ▶ Globalisation concerns
- ▶ Revival of a community sense
- ▶ Increased demand for corporate transparency and sustainability
- ▶ Development of the 'silver' economy



### Resilient and responsible companies

- ▶ WFH and remote operations
- ▶ Importance of employee health, 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



### 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



### 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 strengthening of democracies





## 4. Principal financial results

The Correos Group closed December 2023 with a negative EBITDA (Operating profit + Net amortisation of grants and amortisation + Provisions + Impairment and gains/losses on disposals of fixed assets) of -106.1 million euros, an improvement of 105.6 million euros on the figure recorded in 2022. Profit after tax was 120 million euros negative, an improvement of 97 million on the figure recorded in 2022.

The accumulated revenue as of December 2023 is 2,113 million euros, which represents an increase of 7.7% compared to 2022.

The Correos Group closes 2023 with a workforce of more than 50,000 people.

## 5. Risk Management

The activity of the 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 growth electronic formats, increased competition and the emergence of disruptive technologies leading to rapid changes in demand.

Operating technological risk pertains to the structural complexity of the 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 50,000 professionals, the Correos Group 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 different stakeholders have of the Correos Group.

In addition to these, there are legal risks arising from possible changes in sectoral regulations and the company's own operations.

Finally, the 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 the Correos Group not availing of cash 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.

- ▶ The 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.

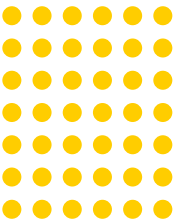


## 6. Human Resources

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.

At the end of 2023, the Correos Group had an average workforce of 50,221 (FTE). The parent company, Correos, contributed the largest proportion, 48,094 professionals.



	2023	2022
<b>Average</b> (Full Time Equivalent)		
Correos	48,094	46,602
Correos Express	1,900	1,392
Correos Express Portugal	177	149
Correos Telecom	50	46

## 7. Protection of the environment

The information relating to environmental activities is included in Note 23) of the Annual Report to 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 2023.

## 8. Events after the Closing Date

In the judgement of the Parent Company's directors, no events have become known subsequent to the balance sheet date that could have a material impact on these consolidated annual accounts.



## 9. Others

At year-end, the Parent Company has no outstanding balances payable to suppliers constituting a deferral exceeding the legal period established by Act.

In accordance with the provisions of Act 18/2012, the Parent Company's information on the average period for payment to suppliers in commercial transactions as of 31 December 2023 and 2022, as it is the most representative of the Group, as follows:

	Financial year 2023	Financial year 2022
	Days	Days
Average settlement period for suppliers	11	20
Ratio of paid transactions	11	19
Ratio of outstanding transactions	25	37
	Thousands of euros	Thousands of euros
Total payments made in a period shorter than that established in the regulations	152,837	143,042
Total payments made in a period longer than that established in the regulations	272,718	277,074
Total outstanding payments	2,434	9,318





2023	Number of invoices	Thousands of euros
<b>Total payments made</b>	<b>81,381</b>	<b>425,555</b>
Invoices paid in a period lesser than the maximum established in the payment defaults regulations	15,951	152,837
% of total invoices paid	20%	36%
2022	Number of invoices	Thousands of euros
<b>Total payments made</b>	<b>83,726</b>	<b>420,116</b>
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%

The Correos Group does not hold any treasury shares, nor has it carried out any transactions with financial products during the financial year 2023.

During the 2023 financial year, the Correos Group has made investments in R&D&I amounting to 20,371 thousand euros (28,671 thousand euros in 2022).

## 10. Non-Financial Information Statement

The 'Statement of Non-Financial Information 2023 of the Correos Group' forms part of this consolidated management report, which is presented in a separate document and which is formulated with this consolidated management report.



# Governing Board statement

## GOVERNING BOARD SOCIEDAD ESTATAL CORREOS Y TELÉGRAFOS, S.A., S.M.E. AND SUBSIDIARIES

### PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 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 110 (both inclusive) for the year ended 31 **December 2023**, as well as the management report for the same year contained on the pages numbered consecutively from page 1 to 10 (both inclusive), were submitted for approval by the Board of Directors of the Parent Company on **28 February 2024**. In accordance with the provisions in force, the directors proceed to sign and approve all the aforementioned documents:

**In Madrid on 28 February 2024**

#### PRESIDENTE

D. Pedro Saura García

#### VOCALES

D. Pedro Enrique Blanco Chinarro

D<sup>a</sup> Dolores Alonso Galgo

D<sup>a</sup> Marta Fano González

D<sup>a</sup> Aida Joaquín Acosta

D<sup>a</sup> Noelia M<sup>a</sup> Gutiérrez Refuerto

D. Juan Pablo Martín de Andrés

D. Carlos Olmo López

D. Jaime Pérez de la Cruz

D. José María Pérez Rosado

D. Alberto Requena Navarro

D. Luis Gonzaga Serrano de Toledo

D. Tomás Suárez-Inclán González

D. Manuel Esteban Pacheco Manchado

D. Dámaso Riaño López