Sustainability Report 2014

The Sustainability Report of TAP Group includes economic, social and environmental indicators, prepared in accordance with the directives of the Global Reporting Initiative (GRI) that evidence the performance and practices of the Company in the area of sustainability.

This report aims to promote transparency in relation to the sustainability of the organisation’s activities, by providing information considered relevant to the different groups of interest – Customers, Shareholder, Employees, Non-Governmental Organisations, among others.

In this way, the principles and practices are disclosed, as well as the programmes and initiatives developed to improve the Company’s performance, with respect to the economic, environmental and social impacts occurred in the exercise of its activity.

Available on TAP’s website
www.tapportugal.com/info/en/about-tap/tap-group/annual-reports

TAP, SGPS, S.A.
Head office: Aeroporto de Lisboa, Edifício 25 8º
1704-801 Lisboa
Portugal
Nominal Capital: EUR 15,000 thousand
Registration at the Commercial Registry Office of Lisbon and Legal Person no. 506623602
Index

10 Commitment to contribute to Economic and social development and to the preservation of the environment

36 Economic Perspective

44 Social Perspective

56 Environmental Perspective

67 Commitments

70 Annexes

78 Approval of the Sustainability Report
OPENING NOTE

MAIN ASPECTS OF THIS REPORT

Scope
The present document refers to the calendar year of 2014 and mainly contains information relative to TAP, S.A., the company dedicated to the development of the core activity of TAP Group, and the other companies of TAP Group, with the exception of TAP–Maintenance and Engineering Brazil.

This report complements the information contained in the Annual Report of TAP Group, providing in this way additional information on the development of the activity.

The above and other supplementary information are available for downloading at the TAP portal http://www.flytap.com.

Approval
This Sustainability Report was approved by the General and Supervisory Board with the follow-up and prior opinion of the Specialised Sustainability and Corporate Governance Commission, under proposal of the Executive Board of Directors.
Structure
Prepared on an annual basis, the Sustainability Report features the main economic, social and environmental impacts of the activity developed by TAP Group. In its preparation, criteria based on the Directives of the Global Reporting Initiative (third version – GRI G3) were followed, aimed at, with the adoption of the principles, criteria and recommendations contained therein, ensuring the international credibility of the document.

The report is composed of four sections and a body of annexes. The first two sections describe the general framework of TAP within the context of the sector in which it develops its activity. In this regard, the first section includes the message of the Chairman of the Executive Board of Directors, in addition to the evolution of the Key Sustainability Indicators. The second section describes the Company Profile, with reference being made to the main Events of the year, as well as the Awards and Distinctions received, followed by the presentation of the Governance and Management Models, from the viewpoint of the sustainability strategy designed by the organisation, as well as the respective Sustainability Commitments and Objectives. The section continues with a description of the Risk Management process in the Group, followed by reference to the main developments carried out within the scope of Innovation and Development.

The section concludes with reference to the Relations processes with the main Stakeholders, with the commitments assumed by the Company to the same being reiterated. Throughout the third section, the positioning of TAP relative to each of the following three perspectives are described: Economic, Social and Environmental.

Each of these sub-chapters begins with the table of the respective indicators and continues with reference to the main developments achieved over the course of the financial year. In the fourth section, the degree of compliance in the financial year relative to the indicators of the matrix of Commitments, as well as future targets, is mentioned. Finally, the body of annexes includes the GRI Correspondence Table with explanations on the limitations and omissions relative to the same, as well as the historical series for the indicators of the Tables (GRI).

Other international standards were also taken into consideration by TAP Group, namely, the Greenhouse Gas Protocol and the ISO standards.
TAP remains committed to its vision and mission, aiming to be the best company to travel, invest and work in Portugal. This means that the strategic guidance defined for the TAP Group has fundamental objectives such as the creation of economic and social value for the shareholder and for Portugal, the satisfaction and anticipation of Customer expectations, and the guarantee of the best conditions for the professional affirmation and progress of workers.

TAP develops its activity in a highly competitive and regulated environment in line with the guidelines of the Global Reporting Initiative (GRI).

In the development of its business, TAP is committed to the pursuit of the best sustainability and security practices for its operations, as well as the preservation and defence of the Environment and of the Planet.

Its daily practices are thus based on a culture that is solidly founded on the values of security, transparency and responsibility, never losing sight of the feasibility and economic growth of the TAP Group and of justice and social responsibility, as well as the safeguarding of environmental quality.

In support of this solid commitment and its underlying practices, TAP discloses to its various stakeholders the programmes, advances and initiatives undertaken over the course of 2014 aimed at improving the economic, social and environmental performance.

I would like to begin by pointing out the improvements in some sustainability indicators that demonstrate the path that is being pursued.

From an economic viewpoint, an increase of 3 percent in the TAP Group’s operating revenues and gains was registered, while at the same time the services provided abroad by the TAP Group grew by 1.1%.

From a social viewpoint, I would like to highlight the increase in the total staff of the Group by 3.2 percent, an indicator that clearly demonstrates that TAP generates employment and has a direct positive impact on the Company and on Portugal’s Economy. In addition to the creation of jobs, TAP qualifies workers, having increased the volume of training (number of participants x hours) by 5.9 percent in 2014.

The results obtained in areas with a special impact on the environmental field also call for special mention. In fact, in spite of a strong increase of the company’s activity, TAP managed to significantly reduce CO2 emissions per passenger (-3.9%), energy consumption over turnover (-4%), total water consumption over turnover (-8.6%) and paper consumption over turnover (-3.3%). I believe that the decrease in consumption of all of these resources demonstrates, without a shadow of a doubt, the commitment to meeting our environmental pledge.

In addition, TAP was distinguished and recognised by the market and by the community in various areas, having conquered a number of awards, of which the following are noteworthy:

- **Airline with the Best Reputation in Portugal** (Reputation Institute) Portugal Rep Trak Pulse – Companies and Brands Study. The study, conducted in 33 countries, in the case of Portugal, highlights TAP as the airline company with the best reputation, reaffirming itself as the preferred brand of the Portuguese, in its sector of activity;

- **Praise for the Safety Video of TAP** (Commission for Equality and Against Racial Discrimination) Distinction attributed by the Commission for Equality and Against Racial Discrimination, presided by the High Commissioner for Migrations, for the safety video shown on board TAP aircraft, for the way in which the safety rules in force are disclosed, portraying them through age, gender, origin, skin tone and accent diversity in our country, thus contributing to the mission of defence of the principle of equal treatment and fight against racism and xenophobia;
TAP is committed to the pursuit of the best sustainability and security practices for its operations, as well as the preservation and defence of the Environment and of the Planet.

Award Of Distinction (2014 World Public Relations Forum) Distinction attributed to TAP and to lecturers and researchers of the Catholic University of Portugal, in the Academic Case Studies of the Global Alliance Comm Prix category, distinguishing The PR Pyramid: Guidelines for Social Media Management study, on the Company’s management of its presence in the social networks.

I believe these three awards and recognitions, only a few of the many received in 2014, illustrate fully well how TAP, aware of its social responsibility and its commitment to sustainability, participates in and relates to the community in general.

In this context, it is also important to mention some other initiatives undertaken in 2014 that illustrate, due to their nature, the attitude of the organisation. The adoption of TAP business cards with QR code, as a means of contributing towards environmental sustainability, the launch of the Solidarity Vending Project by Voluntários com Asas (Volunteers with Wings) in partnership with hypermarket, in favour of a Social Solidarity Institution or the holding of the Solidarity Fair, at TAP’s canteen, also organised by Voluntários com Asas, were projects supported and encouraged by TAP that assuredly contribute to an organisational culture of responsibility.

Finally, in the field of involvement with the community, and continuing the promotion, valuation and affirmation in the world of non-tangible values, I must express my immense satisfaction for TAP’s association to the recognition of the Cante Alentejano as an Intangible Cultural Heritage of Humanity awarded by UNESCO. TAP transported the delegation that travelled to the headquarters of UNESCO in Paris on the return flight to Lisbon and, through its communication channels and tools, promoted the dissemination of this historical milestone of Portuguese identity, popular culture and tradition, which now belongs to all humanity.

TAP continues to reaffirm internationally its name and the values of its brand, which are indissociable from its strong ties to Portugal and its commitment in becoming an instrument of excellence in the convergence and connection of the Portuguese-speaking world, uniting and embracing Europe, Africa and the Americas.

Fernando Pinto
### Economic Perspective

#### EBITDAR (TAP Group)
- 2012: EUR 9.48 million
- 2013: EUR 7.80 million
- 2014: EUR 9.21 million

#### EBITDAR (TAP, S.A.)
- 2012: EUR 2.96 million
- 2013: EUR 2.75 million
- 2014: EUR 2.98 million

#### Operating Revenues and Gains of TAP Group
- 2012: EUR 2.12 billion
- 2013: EUR 2.29 billion
- 2014: EUR 2.28 billion

#### Value of the Services Rendered Abroad of TAP Group
- 2012: EUR 0.50 billion
- 2013: EUR 0.54 billion
- 2014: EUR 0.57 billion

### Social Perspective

#### Total Employees of TAP Group
- 2012: 12,506
- 2013: 12,856
- 2014: 13,248

#### Permanent Contracts Percentage
- 2012: 93.5%
- 2013: 91.5%
- 2014: 88.6%

#### Average Age of Employees
- 2012: 39.25 years
- 2013: 39.76 years
- 2014: 39.71 years

#### Training Volume
- 2012: 770,234 hours
- 2013: 770,068 hours
- 2014: 882,952 hours

#### Rate of Employee Turnover
- 2012: 6.3%
- 2013: 4.9%
- 2014: 6.0%

### Environmental Perspective

#### CO2 Emissions per Passenger
- 2012: 10.849 kg/100 RPK
- 2013: 10.854 kg/100 RPK
- 2014: 10.431 kg/100 RPK

#### Energy Consumption over Turnover
- 2012: 949 GJ/EUR million
- 2013: 780 GJ/EUR million
- 2014: 921 GJ/EUR million

#### Total Water Consumption over Turnover
- 2012: 210 m3/EUR million
- 2013: 216 m3/EUR million
- 2014: 148 m3/EUR million

#### Remunerated Net Debt of TAP Group
- 2012: EUR 2,219 million
- 2013: EUR 2,374 million
- 2014: EUR 2,401 million

#### Operating Revenues and Gains of TAP Group
- 2012: EUR 2,219 million
- 2013: EUR 2,374 million
- 2014: EUR 2,401 million

#### Paper Consumption over Turnover
- 2012: EUR 3,038 Tons/EUR million
- 2013: EUR 3,023 Tons/EUR million
- 2014: EUR 3,05 Tons/EUR million

#### Quantities of Waste Produced over Turnover
- 2012: EUR 3,312 Tons/EUR million
- 2013: EUR 2,936 Tons/EUR million
- 2014: EUR 3,025 Tons/EUR million

### Notes
- Values in IFRS (International Financial Reporting Standards)
- 1) TAP Group indicators (except TAP-Maintenance and Engineering Brazil)
COMMITMENT TO CONTRIBUTE TO ECONOMIC AND SOCIAL DEVELOPMENT AND TO THE PRESERVATION OF THE ENVIRONMENT
PROFILE

TAP, created on 14 March 1945, was instituted on 26th April 2003 as TAP Group, through the incorporation of a holding company, TAP SGPS, following a business restructuring process.

Included in the TAP Group the company TAP–Transportes Aéreos Portugueses, S.A. (TAP Portugal), whose core activity is the air transport of passengers and cargo. The Company also participates in the aeronautical maintenance business and other activities linked to the core business of the Group.

Based in Lisbon, the city whose airport is the Company’s main operating hub and which represents a privileged platform of access to markets located in other Continents, TAP’s network currently links Europe, to Africa as well as to North, Central and South America.

In the development of its network, the Company has pursued a niche strategy, connecting Europe to a growing number of destinations located in Africa and the South Atlantic, and in the latter is the leading European air carrier flying to Brazil.

Vision

TAP aims to provide a quality service to its Customers, seeking a position of leadership in the market segment in which it operates and maintaining a positive attitude of contribution towards the economic and social development of Portugal and the communities it serves.

○ Being recognised as the airline company that, through the geographic positioning of its operational hub in Lisbon, provides privileged connections between Europe and Africa and North, Central and South America,

○ Pursuing, in the development of its network, an interconnection strategy, which connects Europe to a growing number of destinations located in Africa and in the South Atlantic, where it is distinguished as the leading European carrier to Brazil,

○ Providing a quality product to Customers through the best and easiest solutions for their journeys and adding ever more value to the product offered to them,

○ Being perceived by the shareholder as a company that generates value on a sustained basis.

Mission

TAP’s mission involves the service of Air Transport and similar activities, always aspiring to be the best choice for those who use its services and amongst the best companies to work with, acting in full consistency with its commitment to society and the environment.

Ethics

The principles of Ethical and Responsible Management express the commitment of the Company towards sustainable development and guide business strategy, being aligned with best practice in terms of:

○ Accountability and Transparency,

○ Ethical conduct and respect for the interest of the Stakeholders,

○ Respect for the Rule of Law,

○ Respect for Human Rights, valuing the personal and professional competences of its Employees and promoting urban interpersonal relations,

○ Respect for the Customer, offering the highest quality standards,

○ Loyal and friendly partnership relationship with its Suppliers,

○ Solidarity and Social Intervention,

○ Proactive Environmental Protection,

○ Innovation and Continuous Improvement.


The Company is currently promoting the comprehensiveness of the Anti-corruption and Related Practices Manual/Plan in some areas, with a view to achieving greater efficiency and improvement of its monitoring and efficacy, seeking to cover new areas that are also associated to the use of new technologies.
Main Sustainability Achievements

INNOVATIONS IN PRODUCTS AND SERVICES
- Investment in the improvement of Customer relations – Mobility and the Customer
- Supplier relationship management
- FDCC (Flight Dispatch Control Center), integrated additional monitoring mechanisms
  - For more information, please see pp. 24-25

CREATION OF VALUE
- Reinforcement of contribution to the value of national exports
- Enhancement of the effort to attract tourism to Portugal, reinforcing the strategic importance of the Lisbon hub
  - For more information please see pp. 36-41

RESPECT FOR HUMAN VALUE
- Balance between personal and professional life
- Support to the Community
  - For more information please see pp. 53-55

RESPONSIBLE MANAGEMENT COMMITTED TO THE ENVIRONMENT
- Reduction of CO2 emissions
- Environmental responsibility
- Preservation of biodiversity
  - For more information please see pp. 62-66

Principal Milestones

Chronological Record
- 2002 Voluntary Commitment to Passenger Rights
- 2004 Signing of the UN Global Compact
- 2005 Application of (EU) regulation number 61/2004 on compensation and assistance to passengers in the case of refusal of boarding or flight cancellation
- 2006 First Social Responsibility Report
- 2006 Adherence to the National Social Responsibility Network of Organisations (RSCPT)
- 2009 Implementation, as a pioneer company, of the Carbon Diode (CD) Emissions Compensation Programme, launched by IATA
- 2012 Implementation of the Safety Management System throughout the whole organization and promotion of a Safety culture

11.4 million Passengers carried

178 Destinations
11 New destinations in 2014

85.1 thousand Cargo ton

13 268 Employees
TAP Group on 31 December
MAIN EVENTS IN 2014

**Economic Perspective**

- **JAN**
  - Launch of new applications for mobile devices, with a more appealing, user-friendly image

- **FEB**
  - Use of in-flight personal electronic devices, configured to flight mode

- **MAR**
  - Promotion of Portugal in Estonia at the Tourism Fair of Tallinn as an excellent tourist destination.

- **APR**
  - Participation of TAP Group in the MRO Americas and MRO Africa conferences cycle

- **JUN**
  - Launch of the new Flip & Flap (children’s mascots) website marks Children’s Day

**Social Perspective**

- **APR**
  - Business cards of TAP with QR code, as a means of contributing to environmental sustainability

- **MAY**
  - Actions to promote Portugal as a destination to agents of Eastern Europe

- **JUL**
  - Junior Academy 2014, an initiative under the School-Company programme

**Environmental Perspective**

- **SEP**
  - Launch of application available for smartphones

- **OCT**
  - Launch of the Solidarity Vending Project by the Volunteers com Ass (Volunteers with Wings) in partnership with hypermarket, in favour of a Social Solidarity institution

- **NOV**
  - Promotion of the destination Azores with local partnerships, through the Victoria card loyalty programme

- **DEC**
  - Mobile check-in on mobile applications, at more than eight new European airports: Geneva, Zurich, Zagreb, Vienna, Frankfurt, Munich, Hamburg or Dusseldorf
AWARDS AND DISTINCTIONS IN 2014

February
- **Best European Airline Company 2013** (Hungarian magazine Az Utazó) Distinction attributed by the Hungarian magazine Az Utazó, specialised in tourism and travel.

March
- **Fastest Growing Airline 2013** (OpenAir Airport of Bucharest) Award attributed as a result of the strong 95% growth in the number of passengers transported by TAP from and to the airport of the capital of Romania.
- **The Expectation of 2014** (Pulkovo Airport) Titte attributed to TAP in S. Petersburg, relative to the expectations generated by the Company with its operation.

May
- **AEEC Trumbull Award 2014** (AEEC – Aviation Electronic Engineering Committee) Distinction attributed to the Engineering Director of the TAP-Maintenance and Engineering Business Unit, Mário Araújo, by the AEEC, a body that comprises engineers and scientists from 500 organisations of the global aeronautical industry.

Airline Company with the Best Reputation in Portugal
(Reputation Institute)
Special mention, in the 2014 edition of the Portugal Rap Trak Pulse – Companies and Brands Study. The study, conducted in 33 countries, in the case of Portugal, highlights TAP as the airline company with the best reputation, reaffirming itself as the preferred brand of the Portuguese, in its sector of activity.

June
- **TAP Stand with Honourable Mention in the Large Format Digital Printing Category** (Papers 2010) Distinction attributed to the TAP stand at Greenfest – recreating a large bag, according to the creative concept Choose a different destination for your miles and change the destiny of those that receive them – with the objective of showing your social side and disseminating the possibility of Victoria members donating their miles to humanitarian aid institutions.

July
- **Praise for the Safety Video of TAP** (Commission for Equality and Against Racial Discrimination) Distinction attributed by the Commission for Equality and Against Racial Discrimination, presided by the High Commissioner for Migrations, for the safety video shown on board TAP aircraft, for the way in which the safety rules in force are disclosed, portraying them through age, gender, origin, skin tone and accent diversity in Portugal, thus contributing to the mission of defence of the principle of equal treatment and the fight against racism and xenophobia.

Career Award of APCE 2014
(Portuguese Business Communication Association) Distinction attributed to the Director of Communication and Public Relations of TAP, António Monteiro. The prize aims to distinguish the excellence of the organisational communication, encouraging, recognising and disseminating the initiatives of the professionals of this area.

TAP Site With a Positive Performance
(DECO – Portuguese Association for Consumer Protection) Special mention by DECO, following the analysis undertaken of the websites of airlines and travel agencies operating in the national market, having stated the following: We analysed the website with regards to information and prices, and no irregularities were registered.

August
- **Leading European Airline Company for Africa and Leading European Airline Company for South America** (World Travel Awards) Awards attributed to TAP, within the scope of the WTA – the Oscars of world tourism –, in recognition of the persistent effort made in promoting the best product in the connections between Europe and South America.

September
- **Best Aviation Company (Publituris)** Classification received within the scope of the Publituris Portugal Travel Awards 2014, an important recognition based on various assessment criteria, namely knowledge of the reality of the Company, coherent communication policy, innovation capacity and media visibility.
- **Award of Distinction** (2014 World Public Relations Forum) Distinction attributed to TAP and to lecturers and researchers of the Catholic University of Portugal, in the Academic Case Studies of the Global Alliance Comm Prix category, distinguishing The PR Pyramid Guidelines for Social Media management study, on the Company’s management of its presence in the social networks.

October
- **Navigantes XXI Career Award** (Association of the Digital Economy) Tribute paid to Fernando Pinto, highlighting the work undertaken as Executive Chairman of TAP, at the helm of one of the most important Portuguese companies. ACEPI emphasises the enormous transformational project of digitalisation that Pinto has led and that has transformed TAP into a paradigm of the digital economy in Portugal and in the rest of the world.

November
- **Tourism Personality in Brazil** (Market & Events and FT Brasil magazines) Award attributed, highlighting personalities and entities that worked for the benefit of the development of tourism in Brazil.

December
- **TAP Cargo, Best Air Cargo Company** (IFTA 2014 Cargo Awards) TAP Cargo was once again recognised as the company with the highest number of awards, winning in three categories (Best Cargo Airline Company for Europe, for the Americas and for Africa).
CORPORATE GOVERNANCE AND MANAGEMENT MODEL

The pursuit of the objectives of the TAP Group, with regards to social responsibility, within the scope of the economic, social and environmental perspectives, is embedded in the spirit of the organisation, which includes the responsibilities of the organisational structure at its various levels. The TAP Group publishes, at an individual level since 2013, a Corporate Governance Report. Under the General and Supervisory Board, two commissions operate: the Specialised Audit Commission and the Specialised Sustainability and Corporate Governance Commission.

The diagram below allows for the identification of the location of the areas within the TAP Group management model which are specifically involved in the social responsibility context of the Company.

TAP GROUP

<table>
<thead>
<tr>
<th>General and Supervisory Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitors the activity of the Board of Directors of the Company and subsidiaries, in particular, with respect to strategy, sustainability, achievement of objectives and compliance with applicable standards and principles.</td>
</tr>
<tr>
<td>Specialised Sustainability and Corporate Governance Commission</td>
</tr>
<tr>
<td>Verifies the conditions for the Company’s sustained growth in the economic, environmental and social areas (triple bottom line).</td>
</tr>
<tr>
<td>Supervises the preparation and submits for approval to the General and Supervisory Board the corporate governance report and the sustainability report of the Company which expresses the organisation’s social responsibility performance.</td>
</tr>
<tr>
<td>Specialised Audit Commission</td>
</tr>
<tr>
<td>Supports the General and Supervisory Board, in verifying the quality, integrity and effectiveness of the system information and internal control.</td>
</tr>
<tr>
<td>Identifies significant potential risks of a financial, operational, safety, legal and/or social nature, which may generate relevant direct or indirect losses, defining proposals of measures and mechanisms leading to a reduction of said risks.</td>
</tr>
<tr>
<td>Issues its opinion on the Company’s risk manual.</td>
</tr>
<tr>
<td>Executive Board of Directors</td>
</tr>
<tr>
<td>Defines the Company’s management objectives and policies.</td>
</tr>
<tr>
<td>Prepares the Company’s Strategic Plan.</td>
</tr>
<tr>
<td>Prepares the activity plans and budgets, carries out their monitoring and promotes the participation of the Company’s departments in the preparation of the corporate governance and sustainability reports.</td>
</tr>
<tr>
<td>Monitors the plan and the budget.</td>
</tr>
</tbody>
</table>

TAP GROUP COMPANIES

<table>
<thead>
<tr>
<th>TAP, S.A.</th>
<th>Other TAP Group companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and Supervisory Board</td>
<td></td>
</tr>
<tr>
<td>Monitors the activity of the Board of Directors of the Company and subsidiaries, in particular, with respect to strategy, sustainability, achievement of objectives and compliance with applicable standards and principles.</td>
<td></td>
</tr>
<tr>
<td>is composed of two commissions: the Specialised Sustainability and Corporate Governance Commission and the Specialised Audit Commission.</td>
<td></td>
</tr>
<tr>
<td>Executive Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Prepares the activity plans and budgets and promotes the participation of the Company’s departments in the preparation of the sustainability report.</td>
<td></td>
</tr>
<tr>
<td>TAP–Air Transport Business Unit</td>
<td>TAP–Maintenance and Engineering Business Unit</td>
</tr>
<tr>
<td>Operational Units</td>
<td>Corporate Units</td>
</tr>
<tr>
<td>Safety</td>
<td>Safety</td>
</tr>
<tr>
<td>Quality</td>
<td>Quality</td>
</tr>
<tr>
<td>Environment</td>
<td>Environment</td>
</tr>
<tr>
<td>Safety, hygiene and health</td>
<td>Safety, hygiene and health</td>
</tr>
<tr>
<td>Specific Human Resources Policies</td>
<td></td>
</tr>
<tr>
<td>Specific Labour Relations Policies</td>
<td></td>
</tr>
<tr>
<td>Executive Boards of Directors</td>
<td></td>
</tr>
<tr>
<td>Prepares the activity plans and budgets and promotes the participation of the Company’s departments in the preparation of the sustainability report.</td>
<td></td>
</tr>
<tr>
<td>Operational Units</td>
<td>Corporate Units</td>
</tr>
<tr>
<td>Safety</td>
<td>Safety</td>
</tr>
<tr>
<td>Quality</td>
<td>Quality</td>
</tr>
<tr>
<td>Environment</td>
<td>Environment</td>
</tr>
<tr>
<td>Safety, hygiene and health</td>
<td>Safety, hygiene and health</td>
</tr>
<tr>
<td>Specific Human Resources Policies</td>
<td></td>
</tr>
<tr>
<td>Specific Labour Relations Policies</td>
<td></td>
</tr>
</tbody>
</table>

NEW OPERATIONAL SAFETY STRUCTURE – A BODY THAT CUTS ACROSS ALL OF THE COMPANY’S OPERATIONAL AREAS

In accordance with Safety legislation, in 2012 TAP implemented the Safety Management System (SMS), so as to endow the Company, as an airline operator, with a Corporate Safety, a body that cuts across all of the Company’s operational areas and reports directly to the Executive Board of Directors. This system implies an organised, proactive and integrated approach to operations safety management, and required the implementation of a specific organisational structure that resulted in the adaptation of the previous Air Transport Safety structure to the new reality. Among the main objectives of SMS, the development of an organisational culture that reflects the Operations Safety policy and procedures, as well as the associated responsibilities, is noteworthy. The strategic guidelines are transmitted to the operational areas (Flight Operations, Ground Operations and Maintenance and Engineering) via the Safety Action Group, operating under the hierarchical administration of each specific area.

The effective implementation, as of 28 October 2014, of Regulation (EU) no. 965/2012 of 5 October, called for the implementation of a Management System composed of Safety Management and Compliance Monitoring Management (designation that replaces the previous designation of Quality Management).
The **Management Model** of TAP Group seeks to promote **sustainable development** in the context of economic prosperity, social justice and environmental quality. Hence, with a view to ensuring the achievement of the chosen objectives, the model is supported by instruments aimed at the different perspectives, driven by the creation of value.

<table>
<thead>
<tr>
<th>Perspectives</th>
<th>General Objectives of the Company</th>
<th>Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Promote sustainability, through the economic viability of the Company and creation of value, as well as ensuring, in the most efficient manner possible, mobility and access to the global market, contributing to greater integration in Europe, to the consolidation of the connections of the European region with the American and African continents and to the Country’s economic prosperity. Provide a product of quality, carrying out the monitoring of performance and control of risks. Always observing the ethical values assumed by the Company.</td>
<td>Performance indicator system.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Information systems in support of quality management.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Set of rules required by the national and international entities which regulate the Air Transport activity.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Monitoring of Customer satisfaction and market studies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Code of Ethics.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Risk management system.</td>
</tr>
<tr>
<td>Social</td>
<td>Be identified with the principles of transparency and commitment to society, fostering professional development and working conditions compatible with legitimate labour expectations and with market requirements, and promoting initiatives of a social character.</td>
<td>Performance and Potential Assessment System.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partnerships with education establishments; professional integration of disabled persons.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social Responsibility Certification Standard – SA 8000.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Human Resources Policy.</td>
</tr>
<tr>
<td>Environmental</td>
<td>Include environmental issues in all activities developed at the Company, fostering environmental awareness and the protection of the environment.</td>
<td>Compliance with environmental regulations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environmental Guiding Principles of the TAP Group.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Integrated environmental management plan.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environmental awareness-raising actions.</td>
</tr>
</tbody>
</table>
Risk management has played an increasingly significant role in the different areas of the Company and in the different TAP Group companies. The observed trend is to move away from a case-by-case vision and traditional technical plans for individual risks. Efforts have been made to conduct integrated planning and to use the structuring analytical tools and instruments of risk analysis, with a common language (COSO and FERMA model) and an integrated application that allows different corporate risks to be assessed and monitored.

The uncertainties associated with the recent economic climate resulted in the Company becoming exposed to a number of characteristic risks of the markets associated to the new business routes. Globalisation brings in its wake different risks and vulnerabilities, which have been increasingly followed up and monitored.

The dynamics involved in constituting an SMS (Safety Management System), with a transversal analysis of risk, permitted the establishment of a common methodology and the coordination of the impacts and of the risk management processes. This dynamic also applies to the governance process of the Company and of the Group, where each area no longer has a vision focused on its own processes and on the respective associated risks. Rather, a general vision of the risks of transversal importance that interact directly has been favoured. The objective is to manage those risks by mitigating and minimising their interaction with other risks.

The Management and mitigation process within the Group includes the implementation of strategies:

Minimisation of risks – Actions developed by the areas of the Company, in order to reduce the effects of a duly identified, harmful event;

Responsibility action – The Company has become concerned with finding ways to encourage employees individually to create database preservation strategies;

Diversification of the network of Suppliers – Creation of a network of suppliers with multiple locations in order to minimise the risk of supply, especially in markets with a high degree of uncertainty, as well as having a proactive attitude focused on an efficient stock management system;

Avoid unnecessary risks – Monitoring and assessment of risks inherent to new businesses and/or activities, with the possibility of undertaking sensibility analyses that enable decreasing or even eliminating activities in which the additional income does not compensate for the exposure to the associated risk;

Transfer of Risks – Contracts with insurers within the scope of the Air Transport activity are entered into by resorting to processes of high technicality;

Assume the risk – In duly identifiable situations, the Company can create provisions to cover any risk losses with a low degree of probability of occurrence.

The TAP Group has a risk management culture, as reflected in the following implementations:

A preventive alarm system – Employees that conduct preventive analyses of specific risks.

Simulations of risk situations – Creation of an artificial environment of a negative event so that reaction and prevention strategies can be established, and thus prepare the entity in terms of processes.

The crisis management strategy complements risk management by defining functions and procedures so as to preserve the continuity of the business in an environment of lower economic growth and a possible adverse reputation situation arising from an external event. Crisis management plans who will be the decision-makers and advisors in a crisis situation. The main decision-maker is the manager, owner of the risk assigned to its area. Within the scope of the TAP Group, the contingency and crisis management plans were duly treated, prepared and tested.

In the TAP organisation, the Risk analysis and management model can be illustrated in the following diagram.

![Risk Analysis and the Management Process Diagram](image-url)
Within the scope of its evaluation and monitoring of the processes implemented in the organisation, contracting was focused on, based on a risk assessment model. In every Report issued there was always a concern with highlighting the level of risk associated to each recommendation. This concern is illustrated in the charts below, where it is possible to identify the number of recommendations per type of risk, as well as the number of recommendations that were implemented by the organisation’s services and those that are still underway, with reference to 2014.

**Number of Recommendations per Type of Risk**

<table>
<thead>
<tr>
<th>Type of Risk</th>
<th>Total</th>
<th>Critical Risk</th>
<th>Medium Risk</th>
<th>Low Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>132</td>
<td>422</td>
<td>242</td>
<td>51</td>
</tr>
<tr>
<td>No. of recs. closed</td>
<td>422</td>
<td>99</td>
<td>159</td>
<td>634</td>
</tr>
<tr>
<td>No. of recs. underway</td>
<td>212</td>
<td>27</td>
<td>134</td>
<td>51</td>
</tr>
</tbody>
</table>

**Application of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Model**

**Risk Analysis of specific aspects**

<table>
<thead>
<tr>
<th>Entity</th>
<th>Scope</th>
</tr>
</thead>
</table>
| TAP, S.A./Air Transport Business Unit | Contracting: Retainer Agreements of the Group; Booking Fees; BSP and CASS charges; Incentive Programmes for Agencies-AIPs (Brazil and Spain); Victoria Programme; GSA- Scandinavia; GSA-Eastern Europe; AirCargoNet GSSA Germany. Human Resources: Remunerations 2nd Semester 2013; Personal Accounts, TAP, S.A.; Absenteeism Flight Deck Crew/ Cabin Crew; Absenteeism Ground Staff. Branches: France, Angola, Italy; Freezing of Bank Accounts. Inventories: Uniforms, Stationary Warehouses.
| CATERINGPOR–Catering de Portugal, S.A. | Inventories: Physical Inventory, Central Warehouses.
| L.F.P.–Lojas Franças de Portugal, S.A. | Inventories: Inventory of the Main Shop PTLA 2014; Physical Inventory of the Central Warehouse 2013.
**MAIN TYPES OF RISK**

In the development of its business, TAP is exposed to a variety of risks, namely market risks and, in a general way, operating risks.

**DESCRIPTION OF THE MAIN TYPES OF RISK**

### Type of Risk Development | Objectives

#### Operational Risk (Safety)

- **Model of action whereby the possibility of damage, to people and assets, is minimised or eliminated through a continuous process of identification of situations of potential danger and the management of the respective associated risk.**

**Operational Risk (Safety) Development | Objectives**

- **TAP, S.A.:**
  - Successful renewal of the IATA IOSA certificate, with the Organisation being recognised (in the Safety area) for the implementation of a consistent SMS;
  - In association with this process, there is the production of Recommendations (process of mitigation of identified risks) of Risk Assessments (proactive identification of risks in operations to new destinations) and of Safety Studies (processes of risk identification of the safety of the Carrier);
  - Adjustment of the Safety Policy of the Carrier and development of processes, i.e. safety audits, aimed at strengthening the area’s activity;
  - List of some initiatives that achieved the established objectives:
    - Significant improvement in relation/coordination processes on the analysis and investigation of occurrences;
    - Entry into the consolidation phase of the SMS DCT Data Collation Tool, with the production of reports and systematised information and substantial improvement in the correlation between Occurrences and events detected in Flight Data Monitoring;
    - There is, as a result of this interaction, an increase in the reliability of the data supplied by Flight Data Monitoring;
    - Entry into the updating phase of document management of the Safety Portal, thus improving the respective performance in the response to the internal customer;
    - With a view to starting a new internal communication channel, the first Seminar on the subject of SMS was held at TAP, which was attended by representatives of the National Authority, among other participants;
    - Development of an SMS indoctrination module that is transversal to the entire Carrier (accessibile to all employees until 31 March 2014);
    - Entry into production of the Safety Portal covering two areas – Reporting and Library;
    - Implementation of the quantitative monitoring of the accompanied areas: FLT | CAB | DSP | GRH | CGO, according to the ALoSP (Acceptable Level of Safety Performance) concept that permits performance management by objectives;
    - Reinforcement of the investigation capacity in the Flight area, with the opening of a competition to recruit three investigators.

- **PORTUGÁLIA–Companhia Portuguesa de Transportes Aéreos, S.A.:**
  - Improvement of the Safety Promotion processes, and re-publication of the Security Bulletin, Safety News, with a new format and more comprehensive and diversified contents;
  - Objective of 10 reports per 1,000 flights carried out achieved, reflecting a growing reporting culture at PGA;
  - Improvement of the FDM (Flight Data Monitoring) Software, through the SMART FDM tool;
  - Improvement of the Safety Promotion processes, and re-publication of the Security Bulletin, Safety News, with a new format and more comprehensive and diversified contents;
  - Improvement of the SMS | OCC | EoD Data Collation Tool, with the production of reports and systematised information and substantial improvement in the correlation between Occurrences and events detected in Flight Data Monitoring;
  - With a view to starting a new internal communication channel, the first Seminar on the subject of SMS was held at TAP, which was attended by representatives of the National Authority, among other participants;
  - Development of an SMS indoctrination module that is transversal to the entire Carrier (accessibile to all employees until 31 March 2014);
  - Entry into production of the Safety Portal covering two areas – Reporting and Library;
  - Implementation of the quantitative monitoring of the accompanied areas: FLT | CAB | DSP | GRH | CGO, according to the ALoSP (Acceptable Level of Safety Performance) concept that permits performance management by objectives;
  - Reinforcement of the investigation capacity in the Flight area, with the opening of a competition to recruit three investigators.

**Operational Risk (Safety) Risk level**

**Risk Classification**

- **EXTREME**
  - TAP: 0.001%
  - Portugal: 0.004%
- **HIGH**
  - TAP: 0.024%
  - Portugal: 0.099%
- **MODERATE**
  - TAP: 2.545%
  - Portugal: 0.949%
- **NEGLIGIBLE**
  - TAP: 0.978%
  - Portugal: –

(*) Classification adopted from 2014 onwards, for carrying out Operational Risk Assessments (OAs).

No EXTREME level occurrences were reported at TAP and Portugal in 2014.

**Operational Risk (Safety) Incidence of High Occurrence, TAP, S.A.**

- **Pilot Handling**
  - 2006: 0
  - 2007: 0
  - 2008: 0
  - 2009: 0
  - 2010: 0
  - 2011: 0
  - 2012: 0
  - 2013: 0
  - 2014: 0
- **Ground Handling**
  - 2006: 0
  - 2007: 0
  - 2008: 0
  - 2009: 0
  - 2010: 0
  - 2011: 0
  - 2012: 0
  - 2013: 0
  - 2014: 0
- **Maintenance and Engineering**
  - 2006: 0
  - 2007: 0
  - 2008: 0
  - 2009: 0
  - 2010: 0
  - 2011: 0
  - 2012: 0
  - 2013: 0
  - 2014: 0
- **Air Traffic Control**
  - 2006: 0
  - 2007: 0
  - 2008: 0
  - 2009: 0
  - 2010: 0
  - 2011: 0
  - 2012: 0
  - 2013: 0
  - 2014: 0
- **Organisation Nature**
  - 2006: 0
  - 2007: 0
  - 2008: 0
  - 2009: 0
  - 2010: 0
  - 2011: 0
  - 2012: 0
  - 2013: 0
  - 2014: 0
- **Weather**
  - 2006: 0
  - 2007: 0
  - 2008: 0
  - 2009: 0
  - 2010: 0
  - 2011: 0
  - 2012: 0
  - 2013: 0
  - 2014: 0
- **Total Annual**
  - 2006: 0
  - 2007: 0
  - 2008: 0
  - 2009: 0
  - 2010: 0
  - 2011: 0
  - 2012: 0
  - 2013: 0
  - 2014: 0

**Market Risks**

- **Risk of economic and financial nature**
- **Price and market risk**
- **Credit and liquidity risk**
- **Interest rate risk**
- **Exchange rate risk**

**Operating Risks**

- **Operating Risk (Security | Safety)**
- **Maintenance and Engineering risk**
- **Information Technology Risk**
- **Fire Risk | Prevention**
- **Occupational Health and Safety Risk**
### Type of Risk

#### Health and Safety at Work
Risk management system supported by the identification, assessment and control of professional risks, with repercussions on health and safety, aimed at improving health and the quality of life of individuals and of society, fostering productivity through the involvement of the entire Company in a Risk Prevention Culture.

<table>
<thead>
<tr>
<th>Developments</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Health monitoring examinations focused on health promotion and protection and on the prevention of work-related diseases, with emphasis on the importance of healthy life styles and safe practices at work;</td>
<td>- Continuation of the development of Health and Safety at Work actions, within the scope of the promotion of health and prevention of occupational accidents and work-related diseases, in compliance with good practices and national and international legislation and standards, which regulate health, hygiene and safety in aeronautical activities, for a safe and healthy work environment.</td>
</tr>
<tr>
<td>- Continuation of the professional risk prevention programmes at the workplace, focusing on the continuous assessment of health and safety conditions, to identify and quantify the professional risks and implement preventive/corrective measures, in compliance with applicable legislation and standards in force;</td>
<td>- Holding of training and information actions on promoting health and healthy living habits and on hygiene and safety at work issues aimed at preventing occupational hazards and accidents.</td>
</tr>
<tr>
<td>- Holding of training and information actions on promoting health and healthy living habits and on hygiene and safety at work issues aimed at preventing occupational hazards and accidents.</td>
<td></td>
</tr>
</tbody>
</table>

#### Economic and Financial
Economic and financial risk monitoring and control systems and actions, monitoring of economic and geopolitical developments, namely in countries with high social and political instability, and internal audit of processes, contracting and transactions.

<table>
<thead>
<tr>
<th>Developments</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Implementation of the Security Access Manager &amp; Single Sign On platform, aimed at centralising the policies of access and SSO to the main application</td>
<td>- Continuation of the development of Health and Safety at Work actions, within the scope of the promotion of health and prevention of occupational accidents and work-related diseases, in compliance with good practices and national and international legislation and standards, which regulate health, hygiene and safety in aeronautical activities, for a safe and healthy work environment.</td>
</tr>
<tr>
<td>- Improved information and system security analysis with the implementation of a platform, Security Analytics, through which it is possible to, in real-time, identify potential threats to critical assets, centralise security information and obtain reports and dashboards;</td>
<td>- Holding of training and information actions on promoting health and healthy living habits and on hygiene and safety at work issues aimed at preventing occupational hazards and accidents.</td>
</tr>
<tr>
<td>- Improvement of the process of management of the life cycle of users and creation of regular access review processes;</td>
<td>- Continuation of the development of Health and Safety at Work actions, within the scope of the promotion of health and prevention of occupational accidents and work-related diseases, in compliance with good practices and national and international legislation and standards, which regulate health, hygiene and safety in aeronautical activities, for a safe and healthy work environment.</td>
</tr>
<tr>
<td>- Resolution of constraints and mitigation of risks involving funds generated in markets where the transfer of such funds are subject to constraints.</td>
<td>- Holding of training and information actions on promoting health and healthy living habits and on hygiene and safety at work issues aimed at preventing occupational hazards and accidents.</td>
</tr>
</tbody>
</table>

#### Information Technologies
Systems used by organisations to identify weaknesses and threats.

<table>
<thead>
<tr>
<th>Developments</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Reinforcement of the use of virtualisation technologies within the technological infrastructures, with the consequent increase in the level of system scalability, reliability, recovery and security;</td>
<td>- Conclusion of negotiations with financial entities relative to new medium and long-term financial operations to substitute debt maturing over the course of 2015;</td>
</tr>
<tr>
<td>- Review and improvement of information safeguard policies, backups of systems and respective data, and implementation of automatic processes to verify the quality of completed backups;</td>
<td>- Short-term operations management taking into account adequate treasury levels, the cost of operations, and the structure and stratification, in terms of nature and term, intended for Liabilities;</td>
</tr>
<tr>
<td>- Continuity of actions involving system changes, masking of information and improvement of central and verification processes to comply with the PCI-DSS (Payment Card Industry Data Security Standard) recommendations;</td>
<td>- Resolution of constraints and mitigation of risks involving funds generated in markets where the transfer of such funds are subject to constraints.</td>
</tr>
<tr>
<td>- Review and preparation of information security policies and procedures based on ISO 27001 recommendations;</td>
<td></td>
</tr>
<tr>
<td>- Reinforcement of the central storage systems, implemented at the TAP Processing Centres, with additional space for data replication in order to increase the security of the stored information and its recovery in case of disaster;</td>
<td></td>
</tr>
<tr>
<td>- Implementation of a mobile device management platform, MDM-Mobile Device Management, which enables improving the availability of applications, in a controlled manner, and taking action in the event of loss or unauthorised use of mobile devices managed centrally from the platform;</td>
<td></td>
</tr>
<tr>
<td>- Holding of awareness raising actions on legal and contractual compliance and the use of best practice in terms of Information Security and Information Systems, with a specific focus on data privacy;</td>
<td></td>
</tr>
<tr>
<td>- Implementation of the Security Access Manager &amp; Single Sign On platform, aimed at centralising the policies of access and SSO to the main application systems;</td>
<td></td>
</tr>
<tr>
<td>- Improvement of the process of management of the life cycle of users and creation of regular access review processes;</td>
<td></td>
</tr>
<tr>
<td>- Increased protection of WEB applications exposed on the Internet with the use of a WEB Application Protection platform based on a heuristic engine to detect potential operations such as SQL Injection, and Cross-Site Scripting, among others;</td>
<td></td>
</tr>
<tr>
<td>- Continuation of Information Security audits, with the carrying out of system and network penetration and intrusion tests;</td>
<td></td>
</tr>
<tr>
<td>- Within the scope of the Contingency Plans and continued implementation and control of procedures and policies associated to Information Security, thus contributing to the mitigation of risks of service unavailability.</td>
<td></td>
</tr>
</tbody>
</table>

#### Contingency Plans

<table>
<thead>
<tr>
<th>Developments</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Reinforcement of the use of virtualisation technologies within the technological infrastructures, with the consequent increase in the level of system scalability, reliability, recovery and security;</td>
<td>- Conclusion of negotiations with financial entities relative to new medium and long-term financial operations to substitute debt maturing over the course of 2015;</td>
</tr>
<tr>
<td>- Review and improvement of information safeguard policies, backups of systems and respective data, and implementation of automatic processes to verify the quality of completed backups;</td>
<td>- Short-term operations management taking into account adequate treasury levels, the cost of operations, and the structure and stratification, in terms of nature and term, intended for Liabilities;</td>
</tr>
<tr>
<td>- Continuity of actions involving system changes, masking of information and improvement of central and verification processes to comply with the PCI-DSS (Payment Card Industry Data Security Standard) recommendations;</td>
<td>- Resolution of constraints and mitigation of risks involving funds generated in markets where the transfer of such funds are subject to constraints.</td>
</tr>
<tr>
<td>- Review and preparation of information security policies and procedures based on ISO 27001 recommendations;</td>
<td></td>
</tr>
<tr>
<td>- Reinforcement of the central storage systems, implemented at the TAP Processing Centres, with additional space for data replication in order to increase the security of the stored information and its recovery in case of disaster;</td>
<td></td>
</tr>
<tr>
<td>- Implementation of a mobile device management platform, MDM-Mobile Device Management, which enables improving the availability of applications, in a controlled manner, and taking action in the event of loss or unauthorised use of mobile devices managed centrally from the platform;</td>
<td></td>
</tr>
<tr>
<td>- Holding of awareness raising actions on legal and contractual compliance and the use of best practice in terms of Information Security and Information Systems, with a specific focus on data privacy;</td>
<td></td>
</tr>
<tr>
<td>- Implementation of the Security Access Manager &amp; Single Sign On platform, aimed at centralising the policies of access and SSO to the main application systems;</td>
<td></td>
</tr>
<tr>
<td>- Improvement of the process of management of the life cycle of users and creation of regular access review processes;</td>
<td></td>
</tr>
<tr>
<td>- Increased protection of WEB applications exposed on the Internet with the use of a WEB Application Protection platform based on a heuristic engine to detect potential operations such as SQL Injection, and Cross-Site Scripting, among others;</td>
<td></td>
</tr>
<tr>
<td>- Continuation of Information Security audits, with the carrying out of system and network penetration and intrusion tests;</td>
<td></td>
</tr>
<tr>
<td>- Within the scope of the Contingency Plans and continued implementation and control of procedures and policies associated to Information Security, thus contributing to the mitigation of risks of service unavailability.</td>
<td></td>
</tr>
</tbody>
</table>
**Type of Risk**

**Fire - Prevention**

Risk management system for fire, explosion and spillage of chemical products.

The system includes the Internal Safety Plans, the Training of Employees, the Manuals for Protection against Explosive Atmospheres (ATEX Manuals), the Emergency Drill Exercises (fire, explosion and spillage of chemicals) and the Earthquake Plan.

- **Objectives | 2015**
  - Improvement of the management and control of the risk of fire, explosion and spillage on the TAP Campus, through:
    - Detailed analysis of accidents and incidents;
    - Periodic visits to the fire safety equipment maintenance service provider;
    - Training of the emergency teams of the buildings in the action and evacuation plan in the event of an emergency;
    - Training of the employees of buildings and hangars to respond to emergency situations, through simulation drills;
    - Promotion of initiatives relative to the prevention culture in the Company, namely:
      - Awareness-raising campaigns for the prevention of fire and other risks;
      - Preparation of interactive contents on measures to be followed in the event of fire, earthquake and spillage of chemical products;
    - Within the scope of the Safe Parking Project, identification and demarcation of the critical areas where, for security reasons, the parking of vehicles is not permitted – zero tolerance areas;
    - Implementation of the work needed to modernise and update the fire detection and extinguishing systems of the oldest buildings and hangars.

**Maintenance and Engineering**

Risk Management is inherent and integrated in the responsibilities defined in the context of the aeronautical certifications and accreditations held (IPAC – Portuguese Accreditation Institute), which are compulsory to guarantee the continuity of the activity.

**TAP - Maintenance and Engineering Portugal**

- **Objectives | 2014**
  - IPAC (Portuguese Accreditation Institute) audit of the Calibrations Laboratory, as part of the certification under the NP EN ISO / IEC 17025:2005 Standard;
  - Update of the ERP (Emergency Response Plan) procedures of the Business Unit, in line with the respective EAPM plan of TAP, as well as the development of the specific processes to be used in emergency and contingency situations typical of maintenance and airworthiness management activities;
  - Implementation of the initial version of the ERP Manual of TAP-Maintenance and Engineering.

**PORTUGALIA – Companhia Portuguesa de Transportes Aéreos, S.A.**

- **Objectives | 2015**
  - Implementation of the parts relative to the maintenance of the EU-Brazil Bilateral Agreement;
  - Preparation of the operating plan in accordance with the requirements of the TAP Group, presenting an approximate accrued value of 50,000 BH;
  - Intense effort in the basic and type of training of the Aircraft Maintenance Technicians;
  - Approval of the On-the-job training procedure within the scope of Part 145;
  - Increase in certification staff and of the respective scopes.

- **Objectives | 2015**
  - Increase in component certification capacity in the categories: C3 (Comms and Nav); C5 (Electrical Power & Lights); C6 (Equipment) and C20 (Structural);
  - Development of services rendered to third parties within the scope of Part M (Airworthiness management), Part 145 (base, route and component maintenance, supply of labour) and Part 147 (standard courses).
INNOVATION AND DEVELOPMENT

The identification of opportunities that allow the Company to set itself apart from the competition, materialises in a continuous effort to innovate its processes.

Innovation represents, with growing intensity, a crucial factor of differentiation, enabling the Company to respond, in an adequate manner, to the challenges of the market, improving the relationship with its customers, employees and suppliers, making its processes more efficient and effective in a broadly regulated and competitive context such as the Air Transport market.

In this context, in 2014 several activities were developed in the Innovation and Development areas which dramatically improved the competitive capacity of TAP Group companies.

Investment in Innovation

TAP, S.A. EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment in Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>61</td>
</tr>
<tr>
<td>2013</td>
<td>73</td>
</tr>
<tr>
<td>2014</td>
<td>72</td>
</tr>
</tbody>
</table>

-1.8%

Mobility and the Customer

In 2014, TAP continued to invest in its relationship with the Customer, maintaining a dynamic and innovative presence in mobile applications, for smartphones and tablets. New versions of the TAP Mobile APPs were launched, extending the offer of free applications to the Windows Phone and Windows 8 (Tablet/PC) ecosystem, and TAP Cargo has a new design that is more modern and appealing, and now includes digital loyalty cards integrated in Passbook.

Uniform store

The TAP Uniform Store was implemented, a portal destined for the online management of uniforms in a multiplatform environment, which allows employees to manage their Uniform in a quick, simple and confidential manner. With the TAP Uniform Store, and provided there is Internet access, crew members can consult the catalogue of items comprising their uniform, check availability, the uniform elements that have been assigned to them and consult the historical register with all the movements that were carried out in the past. They can also place orders in a quick and simple manner, as well as schedule the return of goods. An automatic warehouse order management process and a notification system was also developed so that employees can follow at every moment the status of their requests. At the same time, an express counter was created at the physical uniform store, specifically for picking up orders placed through the TAP Uniform Store. In partnership with CTT Expresso, a new home delivery service was introduced, which permits crew members to conveniently receive their order without having to travel to TAP.

Supplier relationship management

The Logistics area of TAP Services, within the scope of transformation of the Procurement Function with the objective of achieving concrete gains in terms of organisational efficiency and cost control and optimisation, implemented a Sourcing & Procurement project, which covers the Sourcing function, the P2P processes and a number of key management tools for the function. The outputs of the transformation programme served as a starting point for the implementation of an SRM (Supplier Relationship Management) tool, which enabled the decentralisation of the creation of shopping carts among the various requisitioning areas, thus freeing up purchasers for tasks with higher added value. The SRM contemplates a tool for master data management which enables the updating of materials and the creation of specific catalogues for certain categories of purchases. Access is intuitive and web-based. With this solution, the goods receipt process becomes more flexible and can be carried out in the SRM by the actual requester.

Paperless – Electronic Invoice

The implementation of the electronic invoice in terms of the dispatch of orders, status of invoices, payment notices and reception of invoices, enabled the sending of paper to be eliminated, substituting the same by sending in electronic format. This format has the same legal value as the paper invoice, permitting greater security and transparency in transactions between the TAP Group and its suppliers. The implemented solution also enabled speeding up the invoice registration process, reducing waiting times and increasing the control of invoices per supplier. Associated with this new process, a consultation portal was also implemented for its suppliers, improving TAP communication with its suppliers and making it more efficient.

Management and control of tools and equipment by RFID

RFID technology, previously implemented by TAP-Maintenance and Engineering in the engine workshop to control the movement of components in the workshop circuit, was adopted in 2014 in the tool and equipment management processes within the scope of the production activities in hangar, related to aircraft maintenance. Designated as MTMS (Mobile Tooling Management System), this system will provide the logistics area of production in hangar with a useful tool to adequately control and mitigate the occurrence of damages in equipment and tools, make the management of those that are considered critical for any intervention more efficient, due to the greater visibility that RFID technology permits, relative to the movement of any object and the control of its conditions of use. Externally, it will allow the Business Unit to continue to disseminate an image of rigour and compliance with the best practices of the industry, thus raising the interest of external customers on its maintenance services. Internally, the MTMS system will enable reducing or eliminating the occurrence of non-conformities related to the use of support tools and equipment, providing a significant contribution towards quality control of the aircraft production area.
Talk to us with an innovative search engine

Always aware of the importance of efficiency and efficacy for the Customer, an Enterprise Search solution, known as Smoogle, was implemented in the Smile system. This solution permits the indexation, almost in real-time, of the information managed and maintained on that system, enabling searches with an immediate, multifaceted result, on millions of records, a fundamental requirement for the Talk to Us activity, which would be difficult to achieve with conventional database management systems.

Calculation of monthly revenue on the 3rd working day of the following month

The Sales module of ARAMIS – Revenue Accounting solution – was redesigned, based on the redefinition of the business process with the objective of improving the efficiency of the traffic revenue tasks, a process which had up to then been conducted manually on all billings/sales sheets. The main objective consisted in increasing efficiency through the automation of the process, with the Traffic Revenues Department focusing on the correction of detected anomalies, or assessment of alerts resulting from implemented validations. As a result of this improvement in the process, the possibility arose of being able to provide the monthly revenue calculation on the 3rd working day of the following month.

Recording, scanning and mail forwarding

Recording, scanning and mail forwarding aims to streamline the mail receipt and dispatch process, decrease consultation times and aggregate related mail in a simple way. The RDEC permits the forwarding of mail, after reception at TAP, to be undertaken automatically by the Document Management platform, avoiding manual delivery, and enabling electronic forwarding and the digital registration of mail. The new system is used by about 800 users and, since its entry into production, has already registered about 8 thousand correspondences.

Digital archive of Maintenance and Engineering

TAP–Maintenance and Engineering has an extensive archive, composed of thousands of documents relative to Consumption Processes, Aircraft Inspections, Terms of Reception, Repair of Engines, Technical Incident Report, Designs and OTEs. The importance of this information requires its preservation, for possible subsequent consultation. In this sense, the project for the complete dematerialisation of the documentation was implemented, which occupies a physical archive of a considerable size, in the facilities of TAP–Maintenance and Engineering. In addition to the recovery of the historical archive, current processes were also, in some cases, scanned and indexed. The main objective was to increase the effectiveness in consulting the information, being significantly quicker for electronic documentation. Among other documentation, about 1,950 million Historical Registers of Aircraft, 230 thousand Consumption and Rotational Processes, 75 thousand Line Certificates, 32 thousand Terms of Reception, 10 thousand Designs and 3 thousand OTEs and Technical Incident Reports were integrated.

Extension of the application of performance assessment to TAP–Maintenance and Engineering Brazil

In an initiative promoted by TAP–Maintenance and Engineering Brazil – and in alignment with the Human Resources area of TAP Services and with TAP–Maintenance and Engineering Portugal –, the entire performance assessment process by competences for non-managers was automated. The objective of the project consisted in making the process more efficient by eliminating existing paper circuits and reducing the time spent in its administrative management. Increase interaction/accountability of the various intervenients in the process, automate the process of standardisation and compatibility of final results and produce automatic reporting were also objectives achieved by the project. The solution implemented is based on a cockpit of information that enables the entire process to be conducted and monitored from a single screen, which simplifies user interaction with the system. The evaluation sheets are now sent by email as Interactive Forms.

FDCC – Flight Dispatch Control Center

The Flight Dispatch Control Center (FDCC) application entered into operation in the second semester of 2013. It began as a flight operations monitoring system developed in order to reinforce security processes and practices, and is currently a tool that is perfectly integrated in the procedures of the area responsible for the Company’s Air Transport Operational Dispatch, having become a central and indispensable tool for the work of the Operational Dispatch Officers. The evolution of the FDCC has enabled the integration of progressively greater functionality in the same application context, substituting and automating manual procedures, making processes more efficient, streamlined and less prone to human error. The FDCC is part of a set of tools of Operational Dispatch, whose associated procedures and processes were audited in 2014 by the International Air Transport Association (IATA) programme, the IATA Operational Safety Audit (IOSA), whose strategic pillars are: Security, Effectiveness and Integrity. Last year, additional monitoring mechanisms were also integrated in the FDCC, focusing on the contingency processes of flight documentation production (Briefing Packages), the messages exchanged between the flight planning system of TAP (LIDO) and the entity that controls and manages European air space, Eurocontrol, validation of fuel value of the flight plan according to contingency policies imposed on companies for specific destinations. In these two years of operation, FDCC has competed in and won innovation prizes, as well as having been included in the portfolio of applications that applied to the Portuguese State benefits programme, SIFIDE.
The close monitoring of the expectations and interests of the various Stakeholders is an important requirement of TAP Group strategy.

The responsible management process of a company requires the close and timely monitoring of the expectations and interests of its various Stakeholders. This condition which constitutes an important requirement of the Group's strategy, assures an effective contribution to viable decision-making in the medium-term, with the consequent generation of value, from which real advantages for the Company, and for Society, arise. The Company thus considers it vital to stimulate the relationship with interested parties, with the indispensable communication channels with its Customers and Employees, as well as with Public Administration, Suppliers and Non-Governmental Organisations, among others, having been developed.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>In the development of its objectives the Company assumes the following positioning</th>
<th>Communication channels</th>
</tr>
</thead>
</table>
| Customers                  | Provide a quality product through the best and easiest solutions for their journeys and increasingly adding additional value to the product offered to them; Actively contributing to uphold the high levels of safety, demanded by the Aeronautical Industry, to ensure safe conditions for people and goods. | Customers | Passengers  
  Call Centers; Talk to Us; Loyalty Programmes: Victoria, for individual customers, and corporate for Company customers, TAP Website; In-Flight Magazine; In-Flight Video; Executive Lounge; iPhone; iPad; Social Networks (Facebook, Twitter)  
 Customers | Cargo and Mail  
  CargoSpot Cargo System; Cargo Call Center; Cargo Customs Systems; TAP–Cargo Website; Track & Trace Applications for mobile devices; Must Go products; Freighter Services on request; Claims dedicated service; Mail system project kick-off  
 Customers | Maintenance and Engineering  
  TAP– Maintenance and Engineering Website; Customer Managers; Customer Satisfaction Survey; Advertising Campaigns; Launch of the Care2 Customer programme aimed at highlighting a policy of proximity to the customer and recognising the best customers of TAP– Maintenance and Engineering; Participation in specialised Fairs and Conferences  
 Internal Customer | Business Units and Group companies  
  Satisfaction Portal of TAP Services; Dissemination of the evolution of operating performance in the areas of the TAP Services Business Unit  
 Shareholders                | Always endeavouring to achieve the best results in a sustained manner. | General Meeting; General and Supervisory Board; Annual Reports; Meetings, TAP Website  
 Employees                  | Provision of conditions for professional development and employability of its Employees, the establishment of a relationship with the Employees and respective representative organisations according to ethical principles and principles of mutual respect and the promotion of balance between family and professional life. | Corporate Intranet; TAP Newspaper and Flash Information; Corporate Agreement; Meetings with Workers’ Committee and with representative structures of Employees; Survey on Organisational Climate; Performance Assessment feedback meetings; Training; Welcome Programme for new Employees; Recognise Programme; Ceremony of 20 years in TAP’s service; Safe Attitude Campaign within the scope of Health and Safety at Work, at TAP– Maintenance and Engineering  
 Society                    | Be identified with principles of transparency, in following its social responsibility commitment to Society. Assume an important role in promoting changes in society and, in this way, contribute to greater development and social cohesion. | TAP Website; Museum; Visits to the premises; Community support actions  
 Suppliers                  | Continue to invest in the relationship with Suppliers, in a manner that is transparent and that guarantees the applicability of the sustainability principles throughout the value chain, with TAP considering that the advantage of its services is, in part, determined by the quality of Suppliers. | TAP Website; Suppliers Portal; Events aimed to mark important moments of Partner/Supplier relations; Participation in specialised Fairs and Conferences  
 Regulatory and Supervisory Entities | Transparent and continuous communication and the rigorous fulfilment of rules established by regulatory and supervisory entities is considered an essential condition for carrying out TAP’s activity. | Opinions, Comments and Reports for INAC; GPERI/ME (Strategic Planning and International Relations Office of the Ministry of Economy and Employment); MNE/DIGATE (Directorate-General for Technical and Economic Issues of the Ministry of Foreign Affairs); Directorate-General of the European Commission (DG Mobility and Transport, DG Environment, DG Competition); among others; Periodic meetings with all the above mentioned entities and European and International Bodies directly related to Industry (IAEA, ERA, IATA, ICAO); Observation of negotiations of Air Transport Agreements between the Portuguese State or the European Commission and Non-EU States; Assessment of the impact of proposals for legislation in Industry |
SHAREHOLDER

In the development of its objectives, the Company assumes as positioning the constant endeavor to achieve the best results in a sustained manner.

The TAP Group was constituted on 25 June 2003, under Decree-Law no. 87/2003, of 26 April, with its share capital having been fully subscribed and paid up in kind by Parpública–Participações Públicas, SGPS, S.A., by delivery of the shares representing the total share capital of Transportes Aéreos Portugueses, S.A. (TAP, S.A.).

On 31 December 2014, the nominal capital of the Group, in the amount of EUR 15,000 thousand was constituted of 1,500,00 nominal shares of EUR 10 each.

Remuneration of Shareholders
In 2014, no dividends were attributed to shareholders, with total net income having been transferred to retained earnings, in accordance with current legislation and the Company’s Statutes.

Most relevant facts announced during the financial year 2014

- Composition of the Commission for the Commemorations of the 70th Anniversary of TAP, in 2015.
- Appointment of the Director Luís Manuel da Silva Rodrigues, following the termination due to retirement of the Director Michael Anthony Conolly.
- Corporate Governance Report and Sustainability Report of TAP Group, relative to the financial year of 2013.
- Order of the Secretary of State for the Treasury, exempting TAP from compliance with the principle of Treasury Unity.
- Purchasing and Sales Manual of the TAP Group.
- Approval of the 2013 Annual Report.
- Consolidated Financial Statements relative to the 1st semester of 2014.
- Creation of the organisational structure TAP IT (Information Technology and Information Systems of the TAP Group).
- Appointment of Maria Teresa Silva Lopes for the post of Executive Director, following the resignation of the Director Luís Manuel da Silva Rodrigues.
- Approval by the General and Supervisory Board of the Plan of Activities and Budget for 2015.
- Decree-Law no. 181-A/2014, of 24 December, which approves the indirect reprivatisation process of the share capital of TAP.
CUSTOMERS

Providing a quality product through the offer of the best and easiest solutions for travel, adding increasingly greater value to the product offered and actively contributing to maintain the high levels of security and safety required by the Aeronautical Industry, in order to uphold the safety of people and assets.

TAP continuously invests in the innovation and reorganisation of its services and attendance, so as to ensure determined and strict compliance with its commitment to meeting expectations and being worthy of the trust of all who prefer TAP.

Knowing and monitoring the evolution of Customers’ perception in order to understand and anticipate needs, has represented a central axis in the formulation of the strategy, enabling TAP, through the use of new technologies, to adjust the services offered by the Company and, in this way, proactively enhance the respective service standards.

Principles of transparency

TAP’s policy focuses on operating with the greatest transparency possible, providing the Customers with clear and detailed information, enabling informed choices. TAP communicates the total price of the air transport, indicating the values of the ticket according to the chosen destination, airport or other taxes and applicable service charges. Customers are informed of the restrictions relative to the conditions of the chosen ticket and that it is subject to the number of seats available by booking class. TAP offers the lowest available air fare for the intended date, flight and booking class.

Safety of people and assets

Safety is the priority defined by the Senior Management, applicable to the entire operation of the Company, which considers this a critical element of aviation activity, requiring the constant involvement of all Employees. In 2012, the Safety Management System (SMS) was implemented at TAP, in order to endow it, as an airline operator, with a Corporate Safety common to all of TAP’s operational areas. The Operating Quality Management System is established in accordance with the EASA, JAA and IOSA requirements and is based on a continuous cycle of Planning, Implementation, Verification and Correction, with responsibilities defined transversally across the entire organisation.

The contribution of UCS (Health Care Unit of the TAP Group) to the security of passengers is felt on board, during flights, through the annual first aid training provided to TAP’s cabin crew and the management of the first aid kits that equip TAP’s entire fleet, according to the IOSA/JATA regulation. Every year, the contents of specialised thirty-five thousand kits are prepared and replaced. The long-haul fleet is also equipped with automatic external defibrillators, for use in situations of cardio-respiratory reanimation, within the scope of the specific programme for TAP aircraft coordinated by UCS and certified by INEM.

In terms of the security of passengers in the post-flight phase, the Consulta do Viajante offered by UCS at Lisbon airport, provides a complete service with medical evaluation and specialised preventive recommendations, including administration of vaccines and prescription of prophylactic medication (example: malaria). The Traveller Services are sought for varied reasons: from leisure and business trips to long-haul passengers who travel to study or work in the most varied regions of the world, from South America, to Africa or to Asia.

Moreover, contents on aspects of health care and well-being related to flights are provided on the Company’s website, on Facebook, and in the in-flight magazine and audiovisuals, namely, information for passengers who are disabled or with limitations, pregnant women, children, and travellers requiring special diets, amongst others.

At TAP, all services (82) are covered by the risk management system.

Creation of value for the Portuguese economy and society

TAP, S.A., together with its partners, has offered its passengers and cargo customers connections to 178 cities, transported 11.4 million Passengers (+6.6% than in 2013) and 85.1 thousand tons of cargo and mail.

The contribution of the TAP Group to the volume of national exports, 2,400.9 million euros in sales and services rendered in markets abroad, has strengthened its positioning, representing +1.1% more than the value of 2013.

Regarding its contribution to job creation, the TAP Group recorded an increase of 412 jobs, with 434 having been created at TAP, S.A..

The total operating income and gained per job ratio decreased at TAP, S.A. and fell slightly in the Group, mostly influenced by the increase in the number of jobs created.

TAP—Maintenance and Engineering Portugal provided services to over 37 Customers worldwide, of which approximately 78% are airline companies, always ensuring compliance with its commitments, namely with respect to the maintenance of the high standards of security inherent to the aeronautical industry, and protection of the environment.

The TAP site received a special mention by DECO (Portuguese Association for Consumer Protection), following the analysis undertaken of the sites of airlines and travel agencies operating in the national market. We analysed the site with regards to information and prices, and no irregularities were registered.
Management commited to the development of the community and the environment

Pursuant to its commitment to citizenship, TAP continued to promote and support initiatives of a social character, aimed at integrating social responsibility in its culture. With a view to fulfilling this objective, aiming to encourage Customers to contribute on their own initiative, the collaboration between the Voluntários com Asas (Volunteers with Wings) movement and the DONATE MILES Programme (TAP Victoria for a better world) offers the possibility of donation of miles, to be reallocated to social and humanitarian support institutions.

The reduction of energy, water, paper and waste produced also represented a transversal concern, with initiatives having been developed in different activities of the companies of the TAP Group.

61%

In the CO2 emissions compensation (Carbon Offset) programme, the defined objective for 2014 was surpassed by +61%.

TAP was the first airline company of the world to launch this programme, which allows passengers to compensate the effect of the carbon footprint left by their respective travel.

Assure diversity of destinations and frequencies to TAP Customers

Continuing the objective of diversification of destinations and reinforcement of the Lisbon hub, TAP launched 11 new destinations (Matau, Belém, Bogotá, Panama, St. Petersburg, Tallinn, Gothenburg, Hannover, Belgrade, Nantes and Oviedo). The new destinations of TAP cover a range of climates, which vary from hot to cold, dry to humid, traditional to exotic, and rural to urban. This variety inspired the creation of the new campaign, illustrating with this new initiative that TAP allows customers to change environment when they so wish, from the heat in Brazil to the cold in Russia.

The number of flights has grown (+2%), and at the same time there has been an increase in the number of destinations served directly by TAP (+10.8%) from Lisbon, Porto, Faro and the Autonomous Regions.

The effort made in the offer of a distinctive service has been reflected in the growth of the number of members of the Victoria Programme (+14.3%).

Providing quality service

The convenience and security of passengers constitutes a concern for TAP, in addition to a continued effort in communicating with its Customers.

Dedicated Communication

Within the scope of customer loyalty, there is communication, in a oneZone logic, dedicated to the members of the Victoria and Corporate Programmes.

Within the scope of health and well-being, TAP also provides medical services and information for passengers (website, facebook, in-flight magazine and audiovisuals), related with air travel.

UCS, as a health care unit of the TAP Group, provides a number of differentiated health care services with a unique aeronautical focus, resulting in added value in terms of comfort, convenience and security for passengers.

The health care unit is involved in a health quality accreditation process promoted by the Health Quality Department of the Portuguese Health Authority and supervised by ACSA (Agência da Calidade Sanitária da Andaluía), initiated in May 2013. It is the first multidisciplinary private health care unit to join this programme, whose objectives include: guarantee the continuous improvement of services; increase customer satisfaction by corresponding to their needs and expectations; promote a culture of quality and security; optimise processes and increase the motivation and satisfaction of employees. This evolution to an integrated system of risk management and health quality is already becoming visible to customers, with whom information about the health care unit and its services is increasingly shared and its participation and involvement in the implementation of the continuous improvement strategy is promoted.

The intervention of UCS is reflected at the TAP passenger level before, during, and even after each air travel. Passengers with specific health problems, and which would otherwise be unable to travel or would only do so in a limited way, can be assisted in having secure and comfortable flights through the Medical Authorisation for the Boarding of Disabled Passengers (MEDIF) system. TAP, through its close collaboration with UCS, offers this service to its Customers, in accordance with the international regulations (IATA). In 2014, more than one thousand MEDIF requests were attended, which included the request for special measures such as wheelchairs, stretchers, and oxygen, among others. In terms of flight preparation, passengers with flight phobia can attend the Ganhar Asas (Gain Wings) course, enabling them, due to the high success rate of the course, to fly more smoothly.

Global Satisfaction TAP Services

<table>
<thead>
<tr>
<th>Year</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3.3</td>
<td>3.1</td>
<td>3.1</td>
<td>3.3</td>
<td>3.3</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Classification: 4 Very Satisfied; 3 Satisfied; 2 Dissatisfied; 1 Very Dissatisfied

- Attract and retain the loyalty of Customers through the value and quality of the services offered by the Group.
- Promote innovative and flexible solutions, be recognised as a strategic partner and fulfil expectations in a consistent manner.
- Encourage a frequent and transparent relationship with Customers to enable the identification of opportunities to meet their expectations in relation to the services offered by the Company.
- Attract and retain the loyalty of Customers by offering a trustworthy goods transport service.
- Promote new innovative and diversified products, in line with different needs.
- Modernise contact processes with Customers, enabling greater effectiveness and speed of response.
Social Networks
The year of 2014 was a year of consolidation and growth of TAP in the world of the social networks and, of debuts.
The new profiles on Pinterest and Linkedin have complemented an already successful presence on Facebook, Twitter and Instagram. In terms of growth, TAP’s Facebook page recorded an increase of 300,000 fans and the profile on Instagram grew by more than 100%. In 2014, TAP remained on the podium of the Socially Devoted Portuguese brands on Facebook and Twitter, a seal of prestige that has been attributed by Social Bakers to the Company since 2013. The management of TAP’s social networks also received the Award of Distinction in the Global Alliance Comm Prix and, in December, the Luso Awards attributed the bronze trophy to two actions undertaken on TAP’s Facebook (the pastime Let your dream fly and the action in partnership with the FlyTAP expedition Message to Portugal).

Gift Voucher: if you don’t know what to offer, offer the world
The best gift is the one that makes you dream. TAP created the Gift Voucher, to surprise those you care about at any moment. Available in three values – €50, €75 and €150 –, it allows you to visit the four corners of the world, in the 12 months following the date of issue.

In alignment with the growing route of the online
Digital Marketing assumes, from year to year, an increasingly important role in the Company’s communication and strategy. In 2014, more financial and human resources were allocated, an investment was made in innovative solutions and digital became truly structuring in all of the decisions that involve TAP’s marketing. This year was the Company’s most digital and it will continue to evolve in this way since TAP is aligned with the growing route of the online.

BTL 2014: The stage of the new destinations
TAP is present at the Lisbon International Tourism Exhibition (BTL), where 11 new destinations were presented, associated to the concept Connected to the world with arms wide open, which symbolises the brand values.

Automatic notifications via email and SMS
TAP launches a new notifications service whose premise is to continuously improve contact with each of its customers.
QUALITY CERTIFICATION

Meet the objectives of the Quality Policy and in alignment with the best practices of the Industry

The various certifications are an integral part of the Quality/Conformity Guarantee and Control processes for each of the Group companies. The Company firmly believes that it continues to adopt and promote values that support the entire structure of the organisation, with a view to corresponding to the expectations of all its Stakeholders.

TAP has a decentralised Quality/Conformity Management system, but which involves the entire organisation and suppliers, maintaining the entire decision-making process closer to critical areas, with a view to achieving the Quality/Conformity Policy objectives, as well as complying with the best practices in the Industry.

In the operating area, the Quality/Conformity Management System of TAP Portugal is established in accordance with the EASA and IOSA (the renewal of the IOSA certificate took place in June 2014) requirements, and is based on a continuous cycle of Planning, Implementing, Verifying and Correcting, with responsibilities defined transversally throughout the entire organisation, basing its air activity on compulsory compliance with the operating rules and requisites issued by EASA, INAC, IATA and by TAP itself.

Two new challenges are expected for 2015. One will be the consolidation of the Conformity Supervision Management System, in replacement of the Operating Quality Management System, and the other challenge is the introduction of the concept of Enhanced IOSA at the TAP Portugal operator.

Security is the priority defined by the Senior Management, applicable to the entire Company

TAP Portugal considers Security as a central element of air activity, requiring the constant involvement of all of the organisation’s Employees. In 2014, according to IATA Statistics, the rate of accidents involving the total destruction of jet aircraft of western construction was 0.23, that is, one serious accident per 4.4 million flights. This value, below that observed in 2013 (of 0.41) represents the best value in the entire history of Commercial Aviation, also reflecting an improvement of 60.3% relative to the annual average of 0.58 registered in the last five years. For the member companies of IATA, the rate came to 0.12 (that is, one accident per 8.3 million flights), reflecting a superior performance, by 47.8%, relative to the overall rate mentioned previously.

In order to be involved in an aircraft accident it would be necessary to take 1 flight per day for 12,055 consecutive years

Developments 2014
- ATA audit of TAP (June)
- NAC audit of TAP for the renewal of the Air Operator Certificate (COA) in November
- Implementation of the Compliance Monitoring function (November)
- Implementation of EASA – Air Operations standards (November)

Objectives 2015
- Enhanced IOSA implementation (September)

Commitments to Stakeholders
- Core Activity
  - Air Transport
    - EASA Air Operations, EASA AirCrew, IOSA (IATA)
  - Maintenance and Engineering

Design of Processes
- Handling
  - SPdH–Serviços Portugueses de Handling, S.A.
  - IATA ISAGO, IATA–OHSAS 18001:2007

Quality Certification
- Catering
  - Cateringpor, S.A.
  - HACCP; ISO 14001−Environment (completion phase); ISO 22000−Food Security (completion phase); Halal Certification

Fulfilment of the Commitments
- Air Transport

Supporting Activities Transversal to TAP Group
- Health Care
  - UCS, S.A.
  - ISO 9001:2008 (Clinical Analysis Laboratory); Process of Accreditation by the Directorate-General for Health and EASA/INAC Certification of the Aviation Medical Centre

TAP Serviços
- TAP, S.A.
  - Training Entity accredited by DGERT, EASA Part 147-MTO
The regulatory entities are empowered to ensure compliance with the rules, to sanction anti-competitive practices and offences, and to correct certain behaviour. Its functions are performed by entities that are independent of Governments or have freedom in relation to the administration on which they directly or indirectly depend.

**Promote an integrated, balanced and long-term vision for the Aviation sector**

As a definer of the framework in which TAP’s access and exercise of activity takes place, the Regulator should define its decision making and actions based on basic principles such as transparency, proportionality, uniform application criteria, non-discrimination and the active involvement of stakeholders. As a monitor in this context, the Supervisor should certify that a healthy environment has been created that promotes business sustainability, under clear rules which are easily interpreted with a single meaning. These should be the primary objectives of these bodies.

Since Air Transport is an activity sector operating on a global scale and particularly stimulates the economy and well-being of communities, it is indispensable that the different regulatory entities (national and supranational) coordinate and reconcile their policies and actions, so as to create and maintain a harmonised regulatory framework, avoiding to the maximum possible extent any overlapping and/or contradiction in measures among jurisdictions which could potentially erode value for all economic agents.

It is crucial for the authorities to achieve a broad overview of any process, through recognition of the real dimension and importance of the economic agents involved, thus enabling their early understanding of how each policy can best contribute to their optimisation.

TAP is permanently attentive to major social, economic and political change and to signs of market evolution, and dedicated to acting proactively to best adapt or influence, in advance and positively, the context in which its business is based. TAP endeavours to be participative in terms of regulations, both anticipating in providing suitable response (self-regulation) to stimulus, needs and sensitivities of the environment (customers, agents, distributors, suppliers), and actively contributing via direct response to the requests of the authorities (national and supranational), as well as through a consolidated position via the organisations of the sector (IATA, AEA, ERA) in which it participates.

TAP recognizes the benefits of promoting among the different legislative and regulatory instances an integrated, balanced and long-term vision for the Aviation sector, which maximises the results the sector can achieve for the well-being of peoples and leverage for the progress of countries.

**Entities regulating Markets and Commercial Relations in the Commercial Civil Aviation Sector**

<table>
<thead>
<tr>
<th>Entity</th>
<th>Role and Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Commission</td>
<td>The European Commission, the primary executive institution of the EU, is empowered to propose legislation and ensures that EU policies are applied correctly.</td>
</tr>
<tr>
<td>INAC—Instituto Nacional de Aviação Civil, I.P.</td>
<td>Its mission involves the regulation and supervision of the civil aviation sector and of the activities developed in this sector (Ministry of Public Works, Transport and Telecommunications).</td>
</tr>
<tr>
<td>ICAO—International Civil Aviation Organization</td>
<td>This is a specialised institution of the United Nations, with the objective of promoting international cooperation in civil aviation.</td>
</tr>
<tr>
<td>EASA—European Aviation Safety Agency</td>
<td>Its mission consists in promoting the highest common rules on safety and environmental protection in the civil aviation sector.</td>
</tr>
<tr>
<td>Competition Authority</td>
<td>Its main mission is to ensure compliance with the competition defence legislation, encourage the adoption of practices promoting competition and contribute to the dissemination of a competition culture and policy (Ministry of Economics and Innovation).</td>
</tr>
<tr>
<td>Other National Civil Aviation Authorities (of the EU and of non-EU countries)</td>
<td>Its mission, as is the case of the Portuguese aeronautical authority, consists in regulating and supervising the civil aviation sector.</td>
</tr>
<tr>
<td>ECAC—European Civil Aviation Conference</td>
<td>An intergovernmental organisation the objective of which is to promote the sustained, safe and efficient development of the European air transport system. This entity functions in close coordination with ICAO and in active cooperation with other institutions of the European Union.</td>
</tr>
</tbody>
</table>
Looking back at 2014

Relations between the European Union and Non-EU states in the aero-political field

In the context of bilateral relations, the following developments occurred between the European Union and the States listed below:

- Consultations were held between representatives of the Aeronautical Authorities of the Portuguese Republic and of the Democratic Republic of São Tomé and Príncipe, with a view to achieving an air transport agreement between the two countries.
- Consultations were held between representatives of the Aeronautical Authorities of the Portuguese Republic and of the Democratic Republic of São Tomé and Príncipe, with a view to boosting international air traffic between the two countries. As a result, the Santomean Delegation granted TAP the exercise of fifth freedom traffic rights, between Accra and São Tomé and return, on the Lisbon-Accra-São Tomé route and return.
- Consultations were held, by correspondence, between representatives of the aeronautical authorities of the Portuguese Republic and of the Republic of Panama, with a view to achieving an air transport agreement between the two countries.
- Consultations were held, by correspondence, between representatives of the aeronautical authorities of the Portuguese Republic and of the Republic of Equatorial Guinea, with a view to achieving an air transport agreement between the two countries.
- Launch of the negotiation process for the potential establishment of an Aviation Agreement between the European Union and ASEAN (Association of Southeast Asian Nations);
- Resumption of contacts between the European Commission and the Brazilian Aeronautical Authority with a view to resuming the negotiation process to conclude a Global Air Transport Agreement;
- The 2nd meeting between the European Union and GCC (Cooperation Council for the Arab States of the Gulf) was held with a view to continuing the dialogue and cooperation in various sectors of civil aviation;
- Resumption of negotiations between the European Union and the Republic of Tunisia seeking to achieve an Agreement on certain aspects of Air Transport.

Outlook for 2015

Relations between the European Union and Non-EU states in the aero-political field

In the context of bilateral relations, the following developments are expected between the European Union and the States listed below:

- Consultations were held between representatives of the aeronautical authorities of the Portuguese Republic and of the Islamic Republic of Iran, with a view to achieving an air transport agreement between the two countries.
- Aeronautical consultations were held between Portugal and Guinea Bissau, to discuss issues of mutual interest within the scope of the Air Transport Agreement, signed in Lisbon, on 30 August 2007.
- Bilateral aeronautical consultations were held with the United Arab Emirates, to discuss issues of mutual interest within the scope of the Agreement on Air Services between the Portuguese Republic and the United Arab Emirates of 2011.
- Consultations were held between representatives of the Aeronautical Authorities of the Portuguese Republic and of the Democratic Republic of São Tomé and Principe, with a view to boosting international air traffic between the two countries. As a result, the Santomean Delegation granted TAP the exercise of fifth freedom traffic rights, between Accra and São Tomé and return, on the Lisbon-Accra-São Tomé route and return.
- Consultations were held, by correspondence, between representatives of the aeronautical authorities of the Portuguese Republic and of the Republic of Panama, with a view to achieving an air transport agreement between the two countries.
- Consultations were held, by correspondence, between representatives of the aeronautical authorities of the Portuguese Republic and of the Republic of Equatorial Guinea, with a view to achieving an air transport agreement between the two countries.

Legislation

Implementing Regulation (EU) no. 1028/2014 of the Commission

Relative to: Establishment of the requirements for the performance and interoperability of surveillance in the single European sky
Summary: Harmonisation of the performance, interoperability and efficiency of the systems that contribute to the provision of surveillance data within the scope of the European air traffic management network and for the purposes of civil-military coordination.

Regulation (EU) no. 376/2014 of the Parliament and of the Council

Relative to: Communication, analysis and follow-up of occurrences in civil aviation
Summary: Reinforces aviation security by ensuring the communication, collection, storage, protection, exchange, dissemination and analysis of relevant information relating to civil aviation security.

Regulation (EU) no. 245/2016 of the Commission

Relative to: Establishment of technical requirements and administrative procedures for civil aviation crews
Summary: Ensure a smooth transition and a high uniform level of civil aviation safety in the European Union, reflecting technical updates, including the best practices, and the scientific and technical progress in the field of pilot training.

Regulation (EU) no. 598/2014 of the Parliament and of the Council

Relative to: Establishment of rules and procedures for the introduction of noise-related operating restrictions at EU airports in the context of a balanced approach and that revokes Directive 2002/30/EC
Summary: Establish, for those cases in which a noise-related problem has been identified, rules on the process to be followed for the homogeneous introduction of noise-related operating restrictions at each airport, in order to help improve the noise climate and limit or reduce the number of people significantly affected by the potentially harmful effects of aircraft noise.


Relative to: Protection against subsidisation and unfair price practices
Summary: Avoid losses of Community air carriers in the supply of air services from carriers of countries not members of the European Community.

Draft Community Directive

Relative to: Insurance mediation aimed at improving regulation in the retail insurance market
Summary: Relative to: Review of the Regulation (EC) no. 868/2004 of the European Parliament and of the Council (basic AIFA regulations)


Relative to: Use of data on air transport passengers for protection against terrorist offences and serious crime
Summary: Collect the so-called Passenger Name Record (PNR) data for flights from third countries and potentially for flights within the EU, in addition to setting a time limit during which the PNR elements are visible to police officials responsible for travel line supervision.


Relative to: Establishment of common rules on compensation and assistance to air passengers in the event of being denied boarding and of cancellation of, or long delay of flights
Summary: Protect the rights of passengers in the event of disturbance to circulation or damage to/loss of baggage and when extraordinary circumstances occur in flight operations. The European Union will define the rights and obligations of each party (passengers, air carriers, travel agencies, among others).
Characterisation of Suppliers
Profile of the base of Suppliers in 2014
TAP Group (except TAP–Maintenance and Engineering Brazil)

Total Suppliers
7,624

Distribution among National and Foreign markets
- 23.9% Germany
- 11% Belgium
- 9.5% Brazil
- 10% Cape Verde
- 7.8% Others
- 4.7% United Kingdom
- 1.7% Switzerland
- 27.8% Portugal

Total invoices recorded
2,423 EUR million
With 46% distributed in the National market
- 23.9% Germany
- 11% Belgium
- 9.5% Brazil
- 10% Cape Verde
- 7.8% Others
- 4.7% United Kingdom
- 1.7% Switzerland
- 27.8% Portugal

Investment in relations with Suppliers, so as to guarantee the applicability of the sustainability principles throughout the value chain, since TAP considers that the value of its services is, in part, determined by the quality of the Suppliers.

STRATEGIC PRINCIPLE OF ADDING VALUE
Corporate sustainability represents a strategic objective permanently pursued by Group companies. In this context the procurement model adopted by the Company merits special focus. The model involves two specific phases: on the one hand, selection and contracting and, on the other hand, the assessment of the policy on sustainability and social responsibility of suppliers and service providers.

In view of the growth and diversification of the markets in which TAP operates, a decision was made to maintain a balance, aimed at creating and stimulating best practices of green procurement in these markets, in order to uphold the quality of the service to internal and external customers. While not placing free competition in question, the Company wishes to foster a policy of long-lasting and sustained partnership with its suppliers and service providers based on a rigorous financial assessment and carefully selected sustainability factors.

Therefore, in order to establish and ensure the continuous assessment of all of the defined practices and principles, the suppliers have been selected through sampling, audited and monitored in person. TAP thus considers that it is fundamental to match the needs of all the stakeholders in the procurement process, since this balance is a factor of success for all participants in this process.

In the supplier selection process, the Company uses a tool to assess risk exposure, auditing the quality and financial performance, as well as compliance with Community legislation or legislation of the country of origin.

PROCUREMENT POLICY
The procurement policy for the Logistics area is focused on the important challenge of rationalising costs, in order to achieve high levels of efficiency, such that eco efficiency has been fostered through the appropriate management of materials and other resources.

During 2014, the gradual replacement of the traditional trolleys used in the in-flight catering service with the latest generation of lightweight trolleys was begun, with significant savings in terms of jet fuel and with a consequent impact on the reduction of CO2 emissions, thus contributing to the implementation of environmental management. In 2014, with the increase in TAP destinations, the number of suppliers and service providers also rose, which resulted in both a challenge and a driver for development of the various communities.

The Logistics area has also involved the participation of national suppliers, based on identical price/quality criteria, to stimulate and, in this way, contribute to the progress of the Portuguese economy.

In this context, the evaluation by the Company of the policy of sustainability and social responsibility of the suppliers and service providers is mandatory, based on the following main objectives: obtaining the highest quality; risk management; fomenting the use of green procurement practices, in the markets where the Company operates.

In addition, clauses related to the UN Global Compact and the environmental commitment of Stakeholders have also been gradually written into contracts.
MAINTENANCE AND ENGINEERING

The integration of sustainability in the different supply chains is easier in some areas than others, depending on aspects such as the product in question, the reduced number, in some cases, of suppliers and of component and aircraft manufacturers.

It is worth noting, in this context, the policy followed by TAP-Maintenance and Engineering:

○ General questionnaire sent to suppliers – This survey invites suppliers to provide information on different legal and technical aspects, and also related to their sustainability policy, namely compliance with the EU REACH regulations on chemical products;

○ Application of the EU REACH regulation – Being covered by this regulations, TAP tries to get supplies from suppliers that have already recorded the substances that comprise the products to be procured. So far, none of the material purchased by TAP is covered by the deadlines on the use of substances that require authorisation. The REACH TF of AEA, in which TAP is represented, has made an appeal to the European Commission to introduce amendments to the legislation in force, namely extend the deadlines for the application of the deadlines on the use of substances listed in Annex XIV, through the timely alteration of the maintenance manuals;

○ Location of materials – When negotiating with suppliers, the Business Unit tries to ensure that the materials to be supplied are located as near as possible to the logistics centre of TAP-Maintenance and Engineering in Lisbon, thus reducing distances, mileage travelled, and consequently CO₂ emissions;

○ TAP’s environmental concerns with respect to its chain of suppliers – In this context, the Company’s concerns are linked to the assurance that all the acquired products are received with their respective Safety Data Files, containing the environmental information of the products in question.

AVIATION CATERING

Likewise, at Cateringpor, the principles of sustainability are a concern to the company, which maintains demanding and stimulating relations with its suppliers, driven by the need to assure the specific high quality and environmental standards of this activity and which are reflected in various aspects:

○ Strict Procurement Conditions;

○ Conclusion of Quality Agreements for the different types of services and products, including chemical and allergens;

○ Requirement of Halal Guarantee Certificates and Charters, for Islamic meals;

○ Audits to the facilities of suppliers for verification of hygiene, manufacturing and traceability conditions;

○ Specifically concerning chemical products, action in conformity with the EU REACH regulation, requiring technical and safety files and records.

It should also be noted that, as an aviation catering market leader, and since Cateringpor is one of the most important companies of the catering activity, this company has contributed to the development of the economy, upstream, by having maintained, on an annual basis, its coverage of needs with national products, at 94% in 2014.

At TAP, as a Group of companies working in the sphere of air transport services, the acquisition of products and services includes a broad range, which reached a total of 2,423 million euros from 7,624 suppliers in 2014.

Adjudications per Purchase areas TAP Serviços

Includes TAP, S.A. (except TAP-Maintenance and Engineering), Megasis, Portugália, Groundforce

- 73.70% Jet Fuel
- 15.90% Handling
- 5.80% Catering
- 1.70% Holidays
- 1.60% In-flight
- 0.85% Inreq. (Hotels+PVA)
- 0.17% Uniforms
- 0.12% Media
- 0.08% Stationary and general purchasing
- 0.06% Computers
- 0.01% Vehicles
- 0.01% Furniture and equipment

Commitment to contribute to economic and social development and to the preservation of the environment

Economic perspective
Social perspective
Environmental perspective
Equity perspective
Annexes
Approval of the Sustainability Report

35
ECONOMIC PERSPECTIVE

IMPORTANCE OF AIR TRANSPORT FOR ECONOMIC DEVELOPMENT
The hub strategy implemented at the Lisbon Airport, as an important centre of connection between Europe, Brazil and Africa, has enabled the generation of economies of scale vital for the continued growth of the number of carried passengers. The combination of connecting and point-to-point traffic underlying the hub concept has enabled the promotion, within the development of the operation, of the increased utilization of aircraft, ensuring the feasibility of the operation to new destinations and increased frequencies to airports already under operation. Consequently, there has been a sustained increase in traffic, accompanied by a growing volume of transit passengers.

In this way, TAP has strengthened, with increasing visibility, the activity of promoting Portugal in the world:

- Increased number of destinations served by TAP from the Lisbon hub;
- Increased number of flights;
- Contribution to the affirmation of the Portuguese language;
- Promotion of national products;
- Contribution to the volume of national exports.

Given the particular exposure to a highly uncertain European context, related to the sovereign debt crisis in the Eurozone, remarkably accentuated in the domestic market, where the combined effects of the restatement of a high public deficit and increasing public and private debts led to the implementation of measures with unavoidable contractionary effects, TAP has pursued a sustainable strategy, seeking and exploring new business opportunities.

In this sense, the implementation of a Network growth policy and the consolidation of the current markets, as well as the continued efforts to reduce costs and with a view to ensuring greater efficiency in the utilisation of existing resources are measures that already show visible results, particularly at the company TAP, S.A.

**Vision**

Pursue a sustainable strategy, aimed at the creation of value, also taking into account the dimension of its contribution to the Country’s economic development via its prominent positioning as a national exporter.

**Commitment**

In line with its sustainable development policy, TAP is guided by the following principles:

- Contribute to the creation of value for the economy and Portuguese society;
- Provide Customers with a quality product through the best and easiest solutions for their travel and for the transport of goods;
- Promote interconnectivity within the Portuguese speaking world.
Air transport is a factor inducing a diversified spectrum of activities that contribute significantly to the growth of GDP. However, the value generated exceeds this aspect, with the main benefits accruing to its Customers – passengers and customers of the air transport of cargo.

The expansion of the network to new destinations contributed to the diversification of markets, representing an important asset that generates benefits, facilitating direct foreign investment, business and specialisation clusters, namely in the tourism sector, amongst other relevant impacts on the Portuguese economy.
Improve the company’s activity level

11 413 699

Passengers carried, an increase of 6.6% compared with 2013, representing 710,796 more passengers carried.

Assure diversity of destinations and frequencies to TAP customers

113

Destinations served from Portugal, 10.8% more than in 2013;

109 139

Flights, a 2% increase;

178

Access to 178 cities: 107 located in Europe (10 in Portugal), 42 in the Americas, 21 in Africa and 8 in the Middle East/Asia.

Promote passenger loyalty through distinctive service

1 600 000

Members of the Victoria Programme, a 14.3% increase over 2013, corresponding to 200 thousand more members.

Guarantee an effective service level for Cargo and Mail transport

7.2%

Increase in Cargo and Mail Revenue. 85.1 thousand tons of cargo and mail transported, 6% more than in 2013.

Create employment

434

Number of Jobs created at TAP, S.A.
In spite of the negative impact of a multiplicity of disturbances, TAP continued to comply with its commitment to contribute to the generation of value for the economy and for Portuguese society.

In 2014, the activity of the Company took place in an environment characterised by a number of factors, namely the fall in fuel prices and a context of increased competition, both at a European and intercontinental level. The results achieved in 2014 by the Group and by TAP, S.A., also reflected the negative impact of the multiplicity of disturbances that occurred over the course of the year. In particular, it is important to mention the disturbances observed between June and mid-July – due to the late arrival of new aircraft destined for the operation of new destinations, as well as the grounding of aircraft for longer durations than expected, which were solved over the remaining summer period. Furthermore, the end of 2014 culminated with the announcement of a strike, which had a significant negative impact on the Company and on the Portuguese economy in general.

However, it should be pointed out that, in 2014, TAP’s development of a series of initiatives within the Group continued, which, intervening in the area of sustainability, have progressively shown their impact.

In this regard, in compliance with its commitment to contribute to the generation of value for the Portuguese economy, particular note should be made of the increase in the value of services rendered abroad, with the significant weight of the exports of services in the Company’s total sales and services, of approximately 89%, remaining at the level of 2013. In this context, it is also worth highlighting TAP’s continuing effort, through the architecture of the network and its extension with the launch of new destinations, to enhance the capacity to attract tourism to Portugal, coordinating air transport policies with Tourism objectives, and strengthening the strategic importance of the Lisbon hub.

It is worth noting that Tourism, as one of the sectors showing significant growth worldwide, is currently of particular importance for the economic structure of Portugal, either through the expressive volume of jobs created, or through the multiplying effects induced in different areas of the national economic activities.

TAP, S.A. has continued, although at a slower pace than in 2013, the application of an innovation policy, with the development of a modernisation and simplification strategy, monitoring the technology trends that are able to change business models. With the purpose of reducing complexity throughout the service chain and improve convenience for passengers, the Company has continued to identify opportunities to set itself apart, meeting the efficiency goals continually pursued.

Regarding product quality indicators, the recorded performance achieved fell short of the performance in 2013, not having met the proposed objectives for a significant part of the indicators as a reflection of the disturbances mentioned above, and presenting a development of the operation that is not aligned with the normal performance of the Company.

To summarise, the established objectives were practically achieved, or even exceeded, in relation to the following indicators: increased level of activity of the company (number of carried passengers); increased productivity (ASK 000/employee); number of destinations served directly by the company; number of members of the Victoria Programme; number of connections to the different geographical areas (Portuguese speaking world) and Average time of Payment to Suppliers. The objectives relative to the following indicators were not achieved: number of jobs created (net) in TAP, S.A.; number of services rendered; flight punctuality index; percentage of baggage left behind; number of complaints per carried passenger; evaluation of global passenger satisfaction; index of satisfaction for ground services; costs due to lost or damaged cargo in relation to total revenue.

### Indicators Representing the Company’s objectives from an Economic Perspective

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Key Figures</th>
<th>Scope</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Variation 2013/2012</th>
<th>Variation 2014/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase its contribution to national GVA</td>
<td>GVA (1)</td>
<td>TAP Group</td>
<td>703,602</td>
<td>793,162</td>
<td>719,165</td>
<td>12.7%</td>
<td>-9.3%</td>
</tr>
<tr>
<td>Achieve positive net results in a sustainable manner</td>
<td>Net Income (2)</td>
<td>TAP Group</td>
<td>-25.5</td>
<td>-5.9</td>
<td>-85.1</td>
<td>19.62 (3)</td>
<td>-79.23 (3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAP S.A.</td>
<td>23.8</td>
<td>34.0</td>
<td>-44.4</td>
<td>10.23 (3)</td>
<td>-80.36 (3)</td>
</tr>
<tr>
<td></td>
<td>EBITDAR (4)</td>
<td>TAP Group</td>
<td>215</td>
<td>223</td>
<td>178</td>
<td>5.1%</td>
<td>-20.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAP S.A.</td>
<td>210</td>
<td>216</td>
<td>148</td>
<td>2.8%</td>
<td>-31.3%</td>
</tr>
<tr>
<td>Improve the company’s activity level</td>
<td>Number of carried passengers (5)</td>
<td>TAP S.A.</td>
<td>10.2</td>
<td>10.7</td>
<td>11.4</td>
<td>5.1%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Promote the export of services</td>
<td>Value of the services rendered abroad (Sales and Services Rendered) (6)</td>
<td>TAP Group</td>
<td>2.2</td>
<td>2.4</td>
<td>2.4</td>
<td>7.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td></td>
<td>Percentage of service exports (Sales and Services Rendered Abroad in Total TAP Sales and Services Rendered) (6)</td>
<td>TAP Group</td>
<td>84.7%</td>
<td>89.0%</td>
<td>89.0%</td>
<td>4.2 p.p.</td>
<td>0.0 p.p.</td>
</tr>
<tr>
<td></td>
<td>Exports – Imports (7)</td>
<td>TAP Group</td>
<td>942</td>
<td>1,183</td>
<td>928</td>
<td>25.5%</td>
<td>-21.6%</td>
</tr>
</tbody>
</table>

(1) Absolute Value
### Objectives

<table>
<thead>
<tr>
<th>Key Figures</th>
<th>Scope</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Variation 2013/2012</th>
<th>Variation 2014/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase productivity</strong></td>
<td>TAP Group</td>
<td>215.7</td>
<td>215.6</td>
<td>213.7</td>
<td>-0.04%</td>
<td>-0.85%</td>
</tr>
<tr>
<td></td>
<td>TAP S.A.</td>
<td>353.3</td>
<td>360.3</td>
<td>348.0</td>
<td>2.0%</td>
<td>-3.4%</td>
</tr>
<tr>
<td></td>
<td>ASK (000)/employee (5)</td>
<td>7,848</td>
<td>7,813</td>
<td>7,759</td>
<td>-0.4%</td>
<td>-0.7%</td>
</tr>
<tr>
<td><strong>Increase the Company’s sustainability</strong></td>
<td>TAP S.A.</td>
<td>76,058</td>
<td>113,991</td>
<td>19,153</td>
<td>49.9%</td>
<td>-83.2%</td>
</tr>
<tr>
<td></td>
<td>TAP Group</td>
<td>-380,805</td>
<td>-373,132</td>
<td>-511,860</td>
<td>-2.0%</td>
<td>37.1%</td>
</tr>
<tr>
<td><strong>Create employment</strong></td>
<td>TAP S.A.</td>
<td>-97</td>
<td>52</td>
<td>434</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>TAP Group</td>
<td>111</td>
<td>350</td>
<td>412</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Foster innovation</strong></td>
<td>TAP S.A.</td>
<td>6,097.6</td>
<td>7,343.1</td>
<td>7,212.5</td>
<td>20.4%</td>
<td>-1.8%</td>
</tr>
</tbody>
</table>

### Means of verification

- Information supplied to GPEARI (IPCTN07)
- Internal document
- Budget Control
- Traffic and Operations Statistics
- Intranet
- Victoria Programme
- Departure Punctuality and IRR Bag
- Passenger survey
- Annual Report
- Talk to Us Report
- Sustainability Report
- Summary of the Customer Satisfaction Study
- Central Data Processing System
- Management Report
ACTIVITY

With a view to promoting Customer loyalty, the Company operates a structured network complemented by extensive interconnection with a global network, through its participation in the largest global alliance of airline companies, STAR Alliance, as well as good coordination with other partner companies. Together with its partners, in 2014, TAP:
- Offered its Passengers and Cargo Customers access to 178 cities, (88 in its own aircraft), of which 107 are located in Europe, 10 in Portugal, 42 in the Americas, 21 in Africa, and 8 in the Middle East/Asia;
- Transported 11.4 million Passengers and 85.1 thousand tons of cargo and mail.

It is also important to note the Company’s positioning in the operation to the South Atlantic, both in terms of the number of passengers transported and number of destinations – involving a total of 12 gateways in Brazil: Manaus in the North; Belém, Natal, Recife and Salvador in the North-East; Brasilia and Belo Horizonte in the Centre; and Rio de Janeiro, São Paulo, Campinas and Porto Alegre in the South. The Company was thus able to meet the increased demand, reaffirming its position as the leading European carrier in this important South American market, which already represents 38.4% of the Company’s activity (in RPK).

Also noteworthy is the Company’s important contribution to the Country’s sustained growth, in performing a fundamental role in the effort to integrate Portugal in the global economy, through the significant economic impact arising from the development of its direct activities, as well as via the catalytic effect on other productive sectors.

On this issue, it should be noted that by the end of 2014:
- The Group’s turnover increased by 1% (26.8 million euros more than in 2013);
- In 2014, revenue generated in external markets records a new increase of 26.6 million euros (+1.6%), reaching 2,400.9 million euros. This value conveys TAP Group the distinction of the national company with the greatest penetration in the external market. This position records a sustained growth since 2000, due to the consolidation of the Company’s hub strategy consistently implemented over the past few years;
- In 2014, within the TAP Group, the value invested in tangible fixed assets reached 19 million euros. This amount is essentially related to investments in basic equipment with the acquisition of spare parts and engine equipment for the air fleets, as well as the acquisition of tools and utensils, maintenance equipment, catering, transport and administrative equipment, with a focus, in this case, on investment in data processing equipment and buildings and other constructions;
- The total amount paid to the State, including taxes, came to 287 million euros;
- Payments to Suppliers, a total of 1,580 million euros, increased by 6.5%, 96 million euros more than in 2013.

It is worth noting that facing an adverse European macroeconomic scenario, particularly severe in Portugal in the wake of the financial readjustment and rehabilitation process underway in the Country, the Company continued its sustainability promoting strategy, guaranteeing a consistent focus on unitary cost, having promoted the continuous growth of awareness. In 2014, in spite of the notable reduction in unitary fuel costs, total fuel cost increased relative to 2013 due to an expansion of the operation via the introduction of new aircraft in the fleet, and the consequent launch of 11 new routes. In addition, the increase observed in various cost items, as previously mentioned, contributed to unitary cost in 2014, in terms of total costs per kilometre flown, not having registered a more significant decrease. As a result, a permanent focus on cost cutting in the Company was maintained.

In the air transport operations, a fleet composed of 77 aircraft, 61 of which are prepared for medium and long-haul operations, was used. With the acquisition of Portugália in 2007, TAP now has an additional availability of 16 aircraft for the operation of regional routes.

Complementing the above, TAP provided Maintenance and Engineering services, with the following in this activity being noteworthy:
- The scale of the Customer base: 37 Customers worldwide, 78% of which are airline companies, always ensuring compliance with its commitments, namely with respect to the maintenance of the high standards of security inherent to the aeronautical industry, and protection of the environment;
- The offer of services to Third Party Customers involves an extensive geographical area, covering the Americas, Africa, the Middle East and Europe, with the latter being the most significant market, corresponding to approximately 64% of the revenue generated;
- TAP—Maintenance and Engineering supplies all the supporting services for the maintenance of TAP’s fleet. Its long experience constitutes a competitive advantage in the approach it makes to Third Party Customers, a segment which has become an important part of its activity, currently corresponding to about 30% of the number of work hours performed;
- In 2014, the Care Customer programme was launched, as part of the Care—Quality motto, aimed at strengthening customer relations over the long-term;
- Regarding works carried out for Third Party Customers, revenue grew by 23.7% (17.6 million euros) in 2014, with the phase-in of two A330 in the TAP fleet having contributed positively to this result.

In 2014, the Group continued its sustainability promoting strategy, guaranteeing a consistent focus on unitary cost, having promoted the continuous growth of awareness. In 2014, in spite of the notable reduction in unitary fuel costs, total fuel cost increased relative to 2013 due to an expansion of the operation via the introduction of new aircraft in the fleet, and the consequent launch of 11 new routes. In addition, the increase observed in various cost items, as previously mentioned, contributed to unitary cost in 2014, in terms of total costs per kilometre flown, not having registered a more significant decrease. As a result, a permanent focus on cost cutting in the Company was maintained.

The total amount paid to the State, including taxes, came to 287 million euros;
- Payments to Suppliers, a total of 1,580 million euros, increased by 6.5%, 96 million euros more than in 2013.

It is worth noting that facing an adverse European macroeconomic scenario, particularly severe in Portugal in the wake of the financial readjustment and rehabilitation process underway in the Country, the Company continued its sustainability promoting strategy, guaranteeing a consistent focus on unitary cost, having promoted the continuous growth of awareness. In 2014, in spite of the notable reduction in unitary fuel costs, total fuel cost increased relative to 2013 due to an expansion of the operation via the introduction of new aircraft in the fleet, and the consequent launch of 11 new routes. In addition, the increase observed in various cost items, as previously mentioned, contributed to unitary cost in 2014, in terms of total costs per kilometre flown, not having registered a more significant decrease. As a result, a permanent focus on cost cutting in the Company was maintained.

In the air transport operations, a fleet composed of 77 aircraft, 61 of which are prepared for medium and long-haul operations, was used. With the acquisition of Portugália in 2007, TAP now has an additional availability of 16 aircraft for the operation of regional routes.
CREATION OF VALUE FOR STAKEHOLDERS

The consequent economic results have benefited various groups of Stakeholders which contribute to the value chain of the services rendered by TAP Group.

TAP Group, in the course of its activities, has directed its management initiatives to a progressive streamlining of operating activity costs, sales, support and logistics, automating and simplifying, through greater integration of information systems in business processes, and thus achieving significant increases in efficiency.

Furthermore, it should also be noted that in addition to the price paid for the ticket, Customers (passengers and cargo customers) also pay a number of taxes collected by the airline companies on behalf of the State, security agencies or airports.

In 2014, the overall value of these taxes reached 54.3 million euros, for the financing of government agencies related to the regulation and supervision of air transport, including costs related to security measures and airport development, amongst others. There are also other taxes, such as the solidarity fee in France, aimed at contributing to overall solidarity and development.

### Distribution of the Operating Revenue and Gains created in 2014 to Stakeholders of TAP Group (M million)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues and Gains</td>
<td>€2,805 M</td>
</tr>
<tr>
<td>Costs of Employees</td>
<td>€579 M</td>
</tr>
<tr>
<td>Shareholder</td>
<td>€69 M</td>
</tr>
<tr>
<td>Airports</td>
<td>€167 M</td>
</tr>
<tr>
<td>Air Traffic Control Taxes</td>
<td>€167 M</td>
</tr>
<tr>
<td>Other Suppliers</td>
<td>€725 M</td>
</tr>
<tr>
<td>Loans Granted to companies of the Group</td>
<td>€3 M</td>
</tr>
<tr>
<td>Loans Drawn</td>
<td>€283 M</td>
</tr>
<tr>
<td>Banks</td>
<td>€288 M</td>
</tr>
<tr>
<td>Loan Amortisation</td>
<td>€38 M</td>
</tr>
<tr>
<td>Net Interest</td>
<td>€38 M</td>
</tr>
<tr>
<td>Fuel Suppliers</td>
<td>€798 M</td>
</tr>
<tr>
<td>Other Suppliers</td>
<td>€57 M</td>
</tr>
<tr>
<td>Other ESS</td>
<td>€725 M</td>
</tr>
<tr>
<td>States and Local Authorities</td>
<td>€287 M (*) includes €18 M (VAT)</td>
</tr>
<tr>
<td>Banks</td>
<td>€288 M</td>
</tr>
<tr>
<td>Loan Amortisation</td>
<td>€38 M</td>
</tr>
<tr>
<td>Net Interest</td>
<td>€38 M</td>
</tr>
<tr>
<td>Fuel Suppliers</td>
<td>€798 M</td>
</tr>
<tr>
<td>Other Suppliers</td>
<td>€57 M</td>
</tr>
<tr>
<td>Other ESS</td>
<td>€725 M</td>
</tr>
<tr>
<td>States and Local Authorities</td>
<td>€287 M (*) includes €18 M (VAT)</td>
</tr>
</tbody>
</table>

(*) Includes taxes and amounts from other items.
SOCIAL PERSPECTIVE
In the strongly competitive environment wherein it performs, TAP remains committed to the progression of its people, promoting a culture of sharing, while at the same time intensifying Community actions, in an attitude that encourages social cohesion.

Supporting 58 million jobs worldwide, the activities of the Air Transport Industry today face multiple challenges. The progressive uncertainty of the macroeconomic context, the strong volatility of fuel prices, in addition to an increasingly competitive environment demand quick responses, to which the solid and growing preparedness of the Human Resources team contribute.

The Industry thus requires growing levels of technical capability and an appropriate attitude, decisive requisites to meet the competitiveness and quality levels needed for business development and sustainability.

Hence, TAP’s investments lean towards the development of its Employees to enable the creation of value, and are reflected in the improvement of the work conditions provided, fostering and supporting the compatibility of professional and personal life, and promoting and motivating a winning attitude.

Note should also be made, in the same context, of the application of a set of values in the human rights (Principles 1 and 2 of the UN Global Compact) and labour standards (Principles 3 to 6 of the UN Global Compact), fundamental vectors of the corporate personality that TAP supports and defends in its sphere of action and influence.

With its subscription, in 2004, to the principles of the United Nations Global Compact, TAP has seen and experienced the concerns related to human rights and labour practices, and has included them in its values.

UN Global Compact

**Human Rights**
- **Principle 1** – Companies should support and respect the protection of the internationally recognised human rights;
- **Principle 2** – Make sure they are not accomplices in human rights abuses.

**Labour Practices**
- **Principle 3** – Companies should uphold the freedom of association and the effective recognition of the right to collective negotiation;
- **Principle 4** – Elimination of all forms of forced or compulsory labour;
- **Principle 5** – Effective eradication of child labour;
- **Principle 6** – Elimination of discrimination in employment and occupation.

Vision

Developing a proactive performance to generate economic and social value, identified with principles of transparency and commitment to society, providing professional development and work conditions compatible with legitimate labour expectations and market demands, and promoting social initiatives.

Commitment

TAP is committed to a responsible and engaged management, providing professional development and work quality to the Company’s Employees being identified with principles of transparency and commitment to society, providing professional development and work conditions compatible with legitimate labour expectations and market demands, and promoting social initiatives.

Policy aimed at assuring compliance with its social responsibility

In line with its sustainable development policy, TAP is guided by the following principles:
- Providing professional development and employability conditions to its Employees;
- Maintaining relations with Employees and respective representative organisations, based on ethical principles and mutual respect;
- Promoting balance between family and professional life;
- Adapting transparent principles in the Company’s management and its relations with society;
- Respecting the fundamental principles of Human Rights and Labour Practices of the UN Global Compact.
An important role in promoting changes in society, a commitment towards sustainable development

Promoting an attitude of differentiation, innovation and proximity

Praise for the safety video of TAP
Distinction attributed by the Commission for Equality and Against Racial Discrimination, presided by the High Commissioner for Migrations, for the safety video shown on board TAP aircraft, for the way in which the safety rules in force are disclosed, portraying them through age, gender, origin, skin tone and accent diversity in our Country, thus contributing to the mission of defence of the principle of equal treatment and fight against racism and xenophobia.

FLYTAP expedition takes Portugal to the Brazil of the World Cup

TP449: The flight of the Cante Alentejano
Representatives of the Cante Alentejano, Intangible Cultural Heritage of Humanity, awarded by UNESCO, on the TAP flight from Paris to Lisbon
Management committed to the development of the community

Pursuant to its commitment to citizenship, TAP continued to promote and support initiatives of a social character, aimed at integrating social responsibility in its culture.

Aware that attention to the other begins within the organisation and extends outwards, social responsibility has been assumed as an integral part of the Company’s strategy and culture, with continued intensification in 2014 of the social solidarity actions, projects and programmes directed at different groups.
In 2014, most indicators of the matrix of commitments recorded a positive evolution in relation to previous years. The proposed objectives were met, in particular for the indicators related to the commitment to promote the professional development of Employees and quality at work, with the exception of the absenteeism rate. The defined objectives for the commitment to ensure the safety of operations, finance, people and assets, and the commitment of transparency in the Company’s management and in relations with society were also met.

Concerning the indicators associated to the promotion of social initiatives, note should be made, in particular, of the internships at the Company and the TAP Victoria for a better world programme, whose objectives were significantly surpassed, although it was not possible to fulfil the objective of encouraging voluntary action (blood donation).

### Indicators Representing the Company’s Objectives from a Social Perspective

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Indicators</th>
<th>Scope</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Variation 2013/2012</th>
<th>Variation 2014/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote the continuous training of Employees and improve their qualification levels</td>
<td>Number of hours of training carried out by Company Employees (1)</td>
<td>TAP, S.A.</td>
<td>324,026</td>
<td>284,876</td>
<td>449,500</td>
<td>-12.1%</td>
<td>57.8%</td>
</tr>
<tr>
<td></td>
<td>Number of participations in training actions over the total number of Employees (2)</td>
<td>TAP Group (except TAP - Maintenance and Engineering Brazil)</td>
<td>770,234</td>
<td>777,068</td>
<td>822,952</td>
<td>0.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td></td>
<td>Number of hours of training per Employee (2)</td>
<td>TAP, S.A.</td>
<td>3.06</td>
<td>3.29</td>
<td>3.24</td>
<td>7.7%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Promote involvement with the Company</td>
<td>Rate of Absenteeism (3)</td>
<td>TAP, S.A.</td>
<td>9.48%</td>
<td>9.76%</td>
<td>10.34%</td>
<td>0.3 p.p.</td>
<td>0.8 p.p.</td>
</tr>
<tr>
<td></td>
<td>Absenteeism related to pregnancy</td>
<td>TAP, S.A.</td>
<td>3.83%</td>
<td>3.89%</td>
<td>4.12%</td>
<td>0.1 p.p.</td>
<td>0.2 p.p.</td>
</tr>
<tr>
<td></td>
<td>Remaining Absenteeism</td>
<td>TAP, S.A.</td>
<td>5.65%</td>
<td>5.87%</td>
<td>6.42%</td>
<td>0.2 p.p.</td>
<td>0.5 p.p.</td>
</tr>
<tr>
<td>Provide services and support of a social and cultural nature to Employees that contribute to improving their working conditions and facilitate the reconciliation of professional and personal life</td>
<td>Percentage of Gym users who are Company Employees (2)</td>
<td>TAP Group</td>
<td>82.7%</td>
<td>86.0%</td>
<td>86.2%</td>
<td>3.3 p.p.</td>
<td>0.2 p.p.</td>
</tr>
<tr>
<td></td>
<td>Number of children using the nursery (3)</td>
<td>TAP Group</td>
<td>335</td>
<td>358</td>
<td>384</td>
<td>6.9%</td>
<td>7.3%</td>
</tr>
<tr>
<td></td>
<td>Number of beneficiaries of the Group’s Health-care Insurance (4)</td>
<td>TAP Group</td>
<td>20,872</td>
<td>21,334</td>
<td>22,903</td>
<td>2.2%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Promote and support initiatives of a social character</td>
<td>Realisation of Traineeships at the Company (3)</td>
<td>TAP, S.A.</td>
<td>93</td>
<td>110</td>
<td>110</td>
<td>18.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Number of persons admitted through open tender over the total number of persons admitted (3)</td>
<td>TAP Group (Operational Areas)</td>
<td>63</td>
<td>82</td>
<td>82</td>
<td>30.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Contribute to ensuring the safety of operations, finance, people and assets</td>
<td>Number of services covered by the Risk System (3)</td>
<td>TAP Group (Operational Areas)</td>
<td>63</td>
<td>82</td>
<td>82</td>
<td>30.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Comply with the Code of Ethics</td>
<td>Number of acquisitions through tender over the total number of acquisitions (3)</td>
<td>TAP Group</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0.0 p.p.</td>
<td>0.0 p.p.</td>
</tr>
<tr>
<td></td>
<td>Number of persons admitted through open tender over the total number of persons admitted (3)</td>
<td>TAP Group</td>
<td>409</td>
<td>435</td>
<td>531</td>
<td>6.4%</td>
<td>22.1%</td>
</tr>
<tr>
<td>Assure the reliability of the information on the Company’s activity and its communication to the stakeholders and community</td>
<td>Annual Report, Sustainability Report and Corporate Governance Report available on TAP’s Website</td>
<td>TAP Group</td>
<td>Jul-2013</td>
<td>Jul-2014</td>
<td>Jul-2015</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Means of verification**

(1) Minutes of the Working Group Meetings on the implementation of the IT System
(2) Various Internal Reports
(3) Internal Documents
(4) Various Internal and Information Reports for Management purposes, regularly disclosed to the Business Units and TAP Group companies
(5) Information on the Blood Donor Group
(6) Audit Activity Report
IN-HOUSE SOCIAL RESPONSIBILITY

EMPLOYEES

The Company’s effectiveness in the management of its human capital is considered a determinant factor for its success. In a context of ongoing and challenging changes in the current economic and social climate, TAP believes that it can continue to set itself apart by the attitude of its Employees, seeking to permanently provide them with appropriate integration in the organisation and conditions that enable them to perform their duties in the best possible way.

In this sense, TAP has sought to meet the interests and needs of its Employees, in terms of personal and professional development.

Employees by Gender

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAP</td>
<td>501</td>
<td>501</td>
</tr>
<tr>
<td>Ground Staff</td>
<td>501</td>
<td>501</td>
</tr>
<tr>
<td>Permanent</td>
<td>501</td>
<td>501</td>
</tr>
<tr>
<td>Fixed-term</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Variable-term</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Employees by Contract of Type

<table>
<thead>
<tr>
<th></th>
<th>Permanent</th>
<th>Fixed-term</th>
<th>Variable-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAP</td>
<td>2,131</td>
<td>458</td>
<td>3</td>
</tr>
<tr>
<td>Ground Staff</td>
<td>2,131</td>
<td>458</td>
<td>3</td>
</tr>
<tr>
<td>Permanent</td>
<td>2,131</td>
<td>458</td>
<td>3</td>
</tr>
<tr>
<td>Fixed-term</td>
<td>222</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Variable-term</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Employees by Function

<table>
<thead>
<tr>
<th></th>
<th>Ground Staff</th>
<th>Cabin Crew</th>
<th>Flight Deck Crew</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAP</td>
<td>2,255</td>
<td>299</td>
<td>918</td>
</tr>
<tr>
<td>Portugal</td>
<td>192</td>
<td>115</td>
<td>145</td>
</tr>
<tr>
<td>Permanent</td>
<td>1,976</td>
<td>1,511</td>
<td>918</td>
</tr>
<tr>
<td>Fixed-term</td>
<td>145</td>
<td>145</td>
<td>145</td>
</tr>
<tr>
<td>Variable-term</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Seniority and average age by function

<table>
<thead>
<tr>
<th></th>
<th>Ground Staff</th>
<th>Cabin Crew</th>
<th>Flight Deck Crew</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAP</td>
<td>2,255</td>
<td>299</td>
<td>918</td>
</tr>
<tr>
<td>Portugal</td>
<td>192</td>
<td>115</td>
<td>145</td>
</tr>
<tr>
<td>Seniority</td>
<td>15</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Age</td>
<td>14</td>
<td>12</td>
<td>10</td>
</tr>
</tbody>
</table>

Rate of Employee Turnover

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAP</td>
<td>4.86%</td>
<td>5.97%</td>
</tr>
<tr>
<td>Total</td>
<td>4.86%</td>
<td>5.97%</td>
</tr>
</tbody>
</table>

Profile of TAP Group Employees (except TAP-Maintenance and Engineering Brazil)
Differentiation through attitude

In 2014, another edition of the Simpatia Programme, which has been running in the Company for more than 10 years, was held in which a record 657 congeniality cards were offered to Employees by passengers, reflecting TAP customers’ recognition of the TAP attitude and personality. This programme consists in sending congeniality cards to the residence of the main Customers (passengers), who can then offer them to Company Employees whose friendly manner, courtesy and thoughtful assistance is worth highlighting. These Employees are invited to participate in a solemn ceremony attended by the Board of Directors, which symbolises the commitment to quality of the TAP brand, seeking to distinguish those Employees who most stand out in conveying this value. In distinguishing the politeness, courtesy and professionalism of TAP Employees, the passengers help the Company improve the quality of its customer service.

Also within the scope of the motivational and recognition programmes, TAP resumed the My 20 Years of TAP event, which intends to pay tribute to those that have helped build the Company and thank them for their 20 years of dedication to the Company. This event is commemorated annually, in a solemn ceremony, in which presents symbolising the effort and dedication shown over that period are distributed.
Commitment to contribute to economic and social development and to the preservation of the environment

**Economic perspective**

**Social perspective**

**Environmental perspective**

**Commitments**

**Annexes**

**Approval of the Sustainability Report**

Under the continuous training programme for Employees, aimed at improving qualification levels, 5,750 Training Actions were conducted, covering a total of 822,952 Hours.

### Number of Training Actions

- 3,020 – TAP, S.A.
- 59 – UCS
- 11 – MEGASIS
- 1364 – GROUNDFORCE
- 136 – LFP
- 420 – PGA
- 100 – CATERINGPOR

### Type of Training TAP, S.A.

- 5% e-learning
- 95% Physical attendance
Promoting health and a healthy life

Health insurance for employees, extensible to their families, and the existence of a medical unit in the TAP campus, the UCS – Health Care Unit –, with about 200 professionals, represent an important support to reconcile family/work life, enabling TAP Employees to have access to health care with convenience due to proximity to the work place.

The UCS provides out-patient health care, as well as aeronautical medical certification and occupational health, hygiene and safety services. The clinic is committed to the satisfaction of TAP’s Personnel via the health care services provided in a personalised manner. A total of 52 thousand Customers are registered, among Company Employees and their relatives. The UCS offers 18 Medical Specialties, supported by complementary diagnostic tests in various fields and physiotherapy. In addition, there is also a Dentistry team, composed of Dentists and Dental Hygienists, among other professionals. TAP offers free dental hygiene to all of its Employees, once a year, for free. Outside the regular working hours of the UCS, TAP has hired a domestic medical assistance service (EcoSalva) for Employees, extensible to relatives.

In addition to occupational medicine, the promotion of a healthy life is conducted under the Saúde + Programme, recognised and supported by the Portuguese Health Authority, which includes awareness, prevention and early diagnosis initiatives, free screenings, as well as pregnancy tracking plans and preparation courses for childbirth.

As part of the initiatives of the Saúde + Programme, the practice of physical exercise is promoted. In addition to the existence of a gym at the TAP campus, with reduced rates for workers, internal jogging tracks are available for the practice of physical exercise and social/cultural activities, securing a strong bond between active and retired workers.

SAFEGUARD

Promoting health and a healthy life

In addition to occupational medicine, the promotion of a healthy life is conducted under the Saúde + Programme, recognised and supported by the Portuguese Health Authority, which includes awareness, prevention and early diagnosis initiatives, free screenings, as well as pregnancy tracking plans and preparation courses for childbirth.

As part of the initiatives of the Saúde + Programme, the practice of physical exercise is promoted. In addition to the existence of a gym at the TAP campus, with reduced rates for workers, internal jogging tracks are available for the practice of physical exercise and social/cultural activities, securing a strong bond between active and retired workers.

Promotion of a Safety Culture

The activation, at TAP, of a new structure, a Safety Manager, entrusted with implementing and maintaining the Safety Management System (SMS) is noteworthy.

At the same time, TAP adjusted its Safety Policy, having, among other aspects, clarified and deepened some concepts, such as the culture of correct reporting of events.

Within this context, it is also important to mention the Prevenir Programme, launched in 2012 by TAP, via the Group’s health care provider company (UCS).

The Prevenir Programme is intended to prevent and control the consumption of alcohol, drugs, tobacco, and help with tobacco withdrawal. TAP is concerned about the health and safety of its Employees, and this programme is intended to meet the highest safety standards of the aeronautical industry.

Safe Attitude

New campaign of TAP–Maintenance and Engineering, launched in January 2014, seeking to raise the awareness of employees to the adoption of a safe attitude in terms of Occupation Safety and Health. The main message is: Safety is a question of attitude. Its main objective is to, with this new attitude, promote the appropriate use of collective and individual protection equipment and strive for the safety of everyone, as a means of preventing occupational accidents.

Promotion of a Safety Culture

The activation, at TAP, of a new structure, a Safety Manager, entrusted with implementing and maintaining the Safety Management System (SMS) is noteworthy.

At the same time, TAP adjusted its Safety Policy, having, among other aspects, clarified and deepened some concepts, such as the culture of correct reporting of events.

The development of this system is dependent on a strong Safety Culture, relying on the fundamental commitment of the senior management to ensure that Safety is the first priority. One of its primary objectives is the dissemination, to all Company areas, of the Safety culture and processes, which have always characterised TAP’s Flight Operations.

For this purpose, different communication channels with Employees were created to facilitate voluntary reporting and feedback process within the SMS. In addition to the e-mail and intranet channels, iGo Safety (Reporting and Communications) stations were installed at the TAP–Maintenance and Engineering Campus for paper reporting and exclusive access to the Safety Office.
The Employees of the company are the drivers of its growth, which is why the Company seeks to focus on the importance of each Employee in the value chain, one of the main components of its commitment to citizenship and sustainable growth.

Diversity and equal opportunities

In all of its actions, TAP seeks to strengthen its commitment to citizenship and social responsibility, having been awarded, in 2014, a commendation from the Commission for Equality and Against Racial Discrimination. Regarding its Employees, TAP has also focused on promoting inclusion in the workplace. Under the premise of equity and equality of conditions and opportunities, regardless of gender, age, race, religion, disability and/or sexual orientation of each one, TAP promotes various actions to foment the organisation’s non-discrimination and diversity. In this sense, and with regard to its destinations and passengers, TAP promotes multiculturalism – about 100 people of 20 different nationalities work in Portugal.

TAP has collaboration agreements with various social support institutions, promoting the integration of disabled people in business environments. Various areas of the Company offer jobs that are adapted to the special needs of employees and trainee from these institutions, employing in Portugal about 85 Employees with a degree of incapacity / disability.

Within the scope of gender equality, even in those functions that are usually performed by men (mechanics, pilots, engineers, Aircraft Maintenance Technicians), TAP has favoured gender diversity – as an example, it should be mentioned that the total staff of TAP is composed of a total of 34 female pilots, of which 10 are commandants; of the 448 people with functions that require higher education (Specialists, Engineering, Lawyers, Economists) 213 are female; regarding Aircraft Maintenance Technicians, 30 are female; in terms of hierarchical levels, it should be mentioned that 30% of TAP directors are female, and of the 400 with middle management/supervisory functions, 100 are women.

Balance between Personal and Professional Life

The policies of the TAP Group are designed to Identify, Develop, Train and Support People, while at the same time seeking to reconcile the performance and competitiveness of the business with the well-being and balance of the Employee. To this end, the policies and practices developed are simultaneously focused on the creation of value for the business and on the promotion of well-being and balance between personal and professional life. This objective is achieved through various initiatives and actions, namely:

Remote work, reinforcing its commitment towards citizenship and social responsibility, in areas where it is technologically feasible, TAP has supported working from home, which ensures the desired productivity levels and enables greater support to the family. In 2014, 9 employees already enjoy the flexibility of this work regime;

Flexitime, possibility of a flexible timetable up to 20% of the working time, applicable to the majority of employees, with the exception of the operating areas or shift work;

Bus transport, TAP provides free bus transport, from its facilities to the city centre, during periods outside the normal schedule of public transport, thus facilitating travel to and from the work place for employees that work in shifts;

Associations, thinking about those who, throughout their lives dedicated themselves to the Company, TAP continues to support the Social Solidarity and Support Association of TAP Staff – ASAS TAP –, a private social solidarity institution founded in 1984. This association has a social complex, located in Varzea de Sintra, and its primary objective is to contribute to supporting TAP’s retired Employees. In addition to this Association, TAP also financially supports CLUBE TAP, a Workers’ association aimed at promoting social, cultural, sports and recreational activities for members and their family.

Cycle of HR Conferences, an initiative aimed at sharing and creating knowledge, exposing Employees to unusual themes within their technical context of work, thus fomenting the out-of-the-box spirit, motivation, resilience and personal/professional development;

Communication, the TAP Group has regular and clear channels of dialogue with its Employees so as to foster their closeness and feeling of belonging to the Organisation.

In the permanent pursuit to involve Employees in the most varied areas of action of the organisation, the TAP TV programme Se eu fosse emerged in 2014, which promotes knowledge on the various existing functions in the Company, enabling the transversal involvement of Employees, benefitting both the individual and the organisation. In this initiative a specific function is performed, for a day, by an Employee from another area. The employee’s impressions are recorded, as well as what he/she liked doing the most or the main difficulties encountered.

Employees by Gender

47% Female
53% Male

June 2011, TAP TV, the company’s internal television channel, began being broadcast

TAP is a Company committed to the following three pillars:

BEST COMPANY TO
TRAVEL
WORK
INVEST
On 14 March 2014, TAP noted the date of its foundation, being only one year away from completing 70 years of existence and commemorating the effort and dedication of tens of thousands of Employees who, over many decades, contributed to its development and affirmation within the framework of a fiercely competitive industry, transforming it into one of the most emblematic national brands.

As a result, in anticipation of its 70th Anniversary, to be celebrated in 2015, TAP created a commission during 2014, composed of Employees, to organise the commemorations. With this programme, TAP intends to promote the involvement of people, who are essentially the protagonists of these 70 years of the Company, and foment a reflection and internal participation in the presentation of ideas, showing how proud they feel to work at the Company.

**Benefits**

Thinking about motivation, safety and the quality of life of its Employees and their families, the Company grants different social benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social support</td>
<td>The mission of social support is to support and advise active and retired Employees in the different situations they face, promoting their well-being and balance, as well as an appropriate social inclusion.</td>
</tr>
<tr>
<td>Solidarity fund</td>
<td>Granting of repayable monetary loans to Employees and retired employees, who are in situations of exceptional economic need.</td>
</tr>
<tr>
<td>Nursery</td>
<td>TAP’s Nursery, located in the facilities of the Company, receives children from 4 months to 5 years old, whose parents are Employees of the Group, during irregular or regular hours. Open 24 hours/every day of the year, the Nursery is an important support for the family stability of TAP Group employees, contributing to promote the balance between work and personal life.</td>
</tr>
<tr>
<td>Canteen</td>
<td>The Canteen has 1,200 seats and serves about 3,200 meals/day (lunch, dinner and supper), to employees who are active, retired and have taken early retirement, and the adjacent conviviality spaces are also used to publicise information on the Company’s activities and initiatives underway for specific projects involving the Employees – Voluntários com Asas (Volunteers with Wings), UCS/ Saúde, Gym, Environment/Agir Eco, Clube TAP, among others. The Canteen space is also regularly used to hold support actions for Social Solidarity Associations, namely for fundraising.</td>
</tr>
<tr>
<td>Insurance</td>
<td>Employees who are active, retired and have taken early retirement, aged less than 65 years old, have a Health Plan, supported by collective health insurance, enabling access to medical services at lower rates, at the health establishments of the contracted network. The subsidised benefits for health expenses are extensible to direct family members. Life Insurance is also provided, covering risks of death and full and permanent disability.</td>
</tr>
<tr>
<td>Pension plan</td>
<td>TAP attributes its Employees, recruited by 31 May 1993 to the permanent staff, a supplement to the retirement pension granted by Social Security, when they become entitled to a retirement pension through old age or disability.</td>
</tr>
<tr>
<td>Supplementary subsidies</td>
<td>In the context of family support, the Company grants the children of its Employees, who have proven special education needs, a re-education subsidy, which consists of a supplement to the monthly benefit attributed by Social Security or any other official body, as well as a subsidy for school material, for each child of school age entitled to receiving the State family benefit.</td>
</tr>
<tr>
<td>Protocols</td>
<td>In order to provide its Employees, as well as their family members, with a variety of benefits, TAP has established protocols with several entities, namely banks, which offer benefits in terms of consumer credit, mortgage loans, investment funds and insurance. Agreements with hotels, rent-a-car and airline companies, among others, also provide discounts for a variety of goods and services.</td>
</tr>
<tr>
<td>Ticket benefits</td>
<td>The offer of Ticket Benefits through air fares free of charge or with special discounts, subject to the availability of unsold seats, is yet another benefit TAP provides to its Employees and family members.</td>
</tr>
</tbody>
</table>
External Social Responsibility

Own initiatives or in partnership with other entities, in a collective effort to promote social action

Voluntary Action and Social Responsibility

The promotion of the pool of volunteers is an attitude towards sustained social development, where we highlight the active participation of the Employees who are attentive and determined to minimise the hardships of needy communities.

TAP CARE TEAM

Assistance team (Crisis management unit, coordinating actions in potential situations of emergency)

In the context of Community support, there is a group of volunteers, the CARE Team, which is mainly composed of current or retired TAP Employees. The mission of the CARE Team consists of accompanying and providing support to survivors and relatives of victims of an emergency situation of TAP or one of its partners, such as due to an aviation accident, providing practical and emotional support, as well as gathering all the necessary information for the subsequent management of the entire process.

Voluntários com Asas (VCA)

TAP’s corporate voluntary movement, Voluntários com Asas (Volunteers with Wings), is an initiative of a group of workers, the Founding Member Group (GDI), whose mission consists in disseminating and implementing actions to stimulate the creation of a Pool of Volunteers and a Pool of Institutions, to enable the development of initiatives and spaces to join the different population groups.

In 2014, a new image was created, seeking to broaden partnerships and create new synergies with the objective of bringing the community closer to those that the VCA are strongly involved with – workers, partner institutions, suppliers and the community.

The following initiatives were defined as priorities:

- Support to socio-cultural initiatives
  The improvement action in the exterior playground of the children that reside in CATT (31 October and 2 November) consisted in cleaning the exterior space, primer painting of the delimiting wall and decorative painting of the same through a graffiti workshop offered by TAP. The topic launched by the children of CATT for the creative development of this action was the Garden of Fantasy.

- Enhance the fight against waste
  Under the DAR MAIS Programme, implemented in 2013, 1,000 blankets were donated to the Red Cross of Cape Verde for the population that was driven from their homes by the Volcano on Fogo Island and, in addition, about 15,000 meals and lunches were donated to partner institutions with the support of the canteen and vending suppliers.

- Alignment of institutional solidarity strategies
  The DONATE MILES Programme (TAP Victoria for a better world) enabled TAP’s passenger Customers to donate 23.6 million solidarity miles to partner institutions of the VCA. These miles allowed the institutions which took part in this programme to boost their activity in proximity to the communities. The following partner institutions took part in this programme: AID GLUCIAL, Grupo Gamarondo com a Diferença (Group Dancing with Difference), Operação Nascer Vermelho (Red Nose Operation) and Um Pequeno Gesto (A Little Gesture).

- Promotion of institutions with incentive purposes
  Holding of the Voluntários com Asas (Volunteers with Wings) Solidarity Fair (3 and 4 December). Twenty-one partner institutions gathered together in the Company’s General Canteen. Initiative aimed at promoting the sharing of experiences between partner institutions, as well as enable funds to be raised.

School / Company Actions

Trainee placements

Total number of Trainees in the TAP Group: 201, in TAP, S.A.: 110

Aware of the current economic and social climate and given the challenges facing today’s society, TAP has been investing in internships of various types, seeking to promote and integrate, in the Company, unemployed young people. In this regard, various Employer Branding actions/initiatives have been conducted, namely trainee placements, professional internships (employment internship programme, promoted by IEFP), summer courses directed at university students which, in more than 50% of cases, resulted in the integration of these young people in the Company. Protocols with different entities have also been established which resulted in trainee placements and professional internships that, in this way, enable the integration of young people in the labour market.

Study visits to TAP premises

Number of participants: 935

Within the scope of the School/Company Relationship, TAP offers young people from different universities and under different entities, other initiatives directed at this population segment, enabling its professional growth and development:

- Participation in Fairs – Directed at a young audience, seeking (or not) their first job. These are defined as a platform of contact between the academic world and companies. They are also key events for companies to reveal their recruitment, development and training strategies, namely, 26th JobShop of IST, JobFest 2014 of UNL/LEP and 6th Edition of ExpoCarreiras 2013 of UCP/FCH.
- Study Visits to Academic Institutions.

Other initiatives

Other initiatives were also developed, with the following being worthy of mention:

- Participation in the Summer Course in collaboration with ISEGI, at the University of Pardubice (Czech Republic). The topic is Sustainability Management in the Air Passenger Transport Sector.
- Cycle of TAP testimonials issued by TSF.
- Collaboration in the Junior Academy 2014 initiative of the Catholic University of Portugal/Faculty of Human Sciences.
- Collaboration in the My first experience in the World of Work initiative at Valsassina College.
- Collaboration of the LFP with the SOS villages: one day outside where Employees developed various activities in the SOS Children village of Bicesse; placement of acrylic boxes at all Portuguese airports for the collection of donations, partnership within the scope of the active citizenship programme designated as young entrepreneurs with future, with the objective of supporting the employability and inclusion of those young people under the programme.

Initiatives directed at different population groups

Community Support Actions

- Professional integration of people with disabilities
  Number of people in the TAP Group: 24

- The Portugal na Conga Programme enabled a visit to Portugal to Portuguese emigrants resident outside Europe, aged over 60 years old, who had not visited the Country in the last 10 years due to lack of financial means.

- The Ganhar Asas Programme for the treatment of flight phobia, undertaken by TAP in partnership with UCS, open to external and internal customers.

Food collection campaign

In partnership with hypermarket, the VCA launched (October 2014), at the TAP Campus, the Solidarity Vending Project. An innovative activity, which promotes the vending of fresh fruit, whereby 5% of the monthly sales (converted into fruit) is donated by TAP to the Terceira Temporary Accommodation Centre (CATT). The result translated into the donation of 3,100 pieces of fruit to the 48 children of CATT.
ENVIRONMENTAL PERSPECTIVE

RESPONSIBLE MANAGEMENT COMMITTED TO THE ENVIRONMENT
The TAP Group is aware of its important role in the protection of the environment, in relation to the use of resources, the emissions from its activities and the impact of its contribution towards collective awareness-raising.

Globally, aviation is responsible for 2% of the total emissions of CO₂, a contribution that still continues to be of low significance when compared to other activity sectors, even with a forecast of increased emissions due to additional air traffic.

It should be noted that by providing the fastest means of mobility, the Air Transport Industry is an important economic driver, playing a decisive role in global business and tourism. As a company with an active role in this context, and considering the current scenario of climatic changes, TAP has adopted an economic growth strategy to compete in the global market, integrating environmental concerns and conducting actions in various areas.

It is for this purpose that the Company:
- Participates actively in the Industry’s collective effort to reduce CO₂ emissions, through its Carbon Offset programme and the development of initiatives to reduce its carbon footprint (Principle 9 of the UN Global Compact);
- Implements a diversified series of measures aimed at the rational use of resources, reduction of waste and energy consumption arising from its activity (Principle 7 of the UN Global Compact);
- And, at the same time, promotes and encourages the commitment to environmental responsibility of Employees and Suppliers, as well as the awareness-raising of society, and collaborates with stakeholders on environmental issues (Principle 8 of the UN Global Compact).

With the subscription to the principles of the United Nations Global Compact in 2004, TAP has seen and experienced the concerns related to the environment, and included them in its values.

Vision
Develop a proactive performance to generate economic and social value, and protect the environment by integrating the environmental issues in all of the activities developed at the Company, promoting environmental awareness and protection.

Policy to secure environmental efficiency
In line with its sustainable development policy, TAP is guided by the following principles:
- Inclusion of environmental issues in all activities carried out at the Company;
- Use of eco-efficient practices and technologies, combining growth with environmental protection;
- Promotion of the continuous improvement of environmental performance;
- Promotion of environmental awareness amongst Employees and Suppliers;
- Respect for the fundamental environmental principles of the UN Global Compact.

Commitment
TAP is committed to a responsible and engaged management, adopting the best environmental practices to rationalise the use of resources and adapt its action so as to assure environmental protection beyond the levels established in the regulations in force.

UN Global Compact
Environmental protection
- Principle 7: Companies should support a preventive approach to environmental challenges;
- Principle 8: Develop initiatives to promote increased environmental responsibility;
- Principle 9: Encourage the development and dissemination of environmentally sustainable technologies.

Likewise, by joining the worldwide STAR Alliance on 14 March 2005 and signing the Environmental Commitment document of this alliance, TAP has raised its commitment to environmental protection. Thus, the Company shares, with the other members of the alliance, fundamental principles that represent a challenge to reduce their environmental impact and keep a healthy balance between progress and environmental sustainability (for more information, see the Annual Report 2012/STAR Alliance, page 67).
In 2014, TAP was considered by IATA, following the assessment of the Fuel Efficiency Gap Analysis (FEGA) Team, as the world’s most efficient company, based on the results of the specialised audit of its energy efficiency measures.

Projects aimed at improving energy efficiency for implementation over the next few years
- Replacement of medium-haul aircraft seating with lighter ones, associated to a new cabin version, which will enable reducing cabin weight by at least 500 kg (still underway);
- Installation of Sharklets in some aircraft of the medium-haul fleet, which will enable efficiency gains of around 3%. Installation in the first aircraft is planned to take place in November 2015;
- Use of an electrical system for towing, enabling the reduction of emissions associated to ground operations, both relative to the aircraft and equipment supporting these operations. The decision was taken not to pursue this implementation at this stage, due to the system being considered too immature to start up operation in the short-term.

In-flight procedures
- Optimised operation, with reformulation of procedures enabling better performance and intensive capacity use;
- Optimised flight plan system for more efficient operations combined with piloting techniques to reduce fuel consumption;
- Completion of the introduction of the Electronic Flight Bag (EFB) which in the future will allow providing pilots with more and better information, certainly resulting in improved efficiency levels.

Improved performance, with reduction of aircraft weight
Application of weight reduction policies for aircraft, involving the Marketing, Handling and Maintenance and Engineering areas.
- Optimisation of the quantity of water supplied, as well as the in-flight service, combined with the use of lighter, and in some cases recyclable materials for in-flight service (glasses, supports, trays);
- Start of gradual replacement of traditional trolleys used in the in-flight catering service with latest-generation of lightweight trolleys;
- Completion of the replacement of life jackets with lighter ones with longer service life, thus reducing aircraft weight in the medium-haul fleet;
- Engine washing and aircraft surface cleaning policy, conducted by Maintenance and Engineering.
AT TAP–MAINTENANCE AND ENGINEERING

ENVIRONMENTAL STRATEGY

The environmental strategy of TAP–Maintenance and Engineering is based on its Environmental Policy, which was defined, signed and announced in 2014, and is operated through 4 missions – Waste Mission, Green Hangar Mission, Savings Mission and + Environment Mission –, defined in previous years and complemented with training on environmental matters for Employees.

The Savings Mission achieved results that reflect everyone’s level of commitment towards Sustainability. The established reduction target was thus achieved, with significant reductions recorded in all of the considered sources, electricity, natural gas and Jet Fuel. The second biennium of the Energy Consumption Rationalisation Plan was concluded, with annual reductions in total energy consumed in the areas covered by the Environmental License. This plan, essentially aimed at improving illumination and thermal boiler efficiency, has presented consistent results and consumption reductions above projections.

The + Environment Mission and the Green Hangar Mission have sought to raise the environmental awareness of Employees. In this regard, some tests with industrial washing equipment were conducted, namely in the Component Maintenance area, aimed at lowering the environmental impact of these activities, by reducing liquid effluents and achieving economic gains in terms of time spent.

Under the Waste Mission, the works aimed at developing a Waste Management Plan for the TAP Campus were started, with clear benefits for Maintenance and Engineering, which is the major producer of industrial waste. It is important to mention the development of a new tool aimed at controlling chemical products, which brings together a vast body of information on the materials used at TAP–Maintenance and Engineering, with benefits both in terms of production, which acquires a new and expeditious manner of accessing the safety information of those materials, and in terms of Environmental Management, enabling better control of the quantities of hazardous substances stored and consumed in the Business Unit.

During the year, the new Environmental License of TAP–Maintenance and Engineering was also issued, valid until September 2022. This document, in spite of not including any significant changes relative to the previous document, recommends the monitoring of a higher number of chimneys and a change in the frequency with which the liquid effluents from the WWTP are monitored. It is worth to mention the production of the Environmental Performance Plan 2014-2022, in which the actions to be implemented will be scheduled in order to comply with the requirements set out in the Environmental License, with delivery date until March 2015.

INFRASTRUCTURES

In 2014, a number of works were awarded and conducted aimed at improving/increasing the production capacity of the areas, assuring compliance with the best environmental practices applicable to these processes.

- Substitution and repair of the covers of the Annexes of Hangar 6 – installation of sandwich panels;
- Reinforcement and substitution of the pavement of the cleaning sector and NDT of the Engine Workshop and substitution of the respective nets steam and condensate of the vats;
- Construction of a Mezzanine at the northern top of Hangar 6, to accommodate the chairs removed from aircraft under inspection in the center lines at that location;
- Installation of the LED side projectors in the Engine Workshop;
- Substitution of the gas networks of the plasma sector of the Engine Workshop;
- Substitution of the N2 and CO2 networks of the Emergency Equipment Workshop;
- Start of the project to acquire and install new preparation/repair cabins and to apply resins through a spray gun in the Cabin Interior Workshop.

ELECTROLYTIC TREATMENT WORKSHOP

The treatment of industrial effluents from the Electrolytic Treatment Workshop and the Engine Workshop, carried out at the WWTP of the Business Unit, reached a total of 1,488 m³ of effluents in 2014. The quality of the final effluent is assessed internally whenever there are discharges and, since the end of 2014, on a monthly basis through monitoring in accordance with the new Environmental License in force. In 2014, no situations of non-compliance were identified relative to the discharge limits set out in the Environmental License. The efficiency of the treatment processes is checked regularly and the processes are altered, when necessary, according to the characteristics of the effluent under treatment.

The attainment of results consistently lower than the respective emission limits led to a review of the previously defined monitoring frequency for gas emissions from fixed sources, having changed to tri-annual monitoring in three specific cases. Regarding the fixed source associated to the degreasing process at the Electrolytic Treatment Workshop, requiring more frequent monitoring, the internally defined preventive pollution measure comprising 4 annual monitoring campaigns, two of which are not mandatory, was maintained, to monitor emissions on a frequent basis. The energy consumption of the Electrolytic Treatment Workshop maintained a downward trend, having decreased by 1% relative to 2013.
The main direct environmental impact of the activities of TAP Group comes from the CO₂ emissions generated by the aircraft fleet operation, and to a lesser degree, by the consumption of water, paper, and also the amount of waste produced in ground operations.

The efforts to minimise these environmental impacts achieved visible progress in 2014, with the objectives established for this year having been surpassed in all indicators, with the exception of the waste produced indicator.

The Carbon offset programme, a contribution to reduce the carbon footprint via an option for TAP Customers to compensate the CO₂ emissions of their respective trips exceeded by 61% the ambitious goals set for the year (10,000 tons of CO₂).

On the other hand, regarding noise control, it is worth noting that TAP’s fleet operates with a significant safety margin regarding the current noise limits established by the International Civil Aviation Organization (ICAO Annex 16, Chapter 3).

### Indicators Representing the Company’s Objectives from an Environmental Perspective

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Indicators</th>
<th>Scope</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Variation 2013/2012</th>
<th>Variation 2014/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote voluntary compensation by passengers Air Transport</td>
<td>Carbon offset</td>
<td>TAP S.A.</td>
<td>9,579</td>
<td>15,037</td>
<td>16,076</td>
<td>57.0%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Reduce energy consumption (electricity, natural gas, petrol and diesel) Ground Operations</td>
<td>Energy consumption</td>
<td>TAP S.A.</td>
<td>45.44</td>
<td>43.01</td>
<td>40.95</td>
<td>-5.4%</td>
<td>-4.8%</td>
</tr>
<tr>
<td>Reduce water consumption Ground Operations</td>
<td>Total water consumption over turnover</td>
<td>TAP S.A.</td>
<td>61.80</td>
<td>52.50</td>
<td>49.28</td>
<td>-15.1%</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Reduce paper consumption Ground Operations</td>
<td>Paper consumption over turnover</td>
<td>TAP S.A.</td>
<td>0.021</td>
<td>0.020</td>
<td>0.019</td>
<td>-7.3%</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Reduce waste production Ground Operations</td>
<td>Quantity of waste produced over turnover</td>
<td>TAP S.A.</td>
<td>1.74</td>
<td>1.21</td>
<td>1.27</td>
<td>-30.5%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Energy Efficiency Improve fuel efficiency by 1.5%/year up to 2020 Air Transport</td>
<td>Jet A1 consumption per passenger</td>
<td>TAP S.A.</td>
<td>4.305</td>
<td>4.307</td>
<td>4.139</td>
<td>-2.7%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Reduce CO₂ emissions Improve environmental performance by 1.5%/year up to 2020 Air Transport</td>
<td>CO₂ emissions per passenger</td>
<td>TAP S.A.</td>
<td>10.849</td>
<td>10.854</td>
<td>10.431</td>
<td>-2.7%</td>
<td>-3.0%</td>
</tr>
</tbody>
</table>

Mean of verification:

13 TAP Campus - Water and Energy Consumption
10 IATA Programme
42 Sustainability Report
44 Information System Report
REDUCTION OF WASTE AND WATER AND ENERGY CONSUMPTION

The results achieved in 2014 in the environmental performance indicators, relative to ground support operations, reflect the investment made by the Company in its search for savings solutions and measures in combination with employee awareness raising actions, whether through internal training or communication campaigns.

**Water**

Water consumption maintained its downward trend, having registered a decrease of 7.6% and 5.6%, for the TAP Group and TAP, S.A. respectively.

According to the climate overview of the Portuguese Ocean and Atmosphere Institute (IPMA), 2014 was the rainiest of the last 25 years in Portugal, which contributed significantly to the 16% reduction in groundwater consumption at the TAP Campus. Collected groundwater at the TAP Campus is mostly used to water green spaces and wash pavements.

**Energy**

In 2014, TAP Group reduced the energy consumption in ground facilities by 2.9%, in spite of the general increase in the activity of Maintenance and Engineering.

These results were achieved through the implementation of various measures with a significant potential to reduce consumptions, namely: replacement of old illumination systems with LED systems, alteration of some air-conditioning equipment for more efficient systems.

**Waste**

In an integrated resource saving strategy, TAP has over the years sought to implement measures that promote the sending of its waste for valuation rather than disposal.

In 2014, the success of the programme was due to the close collaboration of all the intervenients in the waste separation process: employees, internal service providers and waste management operators.

As a result, in 2014 there was an increase of 2.2% in waste sent for valuation at the TAP Group, relative to 2013.

Considering that the waste of food is an unnecessary consumption of raw materials, water, energy and increased waste production, it is important to mention the continuation of the donation of meals/snacks programme. Within the scope of the DAR MAIS Programme and through the involvement of TAP stakeholders, it was possible to donate more than 18,000 food items to social solidarity institutions.

- **-30%** Waste treatment costs
  TAP, S.A.

- **-97%** Waste sent to landfills
  TAP, S.A.

- **-4.9%** Paper consumption
  TAP Group

- **-1.3%** Electricity consumption
  TAP, S.A.
REDUCTION OF CO₂ EMISSIONS

CARBON OFFSET

CO₂ Emissions Compensation Programme

The CO₂ Emissions Compensation Programme of TAP (Carbon Offset) achieved, for the 6th consecutive year, the best result since its launch in June 2009. In 2014, TAP’s passengers voluntarily offset over 16 thousand tons of carbon dioxide, exceeding by 61% the objective of 10 thousand tons established for the year, a value which, it is important to mention, is double the target of 2013.

The CO₂ emissions calculation programme and methodology are annually assessed and accredited by an independent entity that ensures the high standard of quality for emissions compensation, the Quality Assurance Standard.

This programme of TAP, launched in partnership with IATA (International Air Transport Association) and recognised by UNESCO with the Planet Earth 2010 award, enables Passengers who book through TAP’s portal, www.flytap.com, to voluntarily offset the CO₂ emissions associated to their flights, thus contributing to emissions reduction projects in developing countries.

In 2014 ...

Capacity equivalent to 251 Airbus A340

The equivalent number of TAP passengers that voluntarily compensated the CO₂ emissions of their respective flights

+ 61% than the established objective of 10,000 tons offset

3 979 times around the Earth

The number of kilometres flown, for which CO₂ emissions were compensated

Lisbon–Paris (Orly)

Route that registered the highest value of CO₂ emissions compensation
Energy and Environmental Efficiency

TAP’s fleet (not including PGA aircrafts), composed of 61 aircraft (43 medium-haul and 18 long-haul), had in 2014 an approximate average age of 13 years.

A renewal of the long-haul fleet is scheduled, for the gradual replacement of the A340 and A330 equipment with new Airbus A350 aircraft, resulting in energy and environmental efficiency gains of around 20%.

TAP continues committed to the objective of improving energy and environmental efficiency in flight operations.

TAP Group fleet noise

TAP Group fleet, including PGA, operates with a significant safety margin regarding the current noise limits established by the International Civil Aviation Organization (ICAO Annex 16, Chapter 3), given that with an average age of 14.7 years, 87% of TAP aircraft already comply with the new, more restrictive ICAO noise limits applicable to new aircraft, certified after January 1, 2006 (ICAO Annex 16, Chapter 4).

Climate Targets

1.5%

Aviation will improve its fleet fuel efficiency by 1.5% per annum between now and 2020.

Stabilise

From 2020, net carbon emissions from aviation will be capped through carbon-neutral growth.

50%

By 2050, net aviation carbon emissions will be half of what they were in 2005.

-2.0%

TAP achieved a 2.0% improvement in the Energy Efficiency and Environmental Performance indicators – Fuel Consumption (Jet A1) per Passenger and CO2 Emissions per Passenger between 2001 and 2014.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jet fuel consumption</td>
<td>564.92</td>
<td>898.26</td>
<td>1,090.46</td>
<td>1,014.56</td>
<td>1,078.03</td>
<td>1,134.72</td>
<td>1,172.15</td>
<td>1,212.59</td>
<td>1,246.67</td>
</tr>
<tr>
<td>CO2 Emissions (million tons)</td>
<td>1.424</td>
<td>2.260</td>
<td>2.718</td>
<td>2.557</td>
<td>2.717</td>
<td>2.859</td>
<td>2.954</td>
<td>3.056</td>
<td>3.142</td>
</tr>
</tbody>
</table>
ENVIRONMENTAL RESPONSIBILITY

The reinforcement of the environmental awareness raising and communication actions represented one of the objectives established for 2014.

Over the course of the year, TAP’s Environment area promoted a number of initiatives through various internal communication means.

World Environment Day – 5 June

World Environment Day – 5 June, was marked by the Environment area through initiatives that disseminated the main environmental performance indicators to Employees of TAP Group companies.

Action to disseminate the carbon dioxide (CO₂) emissions compensation programme

For Passenger Customers to contribute to the protection of the environment, in line with TAP’s mission and objectives, campaigns to disseminate the CO₂ emissions compensation programme were developed on TAP’s website (www.flytap.com) and social networks (Facebook).

Environmental quiz on the intranet

Through a pop-up with a quiz placed on TAP’s intranet, Employees were able to select the environmental topic that they considered most important for TAP – Water, Energy, or Waste. In this environmental barometer, employees elected the topic of Energy as the most important for the Company.

Action to disseminate the environmental indicators at TAP’s Canteen

At the Company’s canteen, an action to disseminate the good results achieved in 2013 in the majority of environmental performance indicators of the TAP Group was promoted. The indicators were included in an infographic, using messages and fun analogies that raised the curiosity of employees, such as: the quantity of organic waste destined for compost production in 2013 by the TAP Group had an equivalent weight of 53.5 adult elephants.

European Mobility Week – sustainable mobility

During the European Mobility Week (16 to 22 September), the Environment area of TAP conducted a survey at the TAP Campus about cycle mobility to characterise the means used by Employees to travel from their residence to the TAP Campus.

The participation of Employees in this initiative was significant. The survey revealed that 3 in 100 women and 15 in 100 men come or are thinking of coming by bicycle.

Although the majority of people travel to work by private car, there is at least one factor where TAP’s intervention could have a positive impact on travelling by bicycle, with a consequent reduction of the associated environmental impact – the creation of specific bicycle terminals.

In 2015, this aspect will be considered within the scope of the Master Plan of the TAP Campus.

Participation in IATA’s Environmental Communication Campaign

TAP joined the environmental communication campaign launched by IATA (International Air Transport Association), in the month in which the United Nations Climate Summit was held in New York.

Between 17 and 27 September, on TAP Lisbon/New York and New York/Lisbon flights an information flyer was distributed on the environmental challenges that face the air transport sector, the objectives and targets established by the sector to reduce its environmental impact and the measures that have been implemented to achieve those objectives.

The September edition of the UP Magazine (TAP’s in-flight magazine) included the article Facing Climate Change and Promoting Sustainable Development with TAP, in connection with the Climate Summit, which revealed that TAP continues aligned with the global environmental objectives and targets established for the Industry.

Participation in IATA’s Environmental Communication Campaign

TAP joined the environmental communication campaign launched by IATA (International Air Transport Association), in the month in which the United Nations Climate Summit was held in New York.

Between 17 and 27 September, on TAP Lisbon/New York and New York/Lisbon flights an information flyer was distributed on the environmental challenges that face the air transport sector, the objectives and targets established by the sector to reduce its environmental impact and the measures that have been implemented to achieve those objectives.

The September edition of the UP Magazine (TAP’s in-flight magazine) included the article Facing Climate Change and Promoting Sustainable Development with TAP, in connection with the Climate Summit, which revealed that TAP continues aligned with the global environmental objectives and targets established for the Industry.
PGA
Portugália
The environmental management programme of Portugália (PGA) is aligned with the environmental guiding principles of the TAP Group.

The participation in environmental projects, involving the establishment of protocols with companies specialised in the collection and treatment of waste, is an example of the company’s environmental awareness.

As in previous years, PGA and TAP joined the 6th National Collection of Used Batteries (between 20 November and 31 December), whose objective was to contribute to the acquisition of a treatment device, for patients of the Portuguese Institute of Oncology (IPO), to be offered by Ecopilhas.

Some good practices in the environmental energy efficiency area were also developed, namely:
- Minimising energy consumption;
- Programming computer monitors to switch to Standby mode;
- Maintain air-conditioning systems only when employees are in the office;
- Always use, whenever possible, recycled paper (each ton of this type of paper avoids the cutting of 15 to 20 trees, saves 400 m³ of water and 500 kWh of electricity);
- Paperless: elimination of paper and forms.

Maintenance and Engineering / Flight Operations
Fuel is one of the Cost Drivers of aviation. In view of this, PGA manages its Fuel Conservation project internally, through the coordinated work of the Maintenance and Engineering and Flight Operations Departments. There are a number of fuel consumption optimisation measures, which have been fine-tuned and improved year after year. In this context, the measures already implemented in previous years continued to be followed in 2014:
- Efficient practices in aircraft operation;
- Programme of periodic washing of aircraft;
- Weight reduction (new painting, windshield connection elements – titanium versus stainless steel); renewal of thermal blankets;
- Concordance of panels and polishing of fan blades; reduction of pressurisation leaks in the cell.

These measures avoided the emission of 6 tons of CO₂. For 2015, the aim is to continue to promote continuous improvement and the refinement of the measures already implemented, which are estimated to represent cost savings of approximately 1%, relative to the estimated value for 2015. Regarding CO₂ emissions, a reduction of approximately 13 tons year-on-year is forecasted.

CATERINGPOR
Catering de Portugal
The acquisition of the monitoring system for the pantry machines enabled a remarkable improvement in the operation of the equipment to be achieved, having resulted in a decrease in water consumption by about 10%.

Within the scope of the measures recommended by the energy audit, an electrical energy consumption monitoring system was installed, which resulted in the adoption of several measures, namely the improvement of the insulation of doors and ducts of the cold stores, and the change of the operating hours of the HVAC, which enabled a reduction of consumption per meal.

UCS
Unidade de Cuidados de Saúde
The production of hospital waste is inherent to the clinical activity conducted by UCS, Cuidados Integrados de Saúde, S.A., as the entity that provides health care for the TAP Group.

The hospital waste management policy at UCS is in accordance with the provisions of the law, namely Decree-Law no. 178/2006, of 5 September and Order no. 242/96 of 13 August, having been revised and updated during 2014, within the scope of the Accreditation process of the company undertaken by the Portuguese Health Authority, in order to comply with recent recommendations of good practices issued by official entities.

UCS priority objective is to guarantee that the production, collection, storage and subsequent transport by an accredited entity is undertaken in such a manner as to ensure the protection of human health and of the environment.

Hospital waste with a hazard level is classified under current legislation in group III, hospital waste with biological risk, and in group IV, specific hospital waste, and are subject to treatment and elimination in conformity with the technical solutions recommended by the official entities of the Country.

In 2014, there was an increase of 11.5% in the production of waste of group III and of 9.2% in the production of waste of Group IV, which is related to the updating of the technical requirements as referred to above, as well as the positive evolution of the activity of UCS, specifically with respect to the carrying out of complementary diagnostic tests, the main producers of hospital waste in the company.

Regarding the general environmental performance indicators, there was also an increase in paper consumption in 2014, which is directly related to the obligation to print prescriptions and complementary diagnostic tests, following the implementation of the electronic prescription within the scope of the National Health Service, by order of the Ministry of Health.

UCS maintains the ongoing programme of continuous improvement of the rationalisation and control of the production of waste and consolidation of good practices, through the definition of internal procedures and rules, included in the Procedures Manual for Hazardous Hospital Waste Management of UCS, process monitoring and control actions, as well as the holding of information and continuous training actions for its professionals.
PRESERVATION OF BIODIVERSITY

TAP Cargo is prepared to transport domestic or wild animals in full comfort and safety.

Involved in cutting edge projects in the area of the protection of species and salvage of endangered animals, the Company has been in the news around the world due to the success of the projects that it supports and develops in this area.

TAP has long standing experience in the transport of live animals, and is proud to contribute to the preservation of endangered species

The Ludo Seal

TAP Cargo transported a special passenger on one of its most recent flights.

Flight TP362 of 5 August transported Ludo, a marine seal which had been at the Zoomarine for 7 months, in Albufeira, undergoing rehabilitation. This species inhabits the southern and eastern coasts of the British Isles and the northern coasts of France and Holland.

The Ludo seal was washed up onto the beach of Mareta (Sagres), in January 2014 and was taken in by the Zoomarine with only 18kg. After 7 months of recovery and with almost 50kg, the animal was transported, with all due care, to the sanctuary of seals in Cornwall, in England, where it will remain under observation until it is returned to the sea, its natural habitat.

Ludo travelled in the flight cabin of TAP to Heathrow, which required the TAP Cargo, TAP-Maintenance and Engineering and Groundforce’s ground handling teams to work together on adapting the cabin of the A320, including the entire flight crew, so that the seal could travel with its team of rehabilitators.

TAP Cargo accompanies special transport

TAP transported on flight TP752, Lisbon-Copenhagen, a baby fish-moon. This species is the largest known finfish, which can reach up to 3 metres.

The fish-moon inhabits the temperate and warm waters of the Atlantic and Pacific Oceans and feeds on zooplankton and small fish. This moon-fish was captured off the coast of Olhão and travelled in TAP to Copenhagen.

From departure in the Algarve, until boarding in Lisbon, the moon-fish was monitored by the technicians of Flying Sharks, which is dedicated to promoting the sustainable use of the oceans, working for institutions with a focus on Education and Research on the marine environment.

Following its arrival at the airport, the fish was placed in another tank with new sea water. The water of the tank is oversaturated with medicinal oxygen with the aid of airing stones so that the ideal conditions are maintained throughout the entire flight. Without commercial interest for the food industry, the specimens that are captured serve essentially to promote the species in aquariums and oceanariums.
COMMITMENTS
### DEGREE OF COVERAGE IN 2014 AND OBJECTIVES FOR 2015

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Objectives</th>
<th>Key Figures</th>
<th>Scope</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribute to the creation of value for the economy and Portuguese society</td>
<td>Improve the activity level of the Company</td>
<td>Number of carried passengers (Passengers million)</td>
<td>TAP, S.A.</td>
<td>10.7</td>
<td>10.9</td>
<td>11.4</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td>Increase productivity</td>
<td>ASK (000)/employee Air Transport Business Unit (B.U.)</td>
<td>TAP, S.A. (Air Transport B.U.)</td>
<td>7.813</td>
<td>7.640</td>
<td>7.759</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td>Create employment</td>
<td>Number of jobs created (net)</td>
<td>TAP, S.A.</td>
<td>52</td>
<td>500</td>
<td>434</td>
<td>★</td>
</tr>
<tr>
<td>Provide Customers with a quality product through the best and easiest solutions for their travel and for the transport of goods</td>
<td>Ensure diversity of destinations and frequencies to TAP Customers</td>
<td>Number of destinations served directly by TAP:</td>
<td>TAP, S.A.</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PORTO</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>★</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FARO</td>
<td>77</td>
<td>87</td>
<td>88</td>
<td>★</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LISBON</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>★</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MADEIRA and the AZORES</td>
<td>123</td>
<td>140</td>
<td>126</td>
<td>★</td>
<td>147</td>
</tr>
<tr>
<td></td>
<td>Improve the punctuality index of TAP flights</td>
<td>Flight punctuality index</td>
<td>TAP, S.A. HUB</td>
<td>72%</td>
<td>78%</td>
<td>64%</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NETWORK</td>
<td>74%</td>
<td>77%</td>
<td>66%</td>
<td>★</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAP, S.A.</td>
<td>15.6</td>
<td>15.0</td>
<td>16.6</td>
<td>★</td>
<td>13.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HUB</td>
<td>10.0</td>
<td>9.7</td>
<td>10.6</td>
<td>★</td>
<td>8.5</td>
</tr>
<tr>
<td></td>
<td>Assure improved handling service level in terms of baggage delivery</td>
<td>Percentage of baggage left behind by 1,000 Passengers</td>
<td>TAP, S.A. HUB</td>
<td>1.0</td>
<td>0.8</td>
<td>1.0</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NETWORK</td>
<td>1.0</td>
<td>0.8</td>
<td>1.0</td>
<td>★</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td>Guarantee improved Passenger Customer satisfaction</td>
<td>Number of complaints per carried passenger</td>
<td>TAP, S.A.</td>
<td>0.0026</td>
<td>0.0026</td>
<td>0.0067</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td>Promote passenger loyalty through distinctive service</td>
<td>Evaluation of TAP passenger satisfaction (Overall) Classification 1 (very unsatisfied) to 10 (very satisfied)</td>
<td>TAP, S.A.</td>
<td>7.95</td>
<td>7.95</td>
<td>7.67</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAP passenger satisfaction index (Ground Service number of replies - satisfactory in total replies obtained)</td>
<td>TAP, S.A.</td>
<td>64.3%</td>
<td>68.0%</td>
<td>63.8%</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Victoria Programme members</td>
<td>TAP, S.A.</td>
<td>1,400,000</td>
<td>1,500,000</td>
<td>1,600,000</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td>Guarantee an effective service level for Cargo and Mail transport</td>
<td>Costs due to lost or damaged cargo relative to total revenue</td>
<td>TAP, S.A.</td>
<td>0.07%</td>
<td>0.08%</td>
<td>0.10%</td>
<td>★</td>
</tr>
<tr>
<td>Promote inter-connectivity within the Portuguese speaking world</td>
<td>Provide connections within the Portuguese speaking world</td>
<td>Number of connections with Africa (average number of flights per week)</td>
<td>TAP, S.A.</td>
<td>30</td>
<td>34</td>
<td>34</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of connections with South America (Brazil) (average number of flights per week)</td>
<td>TAP, S.A.</td>
<td>67</td>
<td>71</td>
<td>71</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td>Promote the professional development of the Company’s Employees and quality at work place</td>
<td>Promote the continuous training of Employees and improve their qualification levels</td>
<td>Number of hours of training carried out by Company Employees</td>
<td>TAP, S.A.</td>
<td>284,876</td>
<td>[300,000 a 315,000]</td>
<td>449,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of participations in training actions over the total number of Employees</td>
<td>TAP, S.A.</td>
<td>3.29</td>
<td>[3.02 a 3.29]</td>
<td>3.24</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of hours of training per Employee</td>
<td>TAP, S.A.</td>
<td>41.40</td>
<td>[41.74 a 43.23]</td>
<td>62.84</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rate of Absenteeism</td>
<td>TAP, S.A.</td>
<td>9.8%</td>
<td>5%</td>
<td>10.5%</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td>Provide services and support of a social and cultural nature to the Employees, which contribute to improving their working conditions and facilitate the reconciliation of professional and personal life</td>
<td>Percentage of Gym users who are Company Employees</td>
<td>TAP Group</td>
<td>86.0%</td>
<td>80.0%</td>
<td>86.2%</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of children using the nursery</td>
<td>TAP Group</td>
<td>358</td>
<td>375</td>
<td>384</td>
<td>★</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of beneficiaries of the Group’s Health-care Insurance</td>
<td>TAP Group</td>
<td>21,334</td>
<td>21,761</td>
<td>22,903</td>
<td>★</td>
</tr>
<tr>
<td>Commitments</td>
<td>Objectives</td>
<td>Key Figures</td>
<td>Scope</td>
<td>2013 Actual (A)</td>
<td>2014 Target (T)</td>
<td>2014 Actual (A)</td>
<td>Degree of coverage</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>----------------</td>
<td>----------------</td>
<td>-----------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Ensure the operational and financial safety of people and assets</td>
<td>Contribute to ensuring conditions for the operational and financial safety of people and assets</td>
<td>Number of services covered by the Risk System</td>
<td>TAP Group Operational Areas</td>
<td>82</td>
<td>[100 a 120]</td>
<td>82</td>
<td>[100 a 120]</td>
</tr>
<tr>
<td>Assume responsible management committed to the objectives of the Company, to community development and to the environment</td>
<td>Promote and support initiatives of a social character</td>
<td>Realisation of Traineeships at the Company</td>
<td>TAP, S.A.</td>
<td>110</td>
<td>110</td>
<td>110</td>
<td>[100 a 120]</td>
</tr>
<tr>
<td></td>
<td>Portugal no Contra Program (number of Portuguese emigrant beneficiaries)</td>
<td>Portage no Contra Program (number of Portuguese emigrant beneficiaries)</td>
<td>TAP, S.A.</td>
<td>14</td>
<td>14</td>
<td>15</td>
<td>[15 a 20]</td>
</tr>
<tr>
<td></td>
<td>TAP Victoria for a better world (Number of miles donated)</td>
<td>TAP Victoria for a better world (Number of miles donated)</td>
<td>TAP, S.A.</td>
<td>16,500,000</td>
<td>16,500,000</td>
<td>23,615,514</td>
<td>25,000,000</td>
</tr>
<tr>
<td></td>
<td>Encourage Voluntary efforts – Donation Blood</td>
<td>Encourage Voluntary efforts – Donation Blood</td>
<td>TAP Group</td>
<td>65,000</td>
<td>90,000</td>
<td>45,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Increase Energy Efficiency</td>
<td>Improve fuel efficiency by 15%/year up to 2020</td>
<td>Jet A1 consumption per passenger (litres/100 RPK)</td>
<td>TAP, S.A.</td>
<td>4.307</td>
<td>4.399</td>
<td>4.399</td>
<td>Improve fuel efficiency by 15%/year up to 2020</td>
</tr>
<tr>
<td>Reduce CO2 emissions</td>
<td>Improve environmental performance by 15%/year up to 2020</td>
<td>CO2 emissions per passenger (kg/100 RPK)</td>
<td>TAP, S.A.</td>
<td>10.854</td>
<td>10.431</td>
<td>10.431</td>
<td>Improve environmental performance by 15%/year up to 2020</td>
</tr>
<tr>
<td>Promote voluntary compensation by passengers</td>
<td>Air Transport</td>
<td>Carbon offset (ton CO2)</td>
<td>TAP, S.A.</td>
<td>15,037</td>
<td>16,076</td>
<td>15,000</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Reduce energy consumption (electricity, natural gas, petrol and diesel)</td>
<td>Ground Operations</td>
<td>Energy consumption (electricity, natural gas, petrol and diesel) per turnover</td>
<td>TAP, S.A.</td>
<td>43.01</td>
<td>40.95</td>
<td>40.95</td>
<td>-</td>
</tr>
<tr>
<td>Reduce water consumption</td>
<td>Ground Operations</td>
<td>Total water consumption over turnover</td>
<td>TAP, S.A.</td>
<td>52.50</td>
<td>49.28</td>
<td>49.28</td>
<td>-</td>
</tr>
<tr>
<td>Reduce paper consumption</td>
<td>Ground Operations</td>
<td>Paper consumption over turnover</td>
<td>TAP, S.A.</td>
<td>0.020</td>
<td>0.019</td>
<td>0.019</td>
<td>-</td>
</tr>
<tr>
<td>Reduce waste produced</td>
<td>Ground Operations</td>
<td>Quantity of waste produced over turnover</td>
<td>TAP, S.A.</td>
<td>1.21</td>
<td>1.27</td>
<td>1.27</td>
<td>-</td>
</tr>
<tr>
<td>Adopt transparent principles in the Company’s management and relations with society</td>
<td>Comply with the Code of Ethics</td>
<td>Number of acquisitions through tender over the total number of acquisitions</td>
<td>TAP Group</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Number of persons admitted through open tender over the total number of persons admitted</td>
<td>TAP Group</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0.0 p.p.</td>
</tr>
<tr>
<td></td>
<td>Number of audits carried out to Tenders/Contracts</td>
<td>TAP Group</td>
<td>435</td>
<td>457</td>
<td>531</td>
<td>547</td>
<td>3.0%</td>
</tr>
<tr>
<td>Ensure convergence of the Average Time of Payment with the invoice due dates</td>
<td>Average Time of Payment (ATP) to Suppliers</td>
<td>Average Time of Payment (ATP) to Suppliers</td>
<td>TAP Group (Except TAP-ME Brazil, LFP, Cateringpor and SPdH)</td>
<td>25</td>
<td>24</td>
<td>24</td>
<td>Ensure convergence of the Average Time of Payment with the invoice due dates</td>
</tr>
<tr>
<td></td>
<td>Ensure convergence of the Average Time of Payment with the invoice due dates</td>
<td>TAP, S.A.</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>Ensure convergence of the Average Time of Payment with the invoice due dates</td>
<td></td>
</tr>
<tr>
<td>Assure the reliability of the information on the Company’s activity and its communication to the stakeholders and community</td>
<td>Annual Report, Sustainability Report and Corporate Governance Report available on TAP’s Website</td>
<td>Annual Report, Sustainability Report and Corporate Governance Report available on TAP’s Website</td>
<td>TAP Group</td>
<td>Jul-2014</td>
<td>Jul-2015</td>
<td>Jul-2015</td>
<td>Jul-2016</td>
</tr>
</tbody>
</table>

(*) TAP Group except TAP–Maintenance and Engineering Brazil, LFP, Cateringpor and SPdH
ANNEXES
## GRI CORRESPONDENCE TABLE
(GLOBAL REPORTING INITIATIVE)

<table>
<thead>
<tr>
<th>GRI</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Message from the Chairman</td>
<td>6-7</td>
</tr>
<tr>
<td>1.2 Description of key impacts, risks and opportunities</td>
<td>18-23</td>
</tr>
<tr>
<td>2.1 Name of the organization</td>
<td>12</td>
</tr>
<tr>
<td>2.2 Primary brands, products and/or services</td>
<td>28-30</td>
</tr>
<tr>
<td>2.3 Operational structure of the organisation</td>
<td>16</td>
</tr>
<tr>
<td>2.4 Location of the organisation's headquarters</td>
<td>12</td>
</tr>
<tr>
<td>2.5 Countries where the company operates</td>
<td>42</td>
</tr>
<tr>
<td>2.6 Nature of ownership and legal form</td>
<td>12</td>
</tr>
<tr>
<td>2.7 Markets</td>
<td>42</td>
</tr>
<tr>
<td>2.8 Scale of the organisation</td>
<td>12</td>
</tr>
<tr>
<td>2.9 Significant changes</td>
<td>-</td>
</tr>
<tr>
<td>2.10 Awards received</td>
<td>15</td>
</tr>
<tr>
<td>3.1 Reporting period</td>
<td>4-5</td>
</tr>
<tr>
<td>3.2 Date of the latest report</td>
<td>79</td>
</tr>
<tr>
<td>3.3 Reporting cycle</td>
<td>4-5</td>
</tr>
<tr>
<td>3.4 Contact</td>
<td>2</td>
</tr>
<tr>
<td>3.5 Process for defining report contents</td>
<td>5</td>
</tr>
<tr>
<td>3.6 Report scope</td>
<td>4</td>
</tr>
<tr>
<td>3.7 Report scope limitations</td>
<td>5</td>
</tr>
<tr>
<td>3.8 Report on other entities</td>
<td>-</td>
</tr>
<tr>
<td>3.9 Criteria and bases of calculations</td>
<td>-</td>
</tr>
<tr>
<td>3.10 Explanation of reformulations</td>
<td>-</td>
</tr>
<tr>
<td>3.11 Significant changes relatively to previous reports</td>
<td>-</td>
</tr>
<tr>
<td>3.12 GRI correspondence table</td>
<td>71</td>
</tr>
<tr>
<td>3.13 External assurance</td>
<td>-</td>
</tr>
<tr>
<td>4.1 Corporate Governance Structure</td>
<td>CGR2014</td>
</tr>
<tr>
<td>4.2 Indicate whether the Chairman of the Board of Directors has executive functions</td>
<td>AR2014</td>
</tr>
<tr>
<td>4.3 Independent and non-executive members of the Board of Directors</td>
<td>-</td>
</tr>
<tr>
<td>4.4 Mechanisms for shareholders and employees to provide recommendations or directions to the Board of Directors</td>
<td>26</td>
</tr>
<tr>
<td>4.5 Relationship between the compensation of members of the Board of Directors and Senior Managers and organisation performance</td>
<td>-</td>
</tr>
<tr>
<td>4.6 Conflicts of Interest</td>
<td>-</td>
</tr>
<tr>
<td>4.7 Qualifications and competences</td>
<td>AR2014</td>
</tr>
<tr>
<td>4.8 Mission, values, codes of conduct and principles</td>
<td>12-13</td>
</tr>
<tr>
<td>4.9 Procedures of the Board of Directors for overseeing management of economic, environmental and social performance and risk management</td>
<td>16-23</td>
</tr>
<tr>
<td>4.10 Processes for evaluating the performance of the Board of Directors</td>
<td>-</td>
</tr>
<tr>
<td>4.11 Explanation of how the precautionary approach is addressed by the organisation</td>
<td>-</td>
</tr>
<tr>
<td>4.12 Externally developed economic, environmental and social charters, principles or other initiatives subscribed or endorsed by the organisation</td>
<td>-</td>
</tr>
<tr>
<td>4.13 Significant participation in associations and/or national/international advocacy organisations</td>
<td>14</td>
</tr>
<tr>
<td>4.14 List of stakeholder groups engaged by the organisation</td>
<td>26</td>
</tr>
<tr>
<td>4.15 Basis for identification and selection of stakeholders</td>
<td>-</td>
</tr>
<tr>
<td>4.16 Approaches to stakeholder engagement</td>
<td>26</td>
</tr>
<tr>
<td>4.17 Key topics and concerns identified through stakeholder engagement</td>
<td>26</td>
</tr>
</tbody>
</table>

### GLOBAL REPORTING INITIATIVE (GRI) INDICATORS

#### GRI Indicators – Economic Perspective

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>E1 EC1 Core</td>
<td>Direct economic value generated and distributed, including: revenues, operating costs, Employee remuneration, donations and other community investments, retained earnings, payments to investors and taxes</td>
<td>Operating Revenues and Gains (EUR million)</td>
<td>2,180.7</td>
<td>2,272.6</td>
<td>2,435.7</td>
<td>2,479.6</td>
<td>2,489.4</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operating Net Income (EUR million)</td>
<td>103.3</td>
<td>41.1</td>
<td>53.0</td>
<td>51.7</td>
<td>-6.5</td>
<td>-58.2%</td>
<td></td>
</tr>
<tr>
<td>E5 EC5 Additional</td>
<td>Range of ratios of the standard basic entry-level salary at TAP, S.A. compared to the local minimum salary at important operational units</td>
<td>National Minimum Salary (EUR)</td>
<td>6,650</td>
<td>6,790</td>
<td>6,790</td>
<td>6,790</td>
<td>6,790</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lowest basic salary at TAP, S.A. (EUR)</td>
<td>8,302</td>
<td>8,302</td>
<td>8,302</td>
<td>8,302</td>
<td>8,302</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>E6 EC6 Core</td>
<td>Policy, practices and proportion of spending relative to local suppliers at important operational units</td>
<td>Proportion of purchases made by TAP, S.A., by market, without leasing: Portugal</td>
<td>50.6%</td>
<td>51.4%</td>
<td>48.9%</td>
<td>48.9%</td>
<td>47.9%</td>
<td>-1.0 p.p.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rest of the European Union</td>
<td>30.4%</td>
<td>28.9%</td>
<td>26.5%</td>
<td>28.9%</td>
<td>31.9%</td>
<td>3.0 p.p.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>United States</td>
<td>5.5%</td>
<td>4.5%</td>
<td>6.4%</td>
<td>4.3%</td>
<td>4.4%</td>
<td>0.1 p.p.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other Countries</td>
<td>13.6%</td>
<td>15.2%</td>
<td>18.3%</td>
<td>17.9%</td>
<td>15.8%</td>
<td>-2.1 p.p.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proportion of purchases made by TAP, S.A., by market, with leasing: Portugal</td>
<td>48.2%</td>
<td>50.4%</td>
<td>47.4%</td>
<td>48.2%</td>
<td>47.9%</td>
<td>-0.3 p.p.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rest of the European Union</td>
<td>29.7%</td>
<td>29.1%</td>
<td>27.8%</td>
<td>29.7%</td>
<td>31.1%</td>
<td>2.6 p.p.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>United States</td>
<td>5.1%</td>
<td>4.3%</td>
<td>6.4%</td>
<td>4.7%</td>
<td>5.0%</td>
<td>0.2 p.p.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other Countries</td>
<td>17.0%</td>
<td>16.3%</td>
<td>18.4%</td>
<td>18.0%</td>
<td>15.5%</td>
<td>-2.6 p.p.</td>
<td></td>
</tr>
<tr>
<td>E9 EC9 Additional</td>
<td>Identification and description of significant indirect economic impacts, including the extent of impacts</td>
<td>Net Income (EUR million)</td>
<td>62.3</td>
<td>3.1</td>
<td>23.8</td>
<td>34.0</td>
<td>-46.4</td>
<td>-80.36%</td>
<td></td>
</tr>
</tbody>
</table>

Caption:

(1) Values in accordance with the IFRS (International Financial Reporting Standards);
(2) GVA from 2009 to 2013 calculated with the new criteria – Operating Revenues and Gains;
(3) Restated;
(4) Absolute value.
<table>
<thead>
<tr>
<th>GRI Indicators – Economic Perspective</th>
<th>TAP, S.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code</td>
<td>Type</td>
</tr>
<tr>
<td>EN1</td>
<td>Core</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>EN3</td>
<td>Core</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>EN4</td>
<td>Core</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>EN5</td>
<td>Core</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>EN6</td>
<td>Core</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>EN8</td>
<td>Core</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>EN10</td>
<td>Additional</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Caption:
1) Fixed Sources: Emissions from fossil fuel combustion in the company’s production, steam and hot water boilers;
2) Mobile Sources: Emissions from fossil fuel combustion in vehicles at the service of the company;
3) Since the electricity used in the company is purchased from an external entity, it is not possible to itemise indirect consumption by primary energy source;
4) Conversion factor updated for 2008 in accordance with Order number 17313/2008, of 26th June.
### GRI Indicators – Environmental Perspective

#### TAP Group

<table>
<thead>
<tr>
<th>Code</th>
<th>Type</th>
<th>Indicator Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2014/13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EN1</strong> Core</td>
<td></td>
<td>Materials (paper) consumption, itemised by weight (tons)</td>
<td>137.6</td>
<td>104.8</td>
<td>109.2</td>
<td>105.8(*)</td>
<td>100.6</td>
<td>-4.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>White A4 paper – 75g</td>
<td>60.4</td>
<td>61.3</td>
<td>69.9</td>
<td>84.9(*)</td>
<td>82.7</td>
<td>-2.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>White A4 paper – 80g</td>
<td>75.0</td>
<td>42.6</td>
<td>18.0</td>
<td>18.9</td>
<td>17.3</td>
<td>-8.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>White A3 paper – 80g</td>
<td>2.2</td>
<td>0.9</td>
<td>1.4</td>
<td>2.0(*)</td>
<td>0.5</td>
<td>-74.9%</td>
</tr>
<tr>
<td><strong>EN3</strong> Core</td>
<td></td>
<td>Direct energy consumption, itemised by primary energy source (GJ)</td>
<td>39,671,533.9</td>
<td>41,757,725.9</td>
<td>43,135,142.8</td>
<td>44,623,431.9</td>
<td>45,877,475.7</td>
<td>2.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Flight Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jet Fuel consumption (flight operations)</td>
<td>39,671,533.9</td>
<td>41,757,725.9</td>
<td>43,135,142.8</td>
<td>44,623,431.9</td>
<td>45,877,475.7</td>
<td>2.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ground Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jet Fuel consumption (maintenance and test)</td>
<td>26,345.8</td>
<td>18,125.5</td>
<td>16,356.5</td>
<td>29,904.0</td>
<td>14,980.4</td>
<td>-49.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Natural Gas consumption</td>
<td>56,946.5</td>
<td>51,525.2</td>
<td>55,721.8</td>
<td>54,539.6</td>
<td>49,338.9</td>
<td>-9.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Petrol consumption (vehicles at the service of TAP)</td>
<td>1,093.4</td>
<td>433.1</td>
<td>629.7</td>
<td>376.1</td>
<td>408.5</td>
<td>11.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Diesel consumption (vehicles at the service of TAP)</td>
<td>67,059.9</td>
<td>64,293.9</td>
<td>61,542.3</td>
<td>61,666.5(*)</td>
<td>59,239.3</td>
<td>-3.9%</td>
</tr>
<tr>
<td><strong>EN4</strong> Core</td>
<td></td>
<td>Indirect energy consumption, itemised by primary energy source</td>
<td>113,536</td>
<td>113,534</td>
<td>114,048</td>
<td>113,950</td>
<td>114,854</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>EN8</strong> Core</td>
<td></td>
<td>Water consumption, itemised by source (m³)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Water consumption</td>
<td>248,087</td>
<td>261,239</td>
<td>259,328</td>
<td>242,145</td>
<td>223,847</td>
<td>-7.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Groundwater consumption</td>
<td>50,880</td>
<td>62,559</td>
<td>55,368</td>
<td>43,727</td>
<td>36,853</td>
<td>-15.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Mains Supply Water consumption</td>
<td>197,207</td>
<td>198,680</td>
<td>203,960</td>
<td>198,418</td>
<td>186,994</td>
<td>-5.8%</td>
</tr>
<tr>
<td><strong>EN16</strong> Core</td>
<td></td>
<td>Total greenhouse gas emissions (tons of CO₂)</td>
<td>2,741,221.5</td>
<td>2,882,965.2</td>
<td>2,977,300.6</td>
<td>3,080,027.1</td>
<td>3,164,575.7</td>
<td>2.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Flight Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct CO₂ emissions – TP Flights</td>
<td>2,716,637.6</td>
<td>2,859,496.4</td>
<td>2,953,819.6</td>
<td>3,055,735.0</td>
<td>3,141,609.7</td>
<td>2.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ground Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct CO₂ emissions – Fixed Sources (*)</td>
<td>4,722.4</td>
<td>3,879.8</td>
<td>3,966.5</td>
<td>4,985.4</td>
<td>3,585.8</td>
<td>-26.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct CO₂ emissions – Mobile Sources (2)</td>
<td>5,038.8</td>
<td>4,766.4</td>
<td>4,597.7</td>
<td>4,566.7</td>
<td>4,402.6</td>
<td>-3.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indirect CO₂ emissions (4)</td>
<td>14,822.7</td>
<td>14,822.5</td>
<td>14,897.0</td>
<td>14,876.8</td>
<td>14,994.9</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>EN22</strong> Core</td>
<td></td>
<td>Total quantity of waste by type and method of elimination (tons)</td>
<td>8,329.6</td>
<td>8,459.7</td>
<td>8,443.2</td>
<td>7,612.6</td>
<td>8,017.8</td>
<td>5.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Physical/chemical treatment</td>
<td>446.4</td>
<td>631.1</td>
<td>309.9</td>
<td>301.9</td>
<td>418.1</td>
<td>38.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recovery</td>
<td>72.1</td>
<td>250.6</td>
<td>44.0</td>
<td>16.9</td>
<td>9.8</td>
<td>-42.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Regeneration</td>
<td>149.0</td>
<td>102.1</td>
<td>95.6</td>
<td>112.9</td>
<td>89.3</td>
<td>-20.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recycling</td>
<td>694.7</td>
<td>675.1</td>
<td>816.9</td>
<td>892.1</td>
<td>902.6</td>
<td>1.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Landfill</td>
<td>74.4</td>
<td>11.9</td>
<td>522.6</td>
<td>0.8</td>
<td>4.6</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Industrial waste landfill</td>
<td>3.2</td>
<td>1.4</td>
<td>6.4</td>
<td>7.4</td>
<td>0.2</td>
<td>-97.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Energy recycling – incineration</td>
<td>5,217.3</td>
<td>5,324.1</td>
<td>5,073.2</td>
<td>5,363.5</td>
<td>5,540.0</td>
<td>3.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organic recycling</td>
<td>1,548.0</td>
<td>1,402.0</td>
<td>1,402.0</td>
<td>693.9</td>
<td>693.9</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Temporary storage at a licensed operator</td>
<td>21.7</td>
<td>58.9</td>
<td>170.4</td>
<td>220.8</td>
<td>356.6</td>
<td>61.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group III – hospital waste of biological risk</td>
<td>1.6</td>
<td>2.3</td>
<td>2.1</td>
<td>2.2</td>
<td>2.5</td>
<td>11.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group IV – specific hospital waste</td>
<td>1.3</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>8.3%</td>
</tr>
<tr>
<td><strong>EN24</strong> Additional</td>
<td></td>
<td>Treated hazardous waste by final destination (tons)</td>
<td>349.2</td>
<td>498.5</td>
<td>246.1</td>
<td>243.7</td>
<td>243.4</td>
<td>-0.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Physical/chemical treatment</td>
<td>132.6</td>
<td>279.0</td>
<td>72.3</td>
<td>48.1</td>
<td>54.7</td>
<td>13.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recovery</td>
<td>41.8</td>
<td>83.0</td>
<td>1.0</td>
<td>0.1</td>
<td>0.0</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Regeneration</td>
<td>149</td>
<td>102.1</td>
<td>95.6</td>
<td>112.9</td>
<td>82.0</td>
<td>-22.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recycling</td>
<td>21.4</td>
<td>26.4</td>
<td>211</td>
<td>20.6</td>
<td>9.5</td>
<td>-53.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Industrial waste landfill</td>
<td>3.5</td>
<td>7.1</td>
<td>49.7</td>
<td>54.7</td>
<td>42.6</td>
<td>-22.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Energy recycling – incineration</td>
<td>1.1</td>
<td>0.9</td>
<td>6.4</td>
<td>7.4</td>
<td>0.2</td>
<td>-97.2%</td>
</tr>
<tr>
<td><strong>EN30</strong> Additional</td>
<td></td>
<td>Total environmental protection investments and expenditures, by type (€)</td>
<td>424,891.8</td>
<td>469,126.2</td>
<td>563,412.0</td>
<td>585,513.7(*)</td>
<td>404,904.7</td>
<td>-30.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Waste Management</td>
<td>393,937.2</td>
<td>402,919.5</td>
<td>484,388.2</td>
<td>433,130.8</td>
<td>307,286.6</td>
<td>-29.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Monitoring of emissions</td>
<td>11,629.4</td>
<td>15,169.0</td>
<td>8,747.7</td>
<td>7,287.5</td>
<td>9,662.4</td>
<td>32.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consultancy, audit and certification</td>
<td>0.0</td>
<td>28,585.2</td>
<td>7,572.3</td>
<td>30,647.2</td>
<td>26,438.1</td>
<td>-13.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environmental awareness-raising</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,482.7</td>
<td>3,258.4</td>
<td>355.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minimisation/mitigation measures</td>
<td>19,325.2</td>
<td>22,452.5</td>
<td>60,221.2</td>
<td>111,189.8(*)</td>
<td>63,358.8</td>
<td>-45.0%</td>
</tr>
</tbody>
</table>

Caption:

(1) Fixed Sources: Emissions from fossil fuel combustion in the company’s production, steam and hot water boilers;
(2) Mobile Sources: Emissions from fossil fuel combustion in vehicles at the service of the company;
(3) Since the electricity used in the company is purchased from an external entity, it is not possible to itemise indirect consumption by primary energy source;
(4) Conversion factor updated for 2008 in accordance with Order number 17313/2008, of 26th June;
(5) TAP Group except TAP-Maintenance and Engineering Brazil (Includes: TAP, S.A; PORTUGÁLIA; SPdH; CATERINGPOR; LFP; MEGASIS; UCS);
(*) Restated.
GRI Indicators – Social Perspective

<table>
<thead>
<tr>
<th>Code</th>
<th>Type</th>
<th>Indicator Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2014/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA1</td>
<td>Core</td>
<td>Employees by type of employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ground Staff</td>
<td>2,934</td>
<td>3,835</td>
<td>3,779</td>
<td>3,758</td>
<td>3,815</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Flight Staff</td>
<td>3,121</td>
<td>3,099</td>
<td>3,058</td>
<td>3,131</td>
<td>3,507</td>
<td>12.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Employees</td>
<td>7,055</td>
<td>6,934</td>
<td>6,837</td>
<td>6,889</td>
<td>7,223</td>
<td>6.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average Seniority (years)</td>
<td>13.32</td>
<td>13.58</td>
<td>13.46</td>
<td>14.12</td>
<td>13.85</td>
<td>-1.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average Age (years)</td>
<td>39.14</td>
<td>39.46</td>
<td>39.42</td>
<td>39.99</td>
<td>39.79</td>
<td>-0.5%</td>
</tr>
<tr>
<td>LA1</td>
<td>Core</td>
<td>Employees by type of employment contract</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Permanent contract</td>
<td>6,400</td>
<td>6,645</td>
<td>6,497</td>
<td>6,537</td>
<td>6,675</td>
<td>1.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fixed-term contract</td>
<td>645</td>
<td>269</td>
<td>335</td>
<td>339</td>
<td>705</td>
<td>108.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Variable-term contract</td>
<td>100</td>
<td>5</td>
<td>5</td>
<td>13</td>
<td>3</td>
<td>-76.9%</td>
</tr>
<tr>
<td>LA1</td>
<td>Core</td>
<td>Employees by Region</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Portugal</td>
<td>6,487</td>
<td>6,388</td>
<td>6,291</td>
<td>6,340</td>
<td>6,797</td>
<td>6.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Europe</td>
<td>266</td>
<td>253</td>
<td>247</td>
<td>240</td>
<td>230</td>
<td>-4.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Africa</td>
<td>94</td>
<td>89</td>
<td>95</td>
<td>91</td>
<td>90</td>
<td>-1.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Americas</td>
<td>208</td>
<td>204</td>
<td>204</td>
<td>198</td>
<td>206</td>
<td>4.0%</td>
</tr>
<tr>
<td>LA2</td>
<td>Core</td>
<td>Rate of Employee turnover</td>
<td>5.04%</td>
<td>4.81%</td>
<td>5.48%</td>
<td>2.78%</td>
<td>5.91%</td>
<td>3.1 p.p.</td>
</tr>
<tr>
<td>LA3</td>
<td>Additional</td>
<td>Benefits offered to full-time employees that are not provided to temporary or part-</td>
<td>Parking on TAP premises during the daytime period and ticket benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>time employees, itemised by main operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA4</td>
<td>Core</td>
<td>Percentage of employees covered by collective negotiation agreements</td>
<td>67.81%</td>
<td>67.69%</td>
<td>60.25%</td>
<td>60.69%</td>
<td>60.24%</td>
<td>-0.4 p.p.</td>
</tr>
<tr>
<td>LA5</td>
<td>Core</td>
<td>Minimum notice period with regards to operational changes, including whether it is specified in collective agreements</td>
<td>Notice periods established in Portuguese legislation. TAP Group companies strictly comply with the legislation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA6</td>
<td>Additional</td>
<td>Percentage of the total employees represented in formal health and safety committees, composed of managers and other staff, who assist in the monitoring of and provision of advice on occupational health and safety programmes</td>
<td>100% 100% 100% 100% 100%</td>
<td>0.0 p.p.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA7</td>
<td>Core</td>
<td>Percentage of injuries, occupational illnesses, days lost, absenteeism and number of work-related deaths</td>
<td>1,001</td>
<td>1,148</td>
<td>1,121</td>
<td>1,135</td>
<td>1,249</td>
<td>=</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Work Accidents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Days Lost</td>
<td>17,318</td>
<td>15,699</td>
<td>15,684</td>
<td>16,850</td>
<td>20,107</td>
<td>=</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hours of Occupational Illness</td>
<td>158</td>
<td>–</td>
<td>1,073</td>
<td>13,928</td>
<td>1,838</td>
<td>=</td>
</tr>
<tr>
<td>LA8</td>
<td>Core</td>
<td>Education, training, counseling, prevention and risk control programmes in place to assist employees, their families or community members affected by serious illnesses</td>
<td>The objective of the company UCS, S.A. is to provide services in the health area to Group companies, employees, family members and third parties. Programmes: Health and Prevention, Treatment of Addictions, GRAV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA9</td>
<td>Additional</td>
<td>Health and safety topics covered in formal agreements with trade unions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA10</td>
<td>Core</td>
<td>Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Actions</td>
<td>2,492</td>
<td>2,825</td>
<td>2,864</td>
<td>2,932</td>
<td>3,020</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Trainees</td>
<td>17,672</td>
<td>18,078</td>
<td>21,076</td>
<td>22,669</td>
<td>23,345</td>
<td>2.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training Volume in Person-Hours</td>
<td>303,688</td>
<td>297,564</td>
<td>324,026</td>
<td>284,876</td>
<td>449,500</td>
<td>57.8%</td>
</tr>
<tr>
<td>LA11</td>
<td>Additional</td>
<td>Skills management and continuous learning programmes to support the continued employability of the employees and assist them in managing career ending</td>
<td>At TAP, training designed for the purpose of developing knowledge, competences and skills, as well as establishing a direct relationship between Training contents and the Company’s strategic objectives // TAP perceives the Professional Training of its Employees as a continuous process, with the objective of preparing them with the necessary skills to provide all Customers – internal and external – with products and services of high quality and safety, reflecting the Organisation’s values and constituting an essential aspect of Human Resources management // TAP grants its retired and pre-retired Employees the possibility of enrolling in Transversal Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA12</td>
<td>Additional</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>87%</td>
<td>80%</td>
<td>-7.0 p.p.</td>
</tr>
<tr>
<td>LA13</td>
<td>Core</td>
<td>Equal opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Women</td>
<td>2,973</td>
<td>2,918</td>
<td>2,874</td>
<td>2,920</td>
<td>3,342</td>
<td>7.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Men</td>
<td>4,082</td>
<td>4,016</td>
<td>3,963</td>
<td>3,969</td>
<td>4,181</td>
<td>5.3%</td>
</tr>
<tr>
<td>LA14</td>
<td>Core</td>
<td>Ratio of basic salaries of men to women, by category</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>According to the applicable legislation, the Company adopts a policy of equal salaries for women and men, based on equal opportunities, with diversity being decided by the exercise of the existing Functions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR5</td>
<td>Core</td>
<td>Cases where rights to exercise freedom of association and establish collective negotiation agreements may be at significant risk</td>
<td>TAP respects the right of all its employees to join and associate in trade unions of their choice and engage in collective negotiations. In addition to negotiation meetings, TAP maintains frequent contact with the Trade Unions and Workers Commission</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR6</td>
<td>Core</td>
<td>Cases where there is a significant risk of the occurrence of child labour and measures taken to prevent this situation</td>
<td>In its Human Resources management, TAP is particularly strict in observing all legal and conventional standards regulating labour relations, and respects the informative guidelines included in the United Nations Universal Declaration of Human Rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR7</td>
<td>Core</td>
<td>Cases where there is a significant risk of the occurrence of forced or slave labour and measures taken to prevent these situations</td>
<td>In its Human Resources management, TAP is particularly strict in observing all legal and conventional standards regulating labour relations, and respects the informative guidelines included in the United Nations Universal Declaration of Human Rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### GRI Indicators – Social Perspective

#### TAP Group

<table>
<thead>
<tr>
<th>Code</th>
<th>Type</th>
<th>Indicator Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2014/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR8</td>
<td>Additional</td>
<td>Percentage of security personnel trained in the organisation’s policies or procedures concerning aspects of human rights relevant to operations</td>
<td>Activity subcontracted to a security company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO2</td>
<td>Core</td>
<td>Percentage and total number of business units subject to risk analysis aimed at fighting corruption</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0.0 p.p.</td>
</tr>
<tr>
<td>SO4</td>
<td>Core</td>
<td>Measures taken in response to cases of corruption</td>
<td>All acts which may possibly involve corrupt behaviour are reported by the company to the police authorities and the corresponding offenders are subject to disciplinary procedures.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### TAP, S.A.

<table>
<thead>
<tr>
<th>Code</th>
<th>Type</th>
<th>Indicator Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2014/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA1</td>
<td>Core</td>
<td>Employees by type of employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ground Staff</td>
<td>7,642</td>
<td>7,068</td>
<td>7,158</td>
<td>7,383</td>
<td>7,446</td>
<td>0.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Flight Staff</td>
<td>3,483</td>
<td>3,472</td>
<td>3,424</td>
<td>3,496</td>
<td>3,880</td>
<td>11.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Employees</td>
<td>11,125</td>
<td>10,540</td>
<td>10,562</td>
<td>10,879</td>
<td>11,326</td>
<td>4.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average Seniority (years):</td>
<td>12.6</td>
<td>12.9</td>
<td>12.9</td>
<td>13.2</td>
<td>13.3</td>
<td>0.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average Age (years)</td>
<td>39.13</td>
<td>38.69</td>
<td>39.35</td>
<td>39.75</td>
<td>39.71</td>
<td>0.1%</td>
</tr>
<tr>
<td>LA6</td>
<td>Core</td>
<td>Minimum notice periods established in Portuguese legislation. TAP Group companies strictly comply with the legislation.</td>
<td>Notice periods established in Portuguese legislation. TAP Group companies strictly comply with the legislation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA7</td>
<td>Core</td>
<td>Number of Work Accidents</td>
<td>1,542</td>
<td>1,637</td>
<td>1,611</td>
<td>1,713</td>
<td>1,912</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Days Lost</td>
<td>30,801</td>
<td>26,088</td>
<td>27,440</td>
<td>30,322</td>
<td>39,168</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Fatalities</td>
<td>0.9%</td>
<td>0.7%</td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.4%</td>
<td>–</td>
</tr>
</tbody>
</table>

### GRI Indicators – Social Perspective

#### TAP Group (1)

<table>
<thead>
<tr>
<th>Code</th>
<th>Type</th>
<th>Indicator Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2014/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA1</td>
<td>Core</td>
<td>Employees by type of employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Permanent contract</td>
<td>10,097</td>
<td>9,963</td>
<td>9,893</td>
<td>9,956</td>
<td>10,037</td>
<td>0.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fixed-term contract</td>
<td>996</td>
<td>565</td>
<td>658</td>
<td>888</td>
<td>1,224</td>
<td>37.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Variable-term contract</td>
<td>32</td>
<td>12</td>
<td>31</td>
<td>35</td>
<td>65</td>
<td>85.7%</td>
</tr>
<tr>
<td>LA2</td>
<td>Core</td>
<td>Rate of Employee turnover</td>
<td>7.29%</td>
<td>7.72%</td>
<td>6.33%</td>
<td>4.86%</td>
<td>5.97%</td>
<td>1.1 p.p.</td>
</tr>
<tr>
<td>LA3</td>
<td>Additional</td>
<td>Benefits offered to full-time employees that are not provided to temporary or part-time employees, itemised by main operations</td>
<td>Parking on TAP premises during the daytime period and ticket benefits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA4</td>
<td>Core</td>
<td>Percentage of employees covered by collective negotiation agreements</td>
<td>63.9%</td>
<td>62.7%</td>
<td>54.8%</td>
<td>54.6%</td>
<td>55.6%</td>
<td>1.0 p.p.</td>
</tr>
<tr>
<td>LA5</td>
<td>Core</td>
<td>Minimum notice periods regarding operational changes, including whether it is specified in collective agreements</td>
<td>Notice periods established in Portuguese legislation. TAP Group companies strictly comply with the legislation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA6</td>
<td>Additional</td>
<td>Percentage of the total employees represented in formal health and safety committees, composed of managers and other staff, who assist in the monitoring of and provision of advice on occupational health and safety programmes.</td>
<td>77.3%</td>
<td>98.6%</td>
<td>99.2%</td>
<td>99.2%</td>
<td>99.2%</td>
<td>0.0 p.p.</td>
</tr>
<tr>
<td>LA7</td>
<td>Core</td>
<td>Number of accidents, occupational illnesses, days lost, absenteeism and number of work-related deaths</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Work Accidents</td>
<td>1,542</td>
<td>1,637</td>
<td>1,611</td>
<td>1,713</td>
<td>1,912</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Days Lost</td>
<td>30,801</td>
<td>26,088</td>
<td>27,440</td>
<td>30,322</td>
<td>39,168</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Fatalities</td>
<td>0.9%</td>
<td>0.7%</td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.4%</td>
<td>–</td>
</tr>
<tr>
<td>LA8</td>
<td>Core</td>
<td>Education, training, counselling, prevention and risk-control programmes in place to assist employees, their families or community members affected by serious illnesses</td>
<td>The objective of the company UCS, S.A. is to provide services in the health area to Group companies, employees, family members and third parties. Programmes: Healthy Life, Prevention and Treatment of Addictions, GRAV.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA10</td>
<td>Core</td>
<td>Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Actions</td>
<td>5,009</td>
<td>5,236</td>
<td>5,753</td>
<td>5,360</td>
<td>5,750</td>
<td>7.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Trainees</td>
<td>32,944</td>
<td>35,848</td>
<td>38,171</td>
<td>36,495</td>
<td>36,213</td>
<td>–0.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training Volume in Person-Hours</td>
<td>669,667</td>
<td>800,250</td>
<td>770,234</td>
<td>777,068</td>
<td>822,952</td>
<td>5.9%</td>
</tr>
<tr>
<td>LA12</td>
<td>Additional</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>95.4%</td>
<td>95.2%</td>
<td>95.8%</td>
<td>90.9%</td>
<td>67.3%</td>
<td>–23.6%</td>
</tr>
<tr>
<td>LA13</td>
<td>Core</td>
<td>Equal opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Woman</td>
<td>4,549</td>
<td>4,349</td>
<td>4,331</td>
<td>4,439</td>
<td>4,656</td>
<td>4.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Man</td>
<td>6,576</td>
<td>6,191</td>
<td>6,251</td>
<td>6,440</td>
<td>6,670</td>
<td>3.6%</td>
</tr>
<tr>
<td>HR6</td>
<td>Core</td>
<td>Cases where there is a significant risk of the occurrence of child labour and measures taken to prevent this situation</td>
<td>In its Human Resources management, TAP is particularly strict in observing all legal and conventional standards regulating labour relations, and respects the informative guidelines included in the United Nations Universal Declaration of Human Rights.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR7</td>
<td>Core</td>
<td>Cases where there is a significant risk of the occurrence of forced or slave labour and measures taken to prevent these situations</td>
<td>In its Human Resources management, TAP is particularly strict in observing all legal and conventional standards regulating labour relations, and respects the informative guidelines included in the United Nations Universal Declaration of Human Rights.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR8</td>
<td>Additional</td>
<td>Percentage of security personnel trained in the organisation’s policies or procedures concerning aspects of human rights relevant to operations</td>
<td>Activity subcontracted to a security company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO2</td>
<td>Core</td>
<td>Percentage and total number of business units subject to risk analysis aimed at fighting corruption</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0.0 p.p.</td>
</tr>
<tr>
<td>SO4</td>
<td>Core</td>
<td>Measures taken in response to cases of corruption</td>
<td>All acts which may possibly involve corrupt behaviour are reported by the company to the police authorities and the corresponding offenders are subject to disciplinary procedures.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Caption:**

(1) TAP Group except TAP-Maintenance and Engineering Brazil (includes: TAP, S.A; PORTUGÁLIA; SPdH; CATERINGPOR; LFP; MEGASIS; UCS)
ABBREVIATIONS AND GLOSSARY

AEA  Association of European Airlines
EASA  European Aviation Safety Agency
ECAC  European Civil Aviation Conference
GRI  Global Reporting Initiative
IATA  International Air Transport Association
ICAO  International Civil Aviation Organization
INAC  Instituto Nacional de Aviação Civil
ISO  International Standards Organization

Additional Indicators  Indicators identified in the GRI Directives, which represent emerging practices or deal with issues that may be relevant to some companies, but not to the majority.

ASK  Available Seat-kilometres
Total number of seats available for sale multiplied by the number of kilometres flown.

CO₂  Carbon Dioxide
Gas naturally present in the atmosphere and which also results from the combustion of fossil fuels (coal, oil). Increased levels of carbon dioxide in the atmosphere could lead to global warming and consequent climate changes.

Code-Share  Agreement between two companies operating as partners, to provide services on the same aircraft, while maintaining the respective IATA codes, flight numbers and brands.

Core Indicators  Indicators identified in the GRI Directives as being of interest for the majority of stakeholders and considered relevant, except when considered otherwise, based on the GRI reporting principles.

Direct Energy used  Energy directly consumed by the Company, its products and services.

Global Compact  Initiative promoted by the 7th Secretary-General of the United Nations – Mr. Kofi Annan – with the objective of promoting human, labour and environmental rights.

Global warming potential  Global warming potential of a fluorinated greenhouse gas, when compared to carbon dioxide.

Hub  Term used to describe an airline company’s operating base, where arrivals and departures are coordinated, in order to keep transit time to a minimum. The TAP hub in Lisbon is structured in three daily waves of arrivals and departures, so as to increase the number of connections available to TAP customers.

Primary Energy  Energy resources available in nature (oil, natural gas, water power, wind power, biomass, solar power). (Decree-Law number 80/2006 – Regulation of thermal behaviour characteristics in buildings).

Punctuality  Industry Standard, measured as the percentage of flights departing within 15 minutes after the scheduled departure time.

RPK  Revenue Passenger-kilometres
Total number of passengers multiplied by the number of kilometres flown.

Stakeholders  Stakeholders are broadly defined as groups or individuals that may be significantly affected by the company’s activities, products and/or services, or whose actions may affect the organisation’s ability to implement its strategies and successfully achieve its objectives.
APPROVAL OF THE SUSTAINABILITY REPORT
Approved by the General and Supervisory Board (under the terms of subparagraph o) of number 1 of article 23 of the Statutes), under proposal of the Specialised Sustainability and Corporate Governance Commission of TAP, SGPS, at the meeting of 18 June 2015.

**General and Supervisory Board**

**Specialised Sustainability and Corporate Governance Commission**

Chairman Manuel Pinto Barbosa  
Member Carlos Veiga Anjos  
Member João Borges de Assunção  
Member Luís Silva Patrão  
Member Maria do Rosário Ribeiro Vitor  
Member Rui Azevedo Pereira da Silva  
Member Vítor Cabrita Neto

**Executive Board of Directors**

Chairman Fernando Abs da Cruz Souza Pinto  
Member Luiz da Gama Mór  
Member Manoel José Fontes Torres  
Member Maria Teresa Silva Lopes