



**SUSTAINABILITY  
REPORT  
2015**

The **Sustainability Report** of TAP Group includes economic, social and environmental indicators, prepared in accordance with the directives of the Global Reporting Initiative (GRI G4) 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, Shareholders, 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.



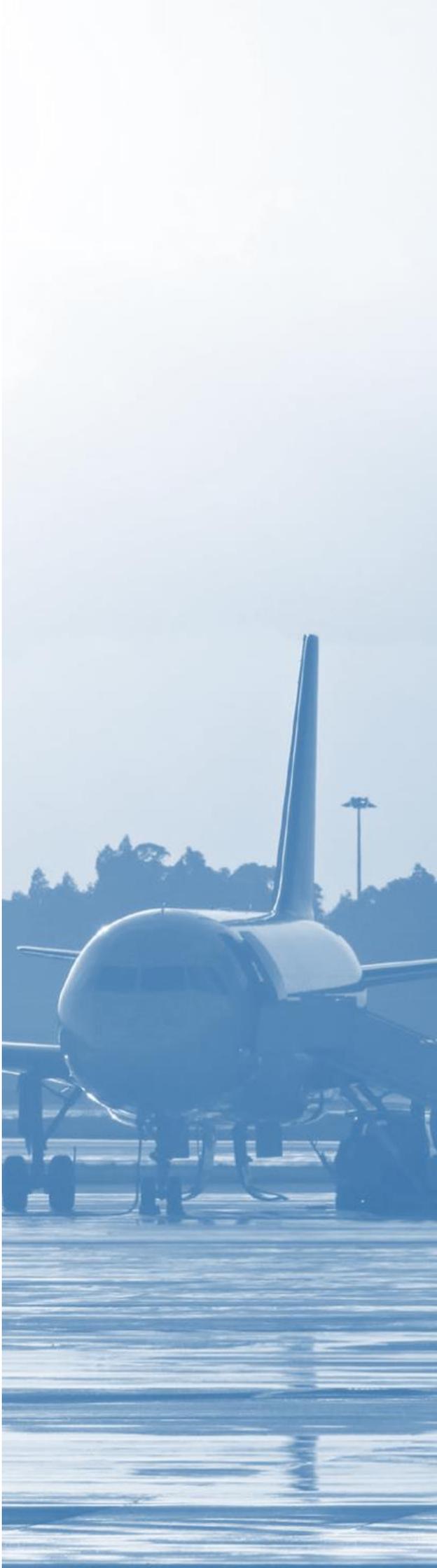
Available on TAP's website  
[www.tapportugal.com/Info/en/about-tap/tap-group/annual-reports](http://www.tapportugal.com/Info/en/about-tap/tap-group/annual-reports)

**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

Opening Note	04
Message from the Chairman of the Executive Committee	06
Main Sustainability Indicators	08
<b>COMMITMENT TO CONTRIBUTE TO ECONOMIC AND SOCIAL DEVELOPMENT AND TO THE PRESERVATION OF THE ENVIRONMENT</b>	
Profile	12
Corporate Governance and Management Model	16
Risk Management	18
Innovation and Development	24
Relationship with the Stakeholders	26
Shareholders	27
Customers	28
Quality Certification	31
Regulatory and Supervisory Entities	32
Suppliers	34
<b>ECONOMIC PERSPECTIVE</b>	
<b>Importance of Air Transport for economic development</b>	36
Activity	40
Creation of Value for the Stakeholders	41
<b>SOCIAL PERSPECTIVE</b>	
<b>Respect for human value</b>	42
In-house Social Responsibility	45
External Social Responsibility	50
<b>ENVIRONMENTAL PERSPECTIVE</b>	
<b>Responsible management and committed to the environment</b>	52
Reduction of Waste and Water and Energy Consumption	57
Reduction of Carbon Dioxide Emissions	58
Environmental Responsibility	60
Preservation of Biodiversity	62
<b>COMMITMENTS</b>	
Degree of Coverage in 2015 and Objectives for 2016	64
<b>ANNEXES</b>	
Global Reporting Initiative (GRI) Correspondence Table	67
GRI Indicators	68
Abbreviations and Glossary	75
<b>APPROVAL OF THE SUSTAINABILITY REPORT</b>	76



# OPENING NOTE

## Reporting scope

This document relates to the calendar year of 2015. It is produced annually and provides mainly information on TAP, S.A., as the company dedicated to the core activity, and the other companies of the TAP Group, with the exception of TAP–Maintenance and Engineering Brazil. The Sustainability Report reflects the main economic, social and environmental impacts of the TAP Group’s activity. The criteria used when drawing up the report were based on the Guidelines of the Global Reporting Initiative (fourth version – GRI G4), according to the Essential option order, which adopts the principles, criteria and recommendations of the guidelines so as to ensure the international credibility of the document. Other international standards, in particular the Greenhouse Gas Protocol and ISO standards, were also taken into account by the TAP Group.

## Structure

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 Committee, 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, 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).

## Approval

The Sustainability Report was approved by the Executive Committee.

## Publications

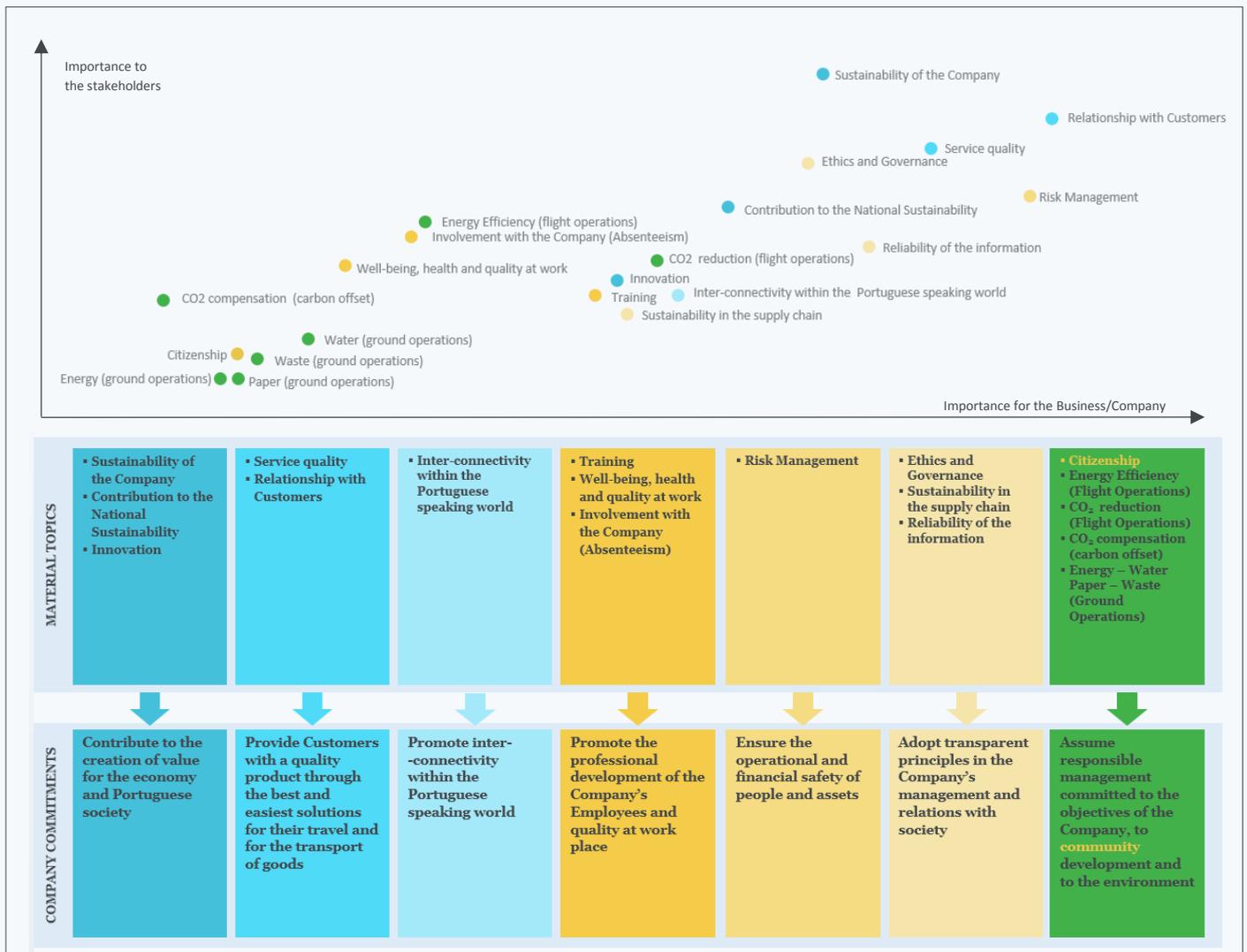
The above and other supplementary information are available for downloading at the TAP portal ([www.flytap.com](http://www.flytap.com)).

## Materiality of Reporting and Stakeholders

In 2015, the first year of application in the reporting of regulation G4 of the Global Reporting Initiative, TAP asked the stakeholders for their opinion in relation to the relative materiality of various topics related to the Company's business and operations and to take into account their concerns in the decision-making process. This initiative began by identifying the issues that may materially affect the creation of the Company's value in the short, medium or long term. In this procedure, 21 materially relevant issues were identified, which include risk management (including operational safety), the relationship with customers, innovation, service quality, the Company's sustainability, the reduction of CO<sub>2</sub> emissions, citizenship (social character issues) and ethics, inter alia. The survey was carried out through dedicated communication channels aimed at specific segments of stakeholders, namely, Company Employees, Air Transport Customers (passenger and cargo), and Maintenance and Engineering, Suppliers, NGOs and senior decision makers of the Company.

The results were used to develop a materiality matrix (shown below), pointing out, from the 21 topics considered, the most sensitive aspects with greater impact on the TAP Group and its stakeholders.

### MATERIALITY MATRIX



In the development of its strategy, TAP aims to integrate initiatives to make it possible to meet the main expectations of its stakeholders, taking on commitments in relation to each of the issues deemed materially important. In 2015, the following topics were singled out, among others: Relationship with Customers, Safety, Service Quality, Sustainability of the Company, Innovation. The diagram above identifies the relationship between the topics of the materiality matrix and the Company's seven Sustainable Development Commitments. This report makes reference to the results achieved over the past three years, the respective Degree of Coverage in relation to the goals set for 2015, as well as the goals set for 2016 (page 64) for each of the Company's Commitments.

# MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE



I'm delighted to present the 10<sup>th</sup> TAP Report on Sustainability, covering 2015, the year in which the company marked 70 years of operations.

TAP continues to be committed to providing quality service to passengers, acting with awareness of its obligations to society and the environment.

To this end, the strategic guidelines defined by the TAP Group outline the following fundamental objectives: the creation of economic and social value for shareholders and the nation, satisfaction and anticipation of the expectations of clients and also, guaranteeing the best conditions for the empowerment and professional progress of staff.

TAP operates in a demanding climate of increased competition and regulation and relies on a strategy of sustained expansion, which combines economic performance with the responsibility we have assumed for both society and the environment. Our day-to-day operations are supported by a culture, which is founded on the principles of security, transparency and responsibility.

In order to fulfil this commitment and carry out these established practices, TAP shares annually the programs, achievements and strategies, which it has developed with its shareholders.

We marked 70 years of TAP in Lisbon, the city where we have our main centre of operations, with the exhibition "TAP Portugal: Image of a People – Identity and Design of the National Airline – 1945-2015" held at the Museum of Design and Fashion (MUDE). The history of the TAP brand is intertwined with the history of Portugal itself. It should be noted that, in this the year which TAP celebrates this historic achievement, it has taken a decisive step towards the future through the implementation of privatization, with the Atlantic Gateway consortium chosen as winners of the selection process.

From an economic perspective, this has allowed us to clarify the situation of the business, introducing an investment of around 350 million euros and consequently concentrating efforts on the development of the strategic plan of the TAP Group. The commission of 53 new aircraft, to join the fleet in 2017, constitutes the first resolution in building the new TAP and allows for a promising view of the future, during the period covered by this report. This will be a stronger, healthier business from an economic and financial standpoint and more efficient, sustainable and competitive at a global level.

With regard to the fleet, it should be noted that the choice of the new A330-900neo for long-haul operation and the A320XLR neo for both medium and long-haul operations will allow significant improvements at the level of energy and environmental efficiency, as well as guaranteeing comfort to our customers. In 2016, we will begin the replacement of the Portugália (TAP Express) fleet, allowing for average energy efficiency savings of around 40%.

TAP Maintenance and Engineering was chosen as the winner of the largest European Programme of research and innovation in aeronautics – Clean Sky 2.

In 2015 we started a programme of modernisation and alteration of the current fleet. This work involves the installation of devices called ‘sharklets’ onto the end of the aircraft’s wings, improving aerodynamics and allowing for fuel savings of around 4%, while also extending the operating life of the aircraft by 36,000 hours of flight. In compliance with our environmental pledge, it is important to point out that we have launched a new reading service on board. This service allows passengers to access newspapers and magazines for free, in place of mobile devices, leading to reduced weight on board and subsequent reductions in the consumption of fuel and CO<sub>2</sub> emissions.

With regard to ground-based support operations, improved energy efficiency has also been a priority throughout the remodelling and renovation of infrastructure. The environmental performance metrics show an overall reduction in consumption in this area (Paper -15%, Water -3%, Natural Gas -5%), reflecting the commitment of the Company and its associates in applying conservation measures.

In 2015 more than 16,400 metric tonnes of CO<sub>2</sub> were offset through the scope of our Carbon Offset Programme, clearly showing the importance which TAP passengers place on contributing to the global effort to combat climate change.

It was with this combination of changes that the opportunity arose to develop an “Air Shuttle”, which will link Porto and Lisbon with scheduled departures each hour between the two cities and which will also open new links with the United States, developing a new strategic route in the North Atlantic.

Any airline, which intends to maintain a vision of growth and development, must nowadays strive for ever greater efficiency. Working efficiently does not only mean working on adjustments to its aircraft, but also involves the organisation of its internal infrastructure. TAP is working on developing projects, which aim to promote such objectives in the social sphere as well. The company’s employees are its most important assets, being essential for the complete fulfilment of the company’s future plans. We have been pleased to see an increase in the percentage of permanent contracts.

In the scope of our relationship with the community, we have consolidated the work, which had already received a strong foundation through the Volunteers with Wings programme. Through enhancing the resources, which the company has been able to provide to this group of workers for the purposes of social and humanitarian work, the waste reduction efforts that have been developed have allowed for the gathering and distribution of a significant amount of goods that have been donated later to a diverse range of institutions.

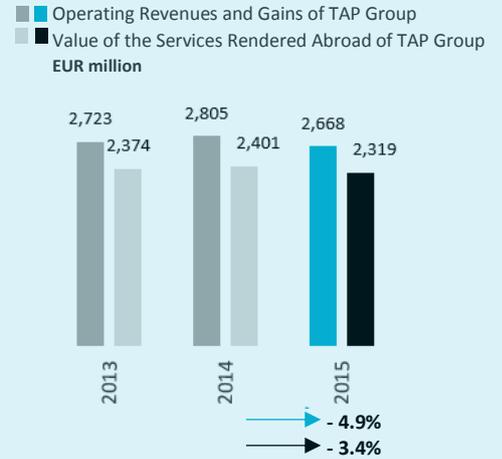
TAP was voted the ‘Best Airline in Europe’, by ‘Global Traveller Magazine’ of the USA – one of the most prestigious, specialised North American publications in the area of travel and tourism. We further received a number of trophies in the WTA (World Travel Awards) including: Europe’s Leading Airline to Africa, Europe’s Leading Airline to South America and Europe’s Leading Inflight Magazine.

These and other prizes earned throughout the year convey the recognition TAP receives as a large, international brand, giving fruit of our efforts and the work we have been undertaking, consistently and with commitment. The history of TAP has been remembered many times throughout 2015, in the scope of our 70<sup>th</sup> anniversary celebrations. Yet now in the face of the possibilities, which are offered by this new phase, we have every reason to be confident when looking to the future.

**Fernando Pinto**

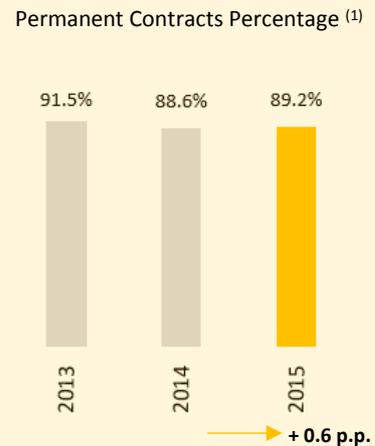
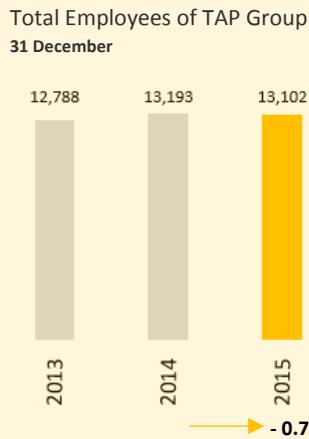
# MAIN SUSTAINABILITY INDICATORS

## ECONOMIC PERSPECTIVE



Values in IFRS (International Financial Reporting Standards)

## SOCIAL PERSPECTIVE



(1) TAP Group indicators (except TAP–Maintenance and Engineering Brazil)

## ENVIRONMENTAL PERSPECTIVE

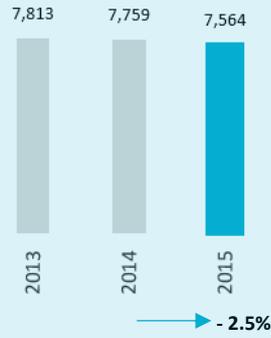


(1) TAP Group indicators (except TAP–Maintenance and Engineering Brazil)

Remunerated Net Debt of TAP Group  
EUR million



Air Transport Productivity  
Thousand ASKs per Employee

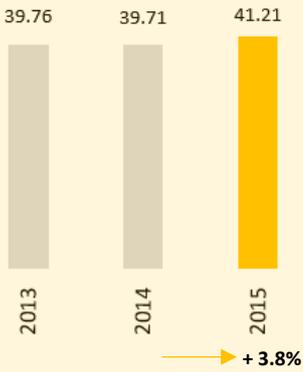


Air Transport Revenue  
per Available Seat-Kilometre  
EUR cents per ASK

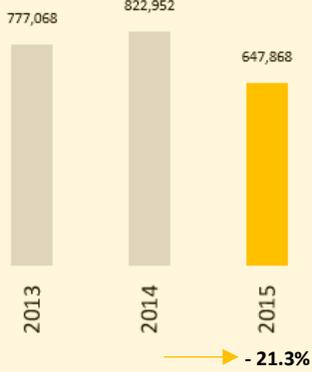


Values in IFRS (International Financial Reporting Standards)

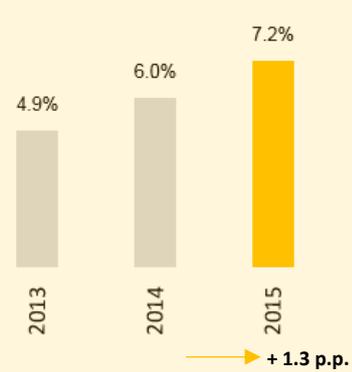
Average Age of Employees <sup>(1)</sup>



Training Volume <sup>(1)</sup>  
(number of participants x hours)



Rate of Employee Turnover <sup>(1)</sup>  
(((Entries+Exits)/2)/Average Staff)x100



(1) TAP Group indicators (except TAP–Maintenance and Engineering Brazil)



Total Water Consumption  
over Turnover <sup>(1)</sup>  
m<sup>3</sup>/ EUR million



Paper Consumption  
over Turnover <sup>(1)</sup>  
Tons/ EUR million



Quantities of Waste Produced  
over Turnover <sup>(1)</sup>  
Tons/ EUR million



(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, established itself as TAP Group in 2003, by setting up a holding company – TAP SGPS –, following a corporate restructuring process. The respective capital was fully paid up in cash by Parública-Participações Públicas, SGPS, S.A.. On 12 November 2015, under the reprivatisation process of TAP-Transportes Aéreos Portugueses, SGPS, S.A., shares representing 61% the share capital of TAP SGPS were transferred to Atlantic Gateway SGPS, Lda., a consortium comprising HPGB, SGPS and DGN Corporation.

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 developing its network, the company pursues a niche strategy by connecting Europe to a growing number of destinations located in Africa and the South Atlantic – where it stands out as the leading European carrier to Brazil –, and adds new and important destinations that guarantee new connections to the United States, developing a new strategic axis in the North Atlantic.



## 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 Business Ethics Code, an instrument that cross-cuts the entire organisation, allows us to highlight the principles, vision and mission of the Company. Through this document the social and behavioural concerns of the organisation in relation to the stakeholders with whom it interacts are identified. Based on the Code of Ethics, it is possible to emphasise its role in the market as well as the main areas of focus and behaviour that the Company favours in the practice of its employees.

The Code of Ethics refers to the social conduct of the Company, highlighting its contribution to the community as well as its role in the relationship with the ministerial bodies and the Government.

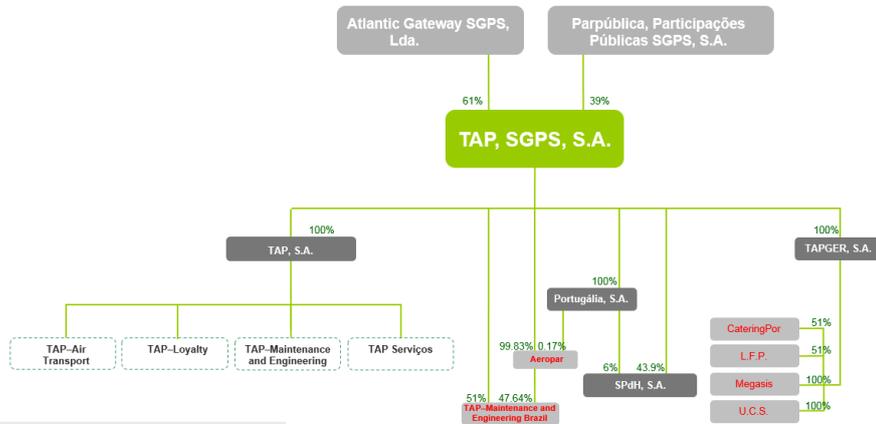
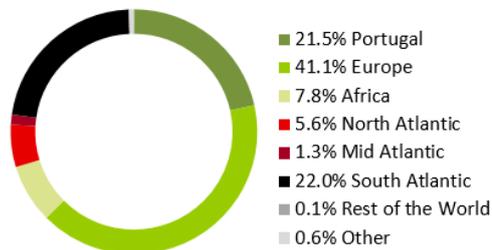
The existence within the TAP Group of a Code of Ethics and a Code of Good Business Conduct made it possible, among other positive aspects, to enhance the corporate image, streamlining the collaboration of the organisation's employees in pursuit of the objectives set out for those codes. These instruments thus become catalysts in the solution of possible conflicts and internal problems, intervening positively in the order and transparency of the Company image, strengthening the moral conduct of the Company's development and the manner in which it is conducted.

The Code of Ethics and the Code of Good Business Conduct are presented as instruments that contribute to the resolution of this problem, demonstrating the importance given by the Company to the environment, as well as its articulation with society as a whole. The following topics are part of the content:

- Principles and Values, Mission and Vision of the Company;
- Ethical principles, general principles of fairness and justice;
- Sustainability Management;
- Standards for behaviour within the Company and of its Employees;
- Coordination of activities with the supervisory bodies.



Tickets Sales by Geographic Area



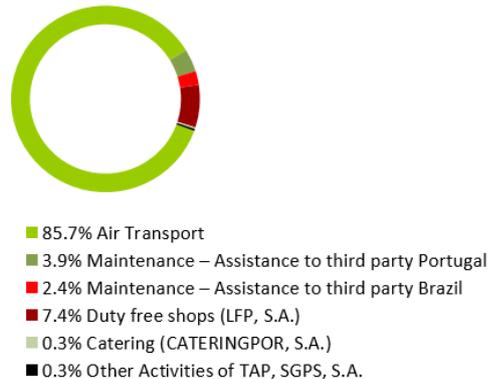
### Main Sustainability Achievements

- INNOVATIONS IN PRODUCTS AND SERVICES**
  - Digital innovation influenced by accelerators such as mobility, the process integration capability, the customer life cycle study, how customers see TAP's products and services, among others
  - For more information, please see pp 24-25
- CREATION OF VALUE**
  - Contribution to the volume of national exports
  - Effort to attract tourism to Portugal, reinforcing the strategic importance of the Lisbon hub
  - For more information, please see pp 36-39
- RESPECT FOR HUMAN VALUE**
  - Balance between personal and professional life
  - Support to the Community
  - For more information, please see pp 48-51
- RESPONSIBLE MANAGEMENT COMMITTED TO THE ENVIRONMENT**
  - Reduction of CO<sub>2</sub> emissions
  - Environmental responsibility
  - Preservation of biodiversity
  - For more information, please see pp 58-62

### Principal Milestones Chronological Record

- 2002** Voluntary Commitment to Passenger Rights
- 2004** Signing of the UN Global Compact
- 2005** Application of (EC) 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
- 2008** Adherence to the National Social Responsibility Network of Organisations (RSOPT)
- 2009** Implementation, as a pioneer company, of the Carbon Dioxide (CO<sub>2</sub>) Emissions Compensation Programme, launched by IATA
- 2012** Implementation of the Safety Management System throughout the whole organization and promotion of a Safety culture

### TAP Group Turnover



# MAIN EVENTS IN 2015



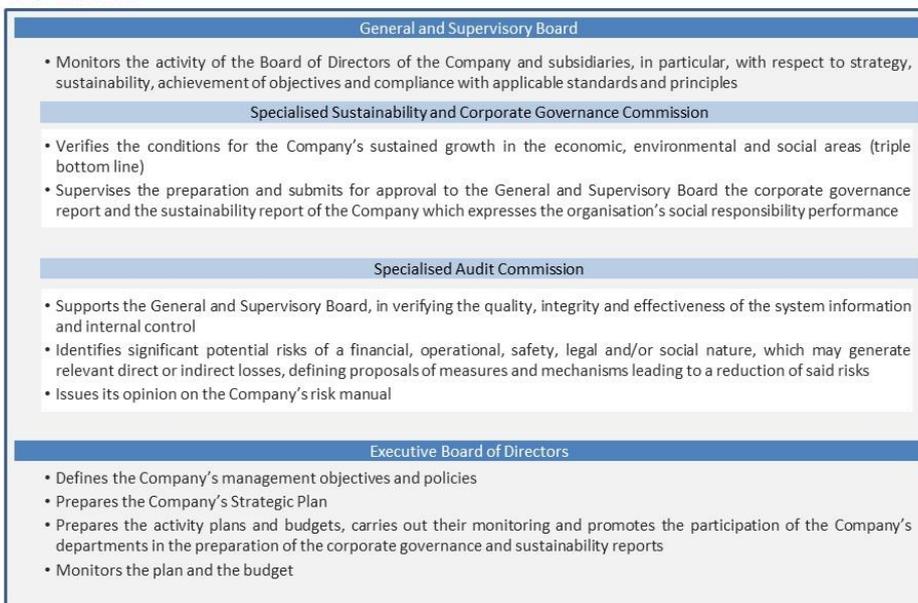
JAN	1	Start of the commemoration of the 10 <sup>th</sup> anniversary of the Victoria Program to take place in March
	2	Launch of the <i>Special Logotype</i> , under the initiatives of TAP'S 70 <sup>th</sup> anniversary (1945–2015)
	3	Third <i>Best Airline Boutique in the world</i> and the <i>Best in Europe</i> according to Singapore Skift site
FEB	4	Launch of the <i>TAP Creative Launch</i> project, an initiative (TAP and Startup Lisboa) aimed at promoting and supporting new business ideas in the aviation and air transport sectors
MAR	5	New features in mobile applications on lounges and Victoria Account (offline login)
	6	Live news broadcast from the Company headquarters – RTP's tribute on TAP's 70 <sup>th</sup> anniversary
	7	Launch of a new security-on-board video under the initiatives of the 70 <sup>th</sup> Anniversary of TAP
APR	8	Creation of the TAP Loyalty Business Unit (TAP, S.A.) representing the separation of the current Victoria Program (TAP Loyalty Program), in view of the Air Transport Business Unit
	9	<i>Virtual Assistant – Sofia –</i> , on the TAP portal ( <a href="http://www.flytap.com">www.flytap.com</a> ), for online response to Customers
MAY	10	Presence of TAP at the Jobshop of IST ( <i>Instituto Superior Técnico</i> )
JUN	11	Boarding pass available directly on your cell phone at all stopovers in Brazil
	12	FLIP&FLAP application (TAP mascots game) for tablets in iOS and Android
	13	Approval by the Council of Ministers of the selection of the Gateway consortium in the acquisition of 61% of the share capital of TAP, SGPS, S.A. under the Company's reprivatization process
	14	Comfort version in business class on medium-haul flights – more space, more privacy, better conditions and comfort during flight
	15	New application for online Reservations Management on the TAP website, allowing passengers to change reservations
	16	New automatic passengers notification system – online monitoring of Luggage Irregularities
	17	Signing of the agreement for the sale of 61% of TAP (between the Government – Ministers of Finance and Economy –, and the Atlantic Gateway consortium)
JUL	18	Launch of the TAP STEP brand ( <a href="http://step.flytap.com">step.flytap.com</a> ), loyalty program for young people aged between 12 and 25
	19	Homage to the Portuguese pavement in toilette bags distributed on board of TAP Executive
	20	APCE 2015 Grand Prize awarded to the TAP's UP magazine – Best External Publication
	21	Inauguration, in MUDE, of the exhibition commemorating TAP's 70 <sup>th</sup> anniversary – the image of the national airline, from 1945 to 2015, a history that's intertwined with the history of the country itself
	22	TAP–Maintenance and Engineering winner of the competition for the greatest European Aeronautics Research and Innovation Program – Clean Sky 2 (CS2)
AUG	23	International Youth Day – Celebration with the special offer of miles to young people aged between 12 and 25 living in Portugal
	24	Support through the TAP STEP Program to the GAP YEAR competition – an initiative promoted by the GAP Year Portugal Association
	25	New integrated system (iCargo Airmail) to manage the mail business – TAP Cargo
SEP	26	New desk in Ponta Delgada in the João Paulo II Airport (island of São Miguel, Azores), strengthening the Company's presence in S. Miguel, one of TAP's daily flight destinations
	27	New service – <i>Digital Kiosk –</i> , for on-board reading of newspapers and magazines, providing a reduction in aircraft weight, with environmental benefits
	28	Prize for the <i>Best Airline Company</i> by Publituris Portugal Travel Awards 2015
	29	Prizes awarded to TAP under the WTA (World Travel Awards): <i>Europe's Leading Airline to Africa; Europe's Leading Airline to South America and Leading In-flight Magazine in Europe</i> (UP magazine)
	30	20 years UCS, TAP Group's Healthcare company
	31	Digitalization of the business – <i>digital transformation and Customer loyalty in the digital ecosystem –</i> , TAP project in partnership with Google
	32	Prize for <i>Best Microsite</i> , TAP Destinos – <a href="http://destinos.flytap.com">destinos.flytap.com</a> –, awarded at the gala of the <i>Digital Communication Awards</i> in Berlin
	33	Cateringpor Certification, catering company of the TAP Group, in the Environment (ISO 14001) and Systems (ISO 22000) areas
DEC	34	Modernization of fleet in the Lisbon Maintenance and Engineering workshops – first company in Europe and second worldwide to introduce Sharklet Technology
	35	<i>Best Airline in Europe</i> Award awarded by the US Global Traveler magazine, one of the most prestigious North American specialized publications of the Travel & Tourism sector
	36	<i>Carga T&amp;N 2015</i> Awards TAP Cargo, once again distinguished as the company with the largest number of trophies in three categories: <i>Best Cargo Airline to Europe, to the Americas and to Africa</i>

# CORPORATE GOVERNANCE AND MANAGEMENT MODEL

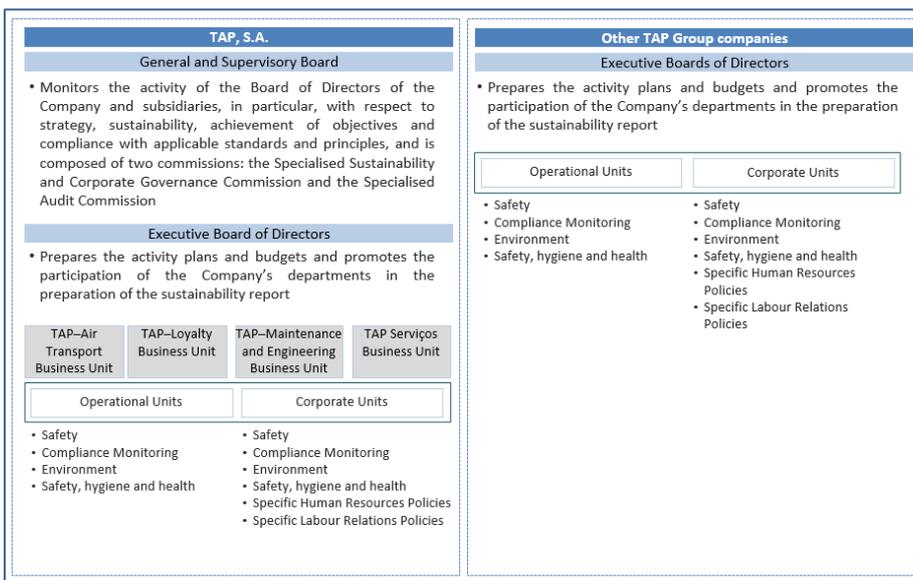
The pursuit of the objectives of the TAP Group, with regards to social responsibility, within the scope of the economic, social and environmental perspectives, is embedded in the spirit of the organisation, which includes the responsibilities of the organisational structure at its various levels. The TAP Group publishes, at an individual level since 2013, a Corporate Governance Report.

Until 12<sup>th</sup> November 2015, under the General and Supervisory Board, two statutory committees remained in operation – the Specialized Audit Commission and the Specialized Sustainability and Corporate Governance Commission –, allowing the following scheme to identify the location, within the management model of the TAP Group, of areas with particular involvement in the context of the Company's social responsibility.

## TAP GROUP



## TAP GROUP COMPANIES



### 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, until 12<sup>th</sup> November 2015, and under the direct supervision of the Chairman of the Executive Board (CEO), after 12<sup>th</sup> November 2015.

This system, involving an organized, proactive and integrated approach to the management of operational safety (Safety), provides for the implementation of a specific organizational structure. The main objective of the SMS is the development of an organizational culture that reflects the Safety Policy of operations, procedures and associated responsibilities. The strategic guidelines are communicated to the operational areas (Flight Operations, Ground Operations and Maintenance and Engineering) through the Safety Action Group, operating under the authority of the hierarchy of each specific area. The effective implementation in Portugal as from 28<sup>th</sup> October 2014 of (EU) Regulation No. 965/2012 of 5<sup>th</sup> October determined the implementation of a Management System comprising Safety Management and Compliance Monitoring Management.

In 2015, due to the similarity of processes and also to identify operational hazards on the Security side, the Security area – previously under the responsibility of Administration and Management of Physical Resources of the TAP Serviços Business Unit –, was integrated in the Directorate of Safety under the name of Safety and Security Department.

After 12<sup>th</sup> November 2015, the date of the transfer to the Atlantic Gateway SGPS consortium of shares representing 61% of the share capital of TAP–Transportes Aéreos Portugueses, SGPS, S.A., as part of the Company's privatization process, the structure of the Company's governance model was changed.

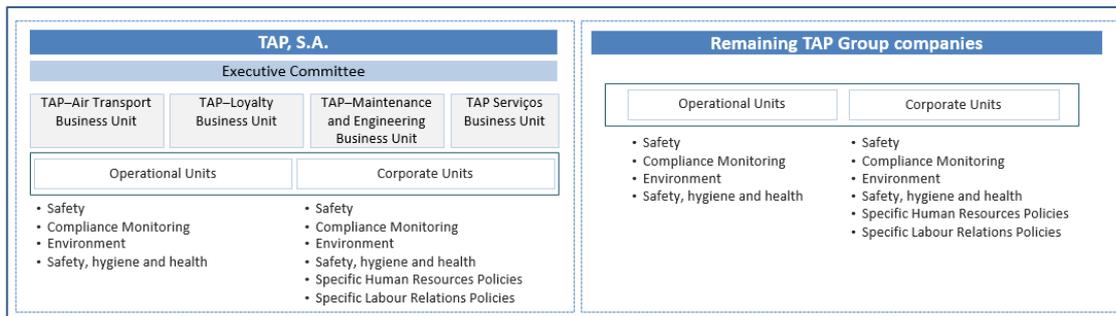
The Board of Directors is elected in the Annual General Meeting and governs its operations in accordance with the principles set out in the Portuguese Commercial Company Code.

## TAP GROUP



The following diagram identifies the location, within the management model of the TAP Group, of areas with particular involvement in the context of social responsibility of the Company after 12<sup>th</sup> November 2015.

## TAP GROUP COMPANIES



The **Management Model** of TAP Group seeks to promote **sustainable development** in the context of economic prosperity, social justice and environmental quality.

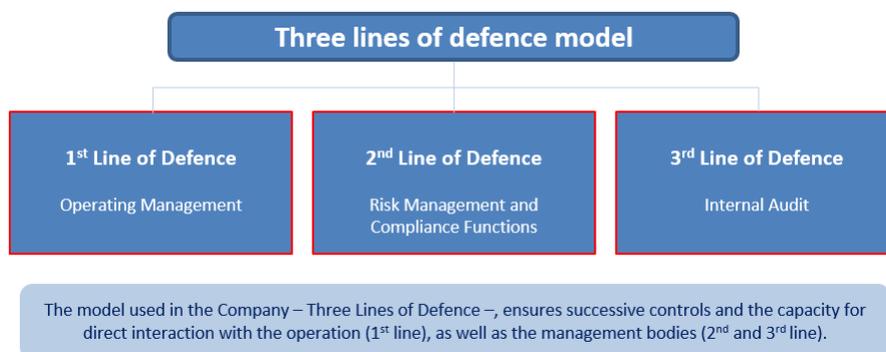
Hence, with a view to ensuring the achievement of the chosen objectives, the model is supported by instruments aimed at the different perspectives, driven by the creation of value.

PERSPECTIVES	GENERAL OBJECTIVES OF THE COMPANY	INSTRUMENTS
<b>ECONOMIC</b>	<p>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.</p> <p>Provide a product of quality, carrying out the monitoring of performance and control of risks.</p> <p>Always observing the ethical values assumed by the Company.</p>	<ul style="list-style-type: none"> <li>• Performance indicator system.</li> <li>• Information systems in support of quality management.</li> <li>• Set of rules required by the national and international entities which regulate the Air Transport activity.</li> <li>• Monitoring of Customer satisfaction and market studies.</li> <li>• Code of Ethics.</li> <li>• Manual of Good Business Conduct.</li> <li>• Risk management system.</li> <li>• Corporate Risk Management Manual.</li> </ul>
<b>SOCIAL</b>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Performance and Potential Assessment System.</li> <li>• Partnerships with education establishments; professional integration of disabled persons.</li> <li>• Social Responsibility Certification Standard – SA 8000.</li> <li>• Human Resources Policy.</li> </ul>
<b>ENVIRONMENTAL</b>	<p>Include environmental issues in all activities developed at the Company, fostering environmental awareness and the protection of the environment.</p>	<ul style="list-style-type: none"> <li>• Compliance with environmental regulations.</li> <li>• Environmental Guiding Principles of the TAP Group.</li> <li>• Integrated environmental management plan.</li> <li>• Environmental awareness-raising actions.</li> </ul>

# RISK MANAGEMENT

## RISK MANAGEMENT PROCESS

Internal control and risk management are important components of the TAP Group's culture. They are present in their management processes and are the responsibility of all of the Group's employees, at all levels of the organization. The risk management model used by the Group is based on the **Three Lines of Defence model**.



In this framework, internal control and management are supported by cross-cutting Group functions, highlighting the Risk Management, Internal Audit and Compliance functions carried out by specialized teams that report hierarchically to the Board of Directors. The main features of the respective missions are outlined below.

**Corporate Risk Management** is aimed at helping companies achieve their business objectives through a systematic and structured approach to identify and manage risks and opportunities. It is also designed to promote the consistency of assessment and risk management principles, concepts, methodologies and tools of all the Group's business units. This function was based on the FERMA analytical tool, an integrated application that provides a cross-sectional view and monitors key risks identified by for the organization.

The **Internal Audit's** mission is to independently and systematically identify and assess the proper functioning of the risk management and internal control systems as well as the effectiveness and efficiency of the implementation of mitigation actions and controls, regularly informing and advising the Board of Directors and the Audit Committee of comments and more relevant recommendations and identifying opportunities for improvement.

**Compliance** promotes and supports the integration of risk management in the planning and management control process of companies, prepares reports and reviews with operational and financial information related to compliance issues. Through its Procedures Manual, it guarantees and defines a set of rules for the different decision-making processes within the Group, seeking to interact with a set of control activities, namely: approvals, authorizations, verifications, reconciliations, operating performance reviews, security of assets and segregation of duties. Pertinent information is identified, gathered and communicated in a given period so as to enable employees to fulfil their responsibilities.

The risks associated with reliability and integrity of accounting and financial information are also evaluated and reported by the External Audit. The existence of the Code of Conduct and a Whistleblower tool (reporting irregularities) enhances the organization's control culture.

## MAIN TYPES OF RISK

**MACROECONOMIC RISKS** – The TAP Group's activity is conditioned by the macroeconomic environment as well as by the profiles of the markets in which it operates. The Group's operational activity is thus cyclical and is positively correlated with economic cycles in general and, in particular, with the evolution of economic cycles and the environment of the different locations of the main markets of its core business – air transport. To this extent, the business of TAP and its subsidiaries may be adversely affected by economic downturns. The Company's most important markets are the Euro zone, South America (Brazil) and Africa. These markets have different political and social macro-economic profiles and, as such, respond differently to the global economic and financial crisis. In fact, the rate at which the various markets have been reacting to the current crisis is dependent on variables that the Group does not control. Likewise, the possible occurrence of political and/or social and/or religious tensions in any of the markets has significant impact on the operations and financial situation of the Group, with significant relevance. An example of this is the difficulties in fund transfers in some markets.

**COMPETITION** – The activity developed by TAP is subject to important challenges within the global sector of air transport in that it is subject to strong competition in all markets where it operates, especially in the European market, where there is strong competition from low cost

companies, with the adoption of a more aggressive pricing policy, with impact on the profitability of its operations.

**TECHNOLOGICAL RISKS** – The capacity of the TAP Group to develop and offer more value-added products in competitive conditions worldwide is increasingly seen as a key objective in the current context of the air transport sector. These developments are dependent on technological developments that can be difficult to predict and monitor. The potential inability of the Group to keep up with or get ahead of technological advance or to predict the receptivity of new products may affect its business as well as the results of its operations

**OPERATIONAL RISKS** – In its activity, the Company is subject to certain operating risks, especially in terms of air transport operation and the production of its subsidiaries. Consequently, managing the operational risk is a key concern of the Group, which plays an active role in the implementation of standards and best practices as well as in the choice of systems that could reduce and develop effective policies for the management and control of operational risks.

**ECONOMIC/FINANCIAL RISKS** – The Group's economic/financial risks are: interest rate, exchange rate, credit and liquidity, fuel price and market share.

**LEGAL AND REGULATORY RISKS** – With regard to legal risks, the main risk of the Group's activity is related to legislative changes that may occur at the level of the performance of the activity (environmental and labour

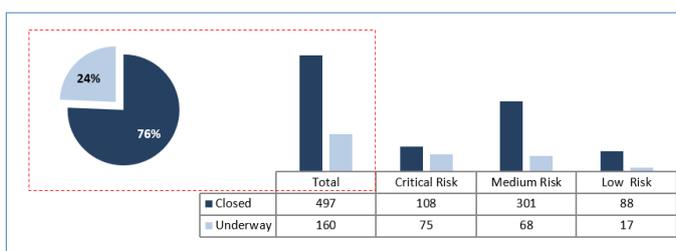
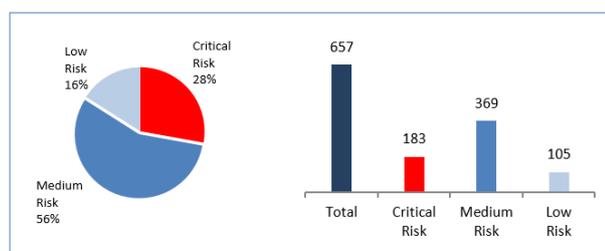
legislation, inter alia, both internal and sector-related) that may encumber the performance of the activity, affecting profitability.

The Group's activities are subject to a regulatory framework in various fields, including national regulations, directives issued by the European Union and international agreements, with which it is obliged to comply and which may influence their management decisions and strategy. Failure to comply with these regulations may result in operational constraints, investment needs or

even the revocation of licenses and authorizations, or sanctions. All of these matters are carefully monitored and evaluated. Any regulatory or legislative changes or changes concerning the respective interpretation by any competent authority, positioning of the authorities or difficulties in complying with new laws and regulations are likely to impose additional adjustment costs.

## IDENTIFICATION, EVALUATION, FOLLOW-UP, CONTROL AND MANAGEMENT OF RISK

Internal Audit is developed as an independent and objective activity that aims to help the Company achieve its goals by participating in the value creation process. In the development of the function, a systematic and structured approach is used to evaluate and improve the effectiveness of risk management, internal control procedures and corporate governance. Internal Audit acts in accordance with the International Standards for the Professional Practice of Internal Auditing, established by the Institute of Internal Auditors, including the respective Code of Ethics. In carrying out its duties, the area has access to people, records, information, systems and property deemed necessary. The planning activity is essentially developed on the basis of the prior and systematic evaluation of business risks and the annual plan previously approved by top management. The implemented reporting system ensures regular feedback, a proper review of the activities carried out and the possibility of adjusting the activity plan to emerging needs. This function is also responsible for promoting the Enterprise Corporate Risk Management (ECRM) methodology, identifying, assessing and prioritizing the risks and respective potential impact on the organization's activities, using the COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology. Throughout the year, the Audit carries out activities in the Group companies, in accordance with the Annual Plan approved by the Executive Committee and complemented by actions directed upon request. The set of activities undertaken produced findings. The respective cataloguing of risk is given below, in accordance with the materiality and exposure/image for the organization.



### APPLICATION OF THE COSO (COMMITTEE OF SPONSORING ORGANISATIONS OF THE TREADWAY COMMISSION) MODEL RISK ANALYSIS OF SPECIFIC ASPECTS

ENTITY	SCOPE
TAP, S.A./Air Transport Business Unit	<b>Contracting:</b> Contracts of the Branch–Brazil; Amadeus 2014 Contracts; Victoria_Redemption Program; Analysis of Fuel Aircraft Contracts; Advertising Contracts <b>Human Resources:</b> Salaries 1 <sup>st</sup> Semester 2015; Validation SAP HR; Salaries TAP 2 <sup>nd</sup> Semester 2014; Recruitment_Selection_PNT (Flight Deck Crew)_2012-2014 <b>Branches:</b> Brazil; Angola; Mozambique; Mali; Cape Verde; Spain <b>Inventories:</b> Uniforms; Economat Warehouses
TAP, S.A./Maintenance and Engineering Business Unit	<b>Contracting:</b> TAP–Maintenance and Engineering 2014 Commission Agents – Compliance Analysis; TAP–Maintenance and Engineering 2014 Commissions Paid; Maintenance and Engineering Portugal Acquisitions <b>Inventories:</b> TAP– Maintenance and Engineering Warehouses
CATERINGPOR–Catering de Portugal, S.A.	<b>Inventories:</b> Physical Counts; Warehouse Control
L.F.P.–Lojas Francas de Portugal, S.A.	<b>Inventories:</b> Main Shop PTLA 2015 Inventory; Central Warehouse 2015 Physical Counts
MEGASIS–Sociedade de Serviços e Engenharia Informática, S.A.	<b>Contracting:</b> Suppliers <b>Inventories:</b> 2015 IT Inventory <b>Human Resources:</b> Absenteeism
U.C.S.–Cuidados Integrados de Saúde, S.A.	<b>Contracting:</b> 2014 Customers <b>Inventories:</b> Physical Counts; Warehouse Control
PORTUGÁLIA–Companhia Portuguesa de Transportes Aéreos, S.A.	<b>Human Resources:</b> 1 <sup>st</sup> Semester 2015 Salaries <b>Inventories:</b> Physical Counts
TAP–Maintenance and Engineering Brazil, S.A.	<b>Contracting:</b> Contractual relationship between TAP– Maintenance and Engineering Brazil with TAP– Maintenance and Engineering Portugal – Supplier Current Account <b>Human Resources:</b> Tax, Civil and Labour Contingencies <b>Inventories:</b> Physical Inventory
SPdH–Serviços Portugueses de Handling, S.A.	<b>Human Resources:</b> 1 <sup>st</sup> Semester 2015 Salaries <b>Inventories:</b> Maintenance Equipment and Economat Inventory; Fixed Assets Inventory

## RISK MANAGEMENT

### RISK

#### Operational (Safety)

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

### DEVELOPMENTS | OBJECTIVES

#### Developments | 2015

##### TAP, S.A.

- Under the Continuous Improvement process, toughening of the investigation processes, with the admission of three investigators to the Flight area and an investigator in the Cabin area;
- Production of 19 Recommendations (9 in the Flight area | 3 in the Cabin area | 7 in the Cargo and Ground Handling area) that translate the identification of improvement opportunities and mitigation of the associated risks;
- Completion of the implementation of the operator reporting system, with the addition of an electronic form dedicated to the ATO (Approved Training Organization) area called Training Safety Report (TSR);
- Involvement of operational areas (FLT | CAB | DSP | ATO | CGO | GRH | MNT) in the specification of Targets for improvement of the SPIs (Safety Performance Indicators) of the respective areas;
- Provision of flight data reading services to third parties, leading to significant invoicing values;
- In order to train emergency responses, approval of the restructuring of the ERP area and internal recruitment of 2 employees;
- Capacity building projects:
  - Start of the developments needed in the SMS DCT platform to meet the new reporting requirements to the Authority as a result of the entry into force of European Regulation 376 of 2014, which entered into force on 15<sup>th</sup> November 2015;
  - Situation in the final testing phase of the transition to server environment (Megasis) of the self awareness tool for pilots – Events on Demand (EoD);
  - First steps in developing a predictive approach application in the detection/identification of factors contributing to operational risks;
  - Monitoring of major Industry events related to safety, namely: IATA IRM – International Air Transport Association Incident Review Meeting; FSF IASS – Flight Safety Foundation International Air Safety Seminar; AB FSC – Airbus Flight Safety Conference;
- Development of work in groups in which the Safety area of TAP Portugal participates, namely:
  - IATA ACTF – IATA Accident Classification Task Force;
  - IATA COSTF – IATA Cabin Operations Safety Task Force;
  - IATA HITF – IATA Hazard Identification Task Force;
  - STAR SAFCO – STAR Safety Committee;
  - STAR EMERCO – STAR Emergency Response Committee;
- ERP drill (BORDEAUX);
- Coordination of a memorial on the date of 19<sup>th</sup> November 1977;
- Completion of the implementation of the TOP # 3 project Events | Occurrences (which makes it possible to inform pilots in every flight from A to B of the types of the most frequent deviations, increasing operational awareness);
- Investigation of 1,821 occurrences;
- Incorporation of the Security area (formerly TAP Serviços) in the Safety Department which will soon be called Safety and Security Department.

##### PORTUGÁLIA–Companhia Portuguesa de Transportes Aéreos, S.A.

- Acquisition of the SMS AQD software (specific tool for SMS management) that has made reporting directly to the Safety Department more expedite since June 2015;
- Training of SLOs (Safety Line Officers) in risk assessment and investigation of occurrences;
- Training in Safety Auditors for three members of the Safety Department;
- Successful renewal of the IATA IOSA certificate;
- Revision of the Safety Policy;
- Under the Safety Performance Targets set, and with regard to Steads, in 2015 an average of 16 Industry reports per 1,000 flights was reached;
- Under the Safety Promotion, production of a video to support and promote the SMS training activities.

#### Objectives | 2016

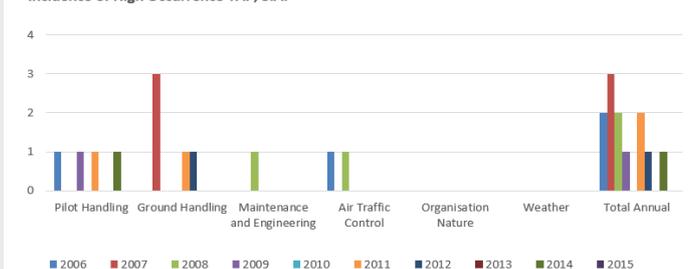
##### TAP, S.A.

- Continued fulfilment of the mission assigned to the area – identification and mitigation of operational risk through initiatives (inter alia), namely:
  - Systematic implementation of the ARMS process (Methodology for Operational Risk Assessment for Aviation Organisations) in the analysis of operational occurrences;
  - ERP drill (AFRICA);
  - Re-edition of Promotion initiatives (Seminar, safety culture survey, safety magazine, safety infos);
  - Integration, as far as possible, of the Security Area processes.

##### PORTUGÁLIA–Companhia Portuguesa de Transportes Aéreos, S.A.

- Review of the FDM (Flight Data Monitoring) program to include the new Embraer 190 fleet;
- Upgrade of the AQD Portal to make it compatible with the software of external authorities;
- Accident/incident investigation courses;
- Improvement of the risk assessment process described in the SMM in response to legislative changes;
- Monitoring of performance indicators, SPIs and SPTS.

Incidence of High Occurrence TAP, S.A.



#### RISK LEVEL

Ratio of occurrences per number of services rendered

Risk Classification (*)	TAP	Portugália
Extreme	-	-
High	-	-
Moderate	0.028%	0.208%
Low	3.026%	1.455%
Negligible	0.872%	-

(\*) Classification adopted from 2014 onwards, for carrying out Operational Risk Assessments (ORAs)

There were no Extreme and HIGH occurrences in TAP and Portugália in 2015. However, since each company has its own classification criterion on the risk level of the occurrences, it won't be possible to compare the values reported by both companies.

RISK	DEVELOPMENTS   OBJECTIVES
<p><b>Health and Safety at Work</b></p> <p>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.</p>	<p><b>Developments   2015</b></p> <ul style="list-style-type: none"> <li>▪ Health surveillance actions of TAP Group Employees focused on health promotion and prevention of work-related diseases and the importance of lifestyles, vaccination plans and safe practices at work – average coverage for the TAP Group of 89%;</li> <li>▪ Improvement in the workplace: <ul style="list-style-type: none"> <li>– Monitoring and participation in the implementation of various actions;</li> <li>– Reports with recommendations on preventive measures and/or control/mitigation of occupational risks (number of reports: + 6%);</li> <li>– Analysis reports of labour accidents to identify the causes and focuses of risk (number of reports: +12%);</li> <li>– Continuous updating of professional risk manuals and professional risk licenses;</li> </ul> </li> <li>▪ Ongoing training and information actions (843 hours for about 3,260 trainees) on health and safety issues (e.g. first aid and prevention of specific occupational hazards).</li> </ul> <p><b>Objectives   2016</b></p> <ul style="list-style-type: none"> <li>▪ Reduction in the number and incidence rate of accidents by approximately 30% – according to the <i>National Strategy for Health and Safety at Work 2015-2020</i>;</li> <li>▪ Maintenance of adequate working conditions and implementation of recommendations on the prevention and control of occupational risks in the workplace, from a partnership perspective, in conjunction with the various TAP Group structures;</li> <li>▪ Preventive actions aimed at specific risks, in particular musculoskeletal disorders;</li> <li>▪ Continuation of the prevention and awareness programs on occupational risks, in particular the campaigns: <i>+SST More Health and Safety at Work</i>.</li> </ul>
<p><b>Economic and Financial</b></p> <p>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.</p>	<p><b>Developments   2015</b></p> <ul style="list-style-type: none"> <li>▪ <b>Fuels and Emissions</b> <ul style="list-style-type: none"> <li>– Monitoring of international energy markets throughout the year and modulation of the implementation of fuel pricing operations at continued low prices, with progressive reduction of operations carried out throughout the year;</li> <li>– Option to limit fuel hedging during 2015 to the current year, deferring to 2016 hedging operations relative to that year so as to maximize the benefit arising from the intensification of falling prices. Likewise, in 2015 the acquisition of emission allowances was limited to the current year to comply with legal obligations in this area.</li> </ul> </li> <li>▪ <b>Funding and Liquidity</b> <ul style="list-style-type: none"> <li>– Provision of information relating to financial and lease transactions as part of the selection process for the privatization of the Group;</li> <li>– Preparation of short-term debt restructuring operations in the framework of the privatization agreement signed;</li> <li>– Coordination and negotiation with lenders, lessors, acquirers and various credit card schemes to waive provisions of early terminus of ongoing operations as a result of the change in the shareholder structure;</li> <li>– In conjunction with the completion of the Group's privatization process, formalisation of the extension of the relevant financial transactions terms;</li> <li>– Early repayment of loans not renegotiated;</li> <li>– Preparation and implementation of operations generating post-privatization liquidity, including the sale lease-back of the fleet's aircraft;</li> <li>– Management of the liquidity surplus arising from the entry of funds as a result of the privatization so as to reduce the accumulated current debt in the year, while maintaining a situation of balanced liquidity.</li> </ul> </li> </ul> <p><b>Objectives   2016</b></p> <ul style="list-style-type: none"> <li>▪ Execution of new operations generating liquidity based on the assets available, including sale lease-back operations;</li> <li>▪ Preparation and implementation of operations under the Economic and Financial Stability Agreement in relation to the privatization of the Group;</li> <li>▪ Preparation of operations necessary to renew the Group's fleet;</li> <li>▪ Maintenance of continuous monitoring of energy markets with a view to taking advantage of expected favourable conditions of jet fuel prices so as to ensure the operation and cash benefit resulting from this market environment;</li> <li>▪ Management of excess liquidity arising from the entry of funds as a result of the privatization so as to reduce the accumulated current debt in the year and simultaneously maintain a situation of balanced liquidity.</li> </ul>
<p><b>Information Technologies</b></p> <p>Risk management systems whose process is developed in accordance with the ISO 27001 data security standard, which seeks to ensure the confidentiality, integrity and availability of business information.</p>	<p><b>Developments   2015</b></p> <ul style="list-style-type: none"> <li>▪ Implementation of a data security event correlation system (SIEM);</li> <li>▪ Review of the management process of data security events;</li> <li>▪ Development of a new tool and new processes to improve the efficiency of the user management process;</li> <li>▪ Conducting of awareness/raising activities aimed at raising awareness about various aspects of data security, in particular on data classification and processing of personal data;</li> <li>▪ Review and development of data security policies and procedures based on the ISO 27001 standard;</li> <li>▪ Continuation of intrusion tests in systems and networks;</li> <li>▪ Continuation of the project leading to the PCI-DSS (Payment Card Industry–Data Security Standards) certification;</li> <li>▪ Continuation of the implementation process to monitor the components of application systems, use of the Monitoring Business Service Manager with a view to increasing detection skills and problem screening, improving service metrics and controlling the service quality associated with system information, thereby contributing to mitigate downtime risks.</li> </ul>

RISK	DEVELOPMENTS   OBJECTIVES
<p><b>Information Technologies</b> (cont.)</p>	<p><b>Objectives   2016</b></p> <ul style="list-style-type: none"> <li>▪ Implementation of tools and processes for extraction and analysis of logs and auditing events of information systems;</li> <li>▪ Initiative to improve the development and testing of application processes from the perspective of good practices of data security;</li> <li>▪ Improved Change Management process within the IT Service Management system to standardize procedures and control changes in infrastructure, platforms and applications with a view to minimizing the risk of incidents resulting from planned changes;</li> <li>▪ Development of actions for the analysis of impacts, BIA–Business Impact Analysis, creation of Contingency Plans and continued implementation and control monitoring of policies and procedures related to data security, based on the ISO 27001 standard.</li> </ul>
<p><b>Fire–Prevention</b></p> <p>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, spillage of chemical products and earthquake) for the training of Employees and emergency support teams (Safety, Surveillance and Fire Brigade Station), and an Internal Audit Plan.</p>	<p><b>Developments   2015</b></p> <ul style="list-style-type: none"> <li>▪ Reduction of the risk of explosion in some buildings of the TAP Campus by including ATEX requirements (protection against potentially dangerous explosive atmospheres) in projects to modernize the facilities;</li> <li>▪ Review and updating of 18 Internal Security Plans of the buildings and hangars of the TAP Group, documents that aim to prevent the risk of fire, explosion and chemical spills (total of 47 Internal Security plans of the TAP Group);</li> <li>▪ Actions under the <i>Action Programme for the Prevention of Fire and other Risks</i>: <ul style="list-style-type: none"> <li>– Three emergency simulation exercises in buildings and hangars for the training of the occupants;</li> <li>– Four simulation exercises for teams operating in the TAP Campus in an emergency – Safety Centre, Fire Brigade and Guards –, to improve communication between them;</li> </ul> </li> <li>▪ Regular audits to the entity that carries out the maintenance of the facilities and equipment under the maintenance of the fire safety equipment in order to ensure their proper operation and compliance with the regulations in force.</li> </ul> <p><b>Objectives   2016</b></p> <ul style="list-style-type: none"> <li>▪ Under the <i>Action Programme for the Prevention of Fire and other Risks</i> of the TAP Group: <ul style="list-style-type: none"> <li>– Necessary interventions for the modernization and updating of fire detection and extinguishing systems in older buildings and hangars;</li> <li>– Reduction of risk through detailed analysis of accidents and incidents;</li> <li>– Training of emergency teams and occupants of buildings by performing simulations with different risk scenarios;</li> <li>– Promotion of initiatives relative to the Company’s prevention culture, namely: <ul style="list-style-type: none"> <li>▪ Awareness campaigns for the prevention of fires and other risks;</li> <li>▪ Preparation of interactive content on performance measures in case of fire, earthquake and chemical spills;</li> </ul> </li> </ul> </li> <li>▪ Under the <i>Safe Parking Project</i> in progress, identification and delineation of critical areas where the parking of vehicles is not allowed for safety reasons – <i>zero tolerance areas</i>;</li> <li>▪ Classification of work spaces and areas according to ATEX requirements (protection against potentially dangerous explosive atmospheres) to optimize interventions and works to be carried out in buildings and hangars of the TAP Group.</li> </ul>
<p><b>Maintenance and Engineering</b></p> <p>At TAP–Maintenance and Engineering, Risk Management is inherent and integrated in the responsibilities defined in the context of the aeronautical certifications and accreditations held <sup>(1)</sup> which are compulsory to guarantee the continuity of the activity.</p> <p><b>TAP– Maintenance and Engineering Portugal</b></p>	<p><b>Developments   2015</b></p> <ul style="list-style-type: none"> <li>▪ ANAC and EASA audits (references EASA Part M, 145, 147 and 21 subpart J);</li> <li>▪ Certification follow-up audit of the <i>Veritas Bureau</i> (references ISO 9001:2008 and EN 9110:2012);</li> <li>▪ IPAC (Portuguese Institute of Accreditation) audit to the Calibrations Laboratory under the certification of the NP EN ISO / IEC 17025: 2005 standard;</li> <li>▪ Implementation of the EU-Brazil Bilateral Agreement;</li> <li>▪ Implementation of SMS–Safety Management System (Operational Safety Management System) of TAP–Maintenance and Engineering;</li> <li>▪ Development of the Risk Management System processes and procedures and of the Emergency Response procedures of TAP–Maintenance and Engineering, including the publication of the respective manuals (Risk Management Manual and ERP Manual);</li> <li>▪ Continuation of training activities in Safety Training, Safety Promotion and Risk Management;</li> <li>▪ Seminar on Aircraft Incident Investigation, which involved a wide range of workers from TAP–Maintenance and Engineering, from TAP and national and international invited guests, including Airbus;</li> <li>▪ Use of resources made available on the intranet and ME Campus for the dissemination of information on Safety, in particular through the monthly MSB (Maintenance Safety Bulletin), MSU (Maintenance Safety Update) e-mail and the page in the TAP newspaper dedicated to disclosing the SMS of TAP–Maintenance and Engineering;</li> <li>▪ Development and implementation of the new Safety Management IT platform of TAP–Maintenance and Engineering (ORION–Occurrence Reporting and Investigation Network), developed by a multidisciplinary team of the Business Unit and Megasis, making it possible to collect, classify, analyze and process reports and occurrences in TAP–Maintenance and Engineering and carry out the respective risk management;</li> <li>▪ Under the investigation of occurrences, the members of the MIP (Maintenance Investigators Pool) of TAP–Maintenance and Engineering conducted Safety investigations and their discussion in the ERG (Event Review Group), a body chaired by the Director of this Business Unit;</li> <li>▪ Implementation of the initial version of the Risk Management Manual (RMM) of TAP–Maintenance and Engineering;</li> <li>▪ Publication of the Business Unit’s annual MSR (Maintenance Safety Report) relative to 2014, followed by the meeting of the SRB (Safety Review Board), which reconfirmed the Safety Policy and set the objectives, indicators and safety goals (SPI–Safety Performance Indicators) for 2015;</li> <li>▪ Implementation of groups to support the SMS of TAP–Maintenance and Engineering, namely the Safety Office ME, SAG (Safety Action Group), SRB (Safety Review Board), MIP (Maintenance Investigators Pool) and ERG (Event Review Group);</li> <li>▪ Application of Safety Assurance methodologies to monitor the implementation of actions arising from the Safety improvement plans, in particular, the actions associated with the prevention of technical incidents and occurrences with significant risk.</li> </ul>

<sup>(1)</sup> EASA Part 145 (Maintenance Organisations); EASA Part M (Continued Aeronavigability Management); and NP EN ISO 9001:2008 (Quality Management Systems), amongst others.

RISK	DEVELOPMENTS   OBJECTIVES
<b>TAP– Maintenance and Engineering Portugal</b> (cont.)	<div data-bbox="405 282 1466 315" style="background-color: #c00000; color: white; padding: 2px;"><b>Objectives   2016</b></div> <ul style="list-style-type: none"> <li>▪ Implementation of the maintenance parts in the EU–Brazil Bilateral Agreement;</li> <li>▪ Publication of review 1 of the SMS Manual of TAP–Maintenance and Engineering;</li> <li>▪ Publication of Review 1 of the Risk Management Manual (RMM) of the Business Unit;</li> <li>▪ Publication of the MSR (Maintenance Safety Report) relating to the Safety activity developed in 2015, followed by the annual meeting of the SRB (Safety Review Board), involving the definition of Objectives and Safety indicators and targets for 2016;</li> <li>▪ Initiatives dedicated to hazard identification that affect the Business Unit;</li> <li>▪ Updating of the hazard register and application of risk matrices in the occurrence scenarios;</li> <li>▪ Further development of the ORION IT platform, including the creation of interfaces with SMS DCT (TAP TA / SM) and ANAC;</li> <li>▪ Start-up of new stages in the implementation of the Business Unit’s SMS under Safety Assurance, namely:               <ul style="list-style-type: none"> <li>– Integration of the IOSA ISARPs in the Safety Audit program;</li> <li>– SOP–Safety Oversight Programme;</li> <li>– Management of Change;</li> <li>– Adaptation of the Internal Audit Program to a philosophy based on Risk Management.</li> </ul> </li> </ul>
<b>PORTUGÁLIA–Companhia Portuguesa de Transportes Aéreos, S.A.</b>	<div data-bbox="405 669 1466 703" style="background-color: #c00000; color: white; padding: 2px;"><b>Developments   2015</b></div> <ul style="list-style-type: none"> <li>▪ Preparation of the cost containment plan with the maintenance of reactors;</li> <li>▪ In-house maintenance of 7 Checks C of the ERJ 145 fleet;</li> <li>▪ Consolidation of the technical reliability of fleets around the goal of 98.5%.</li> </ul> <div data-bbox="405 792 1466 826" style="background-color: #c00000; color: white; padding: 2px;"><b>Objectives   2016</b></div> <ul style="list-style-type: none"> <li>▪ Entry into service of E190: New Pool Contracts, reactors and aircraft, maintenance of wheel &amp; brake components;</li> <li>▪ Readjustment of roles in the Engineering and Technical Support team;</li> <li>▪ Maintenance of technical reliability as a top priority;</li> <li>▪ Greater emphasis on supporting and guiding CCM/DCA priorities;</li> <li>▪ Discrimination of performance indicators by area;</li> <li>▪ Mitigation of recurrences of maintenance errors with intensive actions – Technical conferences.</li> </ul>



# INNOVATION AND DEVELOPMENT

Investment in innovation and digital technologies in response to the expectations of increasingly demanding and connected customers

The growth in the use of digital technologies has been a noticeable trend in recent years, changing habits, with the time spent online constantly on the rise. As a result, the expectations of airline customers have changed, as they now expect an intuitive, instant and personalised experience.

The challenge for TAP is thus to respond to these expectations by providing the right information at the right time so as to:

- ⇒ Respond timely and adequately to market challenges;
- ⇒ Improve the relationship with customers, employees, partners and shareholders efficiently and effectively.

## Digital innovation

The most visible aspect of TAP's strategic plan for the development of information systems is, with growing intensity, digital innovation, influenced by accelerators like mobility, process integration capacity, studying the customer life cycle, studying how customers perceive the products and services offered by TAP, social networks, the science of cognitive systems and even the use of the internet of things. In short, an entire ecosystem in permanent mutation.

## The Integration of systems

From a structural point of view, the proliferation of geographically dispersed heterogeneous systems supporting the Group's significant diverse business processes introduced a new class of problems in terms of technology and business, where everything must be integrated. It is in this context that TAP continues to invest in the development of infrastructure of information systems and technologies in a coherent and consistent manner, in the consolidation of information and in the integration of systems and applications, which are necessary for the speed and flexibility required by business areas.

In this context, in 2015 a diverse set of activities was developed which significantly improved the competitiveness of the TAP Group companies.

## Automated group bookings

Implementation of a new solution – Flygroups –, which allows the processing of group bookings involving three groups of features (Quoting, PNR Servicing, Ticket Issuance).



TAP now has an automated solution to manage the bookings for groups of passengers that can be used consistently in all markets. In addition to the standardisation of procedures in the management process, TAP hopes to improve responsiveness to customers, increase conversion rates and consequently revenue, and also to reduce overhead costs by transferring the process to a channel owned by the Company.

## Digital kiosk for passengers



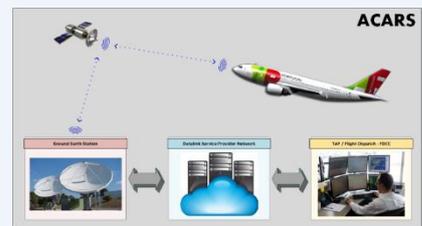
TAP's mobile application now has a digital kiosk, available on smartphones and tablets on the iOS and Android platforms. TAP passengers can now access national and international newspapers and magazines on their device, significantly reducing the need for the physical existence of these media on board as well as the respective operating and logistics costs.

## Accessibility of the booking engine

Launch of a new booking process on the TAP website that is simpler and more straightforward, fully compatible with mobile devices and highly focused on accessibility, namely by complying with the accessibility rules imposed by the US Department of Transportation, providing a new, clearer, more fluid and contextual user experience. This has made it possible to increase the booking engine to comply with the AA level of the W3C standard for the accessibility of sites. The use of the booking engine has successfully undergone validation by the accessibility company WeCo, within the time required and in alignment with other channels and interfaces, including Flytap, site, the online check-in platform and booking management module.

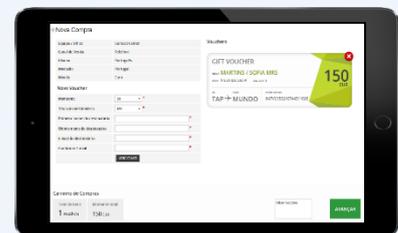
## Automatic centralisation of information in the Operational Dispatch

In the area responsible for the preparation of flight plans (Operational Dispatch of Flight Operations), the application that automatically centralises information on operational events and conditions that may affect TAP flights – FDCC (Flight Dispatch Control Center) – was integrated with ACARS (Aircraft Communications Addressing and Reporting system) through the Datalink system, enabling the exchange of messages between the aircraft and a ground station via Radio Frequency and/or satellite. This integration now allows the Operational Dispatch to automatically validate the flight plan on board, consequently making it easier to take measures in the event of it becoming outdated and is an added contribution to maintaining the highest safety levels at TAP.



## TAP Gift Vouchers

With the new Gift Vouchers application, TAP now offers its customers the online purchase of gift vouchers that can be used to pay for flights with the Company. The vouchers can be bought through Flytap, TAP stores, the Contact Centre as well as Portuguese travel agencies authorised to this effect. With the possibility of selecting the amount, quantity, language and recipient of the voucher, and receipt by e-mail in PDF format, the payment means available include POS (Point of Sale), ATM, credit card and cash, depending on the place of issue. The application controls the entire flow of the voucher and the offer can be extended to other markets outside Portugal.



**Management of marketing campaigns**

In order to improve the efficiency with which TAP communicates with its customers, a marketing automation platform – Adobe Campaign Manager – was implemented in the first project stage, making it possible to optimize the execution of all processes associated with the management of campaigns and communication between TAP and its customers. The solution takes advantage of the Vision 360® product information, which also provides access to the customer record for calls on the Gold Line, Contact Us, Ticket Office, Lisbon Premium Shop and Victoria Service Center. In addition to primary information on customers, it now includes information on loyalty, the TAP newsletter, complaint procedures, existing bookings and also some analytical information on the customer profile.



**Management of Staff bookings**

Continuing its innovative positioning within the HR strategy and specifically in the provision of tools to enhance the autonomy of Company employees, a new version of the internal travel portal was released. The solution now offers a booking management area, allowing TAP staff to view the leisure travel list (active and historical) and giving them the opportunity to change their bookings themselves, ask for refunds or consult hotels available at the respective travel destinations that have an agreement with TAP. The change provides efficiency gains by removing the administrative burden from the TAP Travel Office.

**New format of the TAP Newspaper**

Reading digital content on portable devices (tablets and smartphones) is becoming increasingly common. Information should therefore be more concise, with greater emphasis on image. In this sense, the TAP newspaper (*Jornal TAP*) has sought to reinvent itself to fulfil its primary mission more effectively: keep TAP employees informed about the most significant events in the Company's life. In order to meet these challenges, a new format of the TAP newspaper was implemented.



**TAP LOYALTY PROGRAMME**

**ON BOARD ENROLLMENT**

Enrolment of TAP passengers in the Victoria Programme through the aircrafts' inflight entertainment system, thus adding customers to the database during flight.



**VICTORIA VIRTUAL CARD**

Replacement of the Victoria card with a new dynamic card that makes it possible to interact with customers, preventing possible fraud and reducing the production costs of physical cards and welcome packs.



**HAPPY HOUR**

Securing new Victoria Customers through Happy Hours, which credits additional miles for the first enrolments during the announced periods.



**FIRST LIFE MILES**

Credit of miles for all new enrolments in the Victoria Program.



**FRIENDSHIP MILES**

Attracting new Victoria customers by sending out invitations through existing customers. Every time an invitation is accepted new miles are offered, both to the customer who sent out the invitation and to the new Victoria customer.



**MILEAGE CREDIT**

Automatic mileage credit, in different features of the Victoria program, a customer service guarantee that meets your expectations.



**ENROLLMENT SOURCE**

Solution that identifies the channel used for enrolment in the Victoria program, relevant information for the customer segmentation process.



**New TAP ME website**

Implementation of the new Maintenance & Engineering website that has invested in a new image and more intuitive navigation for Customers in order to improve the user experience and adaptation to mobile devices. One of the goals of the new site is to enhance the ongoing dialogue strategy with potential customers, stimulating business contacts via digital media.



**Office365 @ TAP Cloud**

Collaborative work, communication, production and access to information associated with the mobility of employees are factors that contribute to more productive teams committed to achieving business goals.



The adoption of Microsoft Office 365, integrated in TAP@cloud provides features and services that meet these objectives in an agile and flexible manner. Since the use of traditional Office Tools, Word, Excel, PowerPoint, Outlook, including communication tools like Skype for Business, social-oriented tools like Yammer, document sharing tools like Sharepoint or OneDrive for Business, conditions have been created to allow all Employees to carry out their work in an integrated and simplified manner on any device from PCs to smartphones, regardless of whether they are connected via the Company network or public internet.

**TAP STEP Mobile**

TAP STEP is the new TAP brand dedicated exclusively to young people aged between 12 and 25, offering products with exclusive miles, offers, advantages and discounts designed especially for the new generation of travellers. One way to reach this audience was to launch the TAP STEP application, with the aim of presenting and advertising the product, its advantages and promotions.



# RELATIONSHIP WITH STAKEHOLDERS

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.



Stakeholders	In the development of its objectives the Company assumes the following positioning	Communication channels
CUSTOMERS	<p>Provide a quality product through the best and easiest solutions for their journeys and increasingly adding additional value to the product offered to them;</p> <p>Actively contributing to uphold the high levels of safety, demanded by the Aeronautical Industry, to ensure safe conditions for people and goods.</p>	<p><b>Customers   Passengers</b> 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).</p> <p><b>Customers   Cargo and Mail</b> Cargospot Cargo System; Cargo Call Center; Cargo Customs Systems; Website TAP-Cargo; Track &amp; Trace Applications for mobile devices; Must Go priority services; Freighter Services on request; Claims dedicated service; Mail system go-live.</p> <p><b>Customers   Maintenance and Engineering</b> TAP-Maintenance and Engineering Website; Customer Managers; Customer Satisfaction Survey; Advertising Campaigns; Care<sup>2</sup> Customer Program aimed at highlighting a customer proximity policy and recognizing the best customers of TAP-Maintenance and Engineering; participation in fairs and specialized conferences with Customer Managers and speakers from the respective staff boards, in order to disseminate the image and the technical capacities of the Maintenance and Engineering Business Unit; organization of specialized seminars targeted at companies in the aeronautical sector, in most cases customers; creation of a communications portal for customers – ACE News –, looking to disseminate content related to the activity of the Business Unit and also to boost the interaction with customers and other entities.</p> <p><b>Internal Customer   Business Units and Group companies</b> Satisfaction Portal of TAP Services; Dissemination of the evolution of operating performance in the areas of the TAP Services Business Unit.</p>
SHAREHOLDERS	Always endeavouring to achieve the best results in a sustained manner.	General Meeting; General and Supervisory Board until 12 November 2015; 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, Recommendations and Reports for ANAC, Secretary of State for Infrastructures (Ministry of Planning and Infrastructure), DGPE/MNE and DGAE/MNE (Directorate General of Foreign Policy and Directorate General for European Affairs of the Ministry of Foreign Affairs), Directorates-General of the European Commission (DG Mobility and Transport, DG Environment, DG Competition, DG Home Affairs), among others; Periodic meetings with all the above mentioned entities and European and International Bodies directly related to Industry (AEA, ERA, ALTA, 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.

# SHAREHOLDERS

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<sup>th</sup> June 2003, under Decree-Law no. 87/2003, of 26<sup>th</sup> 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 12<sup>th</sup> November 2015, under the reprivatization process of TAP–Transportes Aéreos Portugueses, SGPS, S.A., shares representing 61% of the share capital of TAP SGPS were transferred to the Atlantic Gateway SGPS, Lda. consortium constituted by HPGB, SGPS and DGN Corporation.

On 31<sup>st</sup> December 2015, the nominal capital of the TAP Group, in the amount of EUR 15,000 thousand, consisted of 1,500,000 common shares with a nominal value of 10 Euros each. Of these, 585,000 shares were held by Parpública–Participações Públicas, SGPS, S.A. and 915,000 shares were held by the Atlantic Gateway, SGPS, Lda. consortium.

## Remuneration of Shareholders

In 2015, 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 2015

- ⊙ Resolution of the Council of Ministers No. 4-A/2015 of 15<sup>th</sup> January 2015, which approves the specifications of the reference direct sale of shares representing up to 61% of the share capital of TAP, SGPS, S.A..
- ⊙ Conclusion of the Agreement (16<sup>th</sup> January 2015) between the Portuguese Government, TAP, SGPS, S.A. and the SITEMA, SERS, SNE, SICONT, SPAC, SIMA, SQAC and STHA unions that defines the conditions to be established in the TAP reprivatization process in order to preserve a climate of social peace in the TAP Group.
- ⊙ Revision of the Business Plan for the period 2015-2020.
- ⊙ Corporate Risk Management Manual.
- ⊙ Creation of a new TAP Loyalty Business Unit.
- ⊙ Opinion of TAP's Governing Bodies (General and Supervisory Board and Executive Board of Directors) for the purposes of Part 1 of Article 13 of the specifications, annexed to Resolution of the Council of Ministers No. 24/2015 of 15<sup>th</sup> January, on the binding proposals of strategic projects submitted by the competitors to the direct sale of shares representing 61% of the share capital of TAP SGPS.
- ⊙ Report of the Board of Directors and Supervisory Board relative to 2014.
- ⊙ Corporate Governance and Sustainability Report of the TAP Group for 2014.
- ⊙ Short-term Adjustment Program.
- ⊙ Selection of the Atlantic Gateway Consortium to buy 61% of the share capital of TAP, SGPS by the Council of Ministers at the meeting on 11<sup>th</sup> June 2015.
- ⊙ Direct Sales Agreement (24<sup>th</sup> June 2015) between Parpública (SGPS), S.A. (as Seller), DGN Corporation and HPGB, SGPS, S.A. (as Tenderers) and Atlantic Gateway, SGPS, S.A. (as Buyer), relative to TAP, SGPS, S.A..
- ⊙ Unanimous Board Decision in Writing (24<sup>th</sup> June 2015) of the sole shareholder Parpública (SGPS), S.A. on the strategic guidelines for the management of TAP SGPS and TAP Group, in force until the conclusion of the reprivatization process of the share capital of TAP SGPS.
- ⊙ Manual on Good Business Conduct.
- ⊙ Consolidated financial statements for the first half of 2015.
- ⊙ Activity plan and budget for 2016.
- ⊙ Decision to close the Bamako route and the TAP Office in Mali.
- ⊙ Restructuring of the contracts of TAP's financial debt.
- ⊙ Consolidated Financial Statements with a special purpose, on 31<sup>st</sup> October 2015.
- ⊙ Sale of shares representing 61% of the share capital of TAP, SGPS to the Atlantic Gateway consortium on 12<sup>th</sup> November 2015 under the reprivatization of TAP.
- ⊙ Election of the Governing Bodies for the period 2015-2017 at the General Meeting of 12<sup>th</sup> November 2015.
- ⊙ Amendment of the Bye-laws of TAP, SGPS, S.A., TAP, S.A. and PGA at General Meetings of the companies (12<sup>th</sup> and 13<sup>th</sup> November 2015).
- ⊙ Resolution of the General Meeting of TAP SGPS (12<sup>th</sup> November 2015) on ancillary benefits in the form of additional benefits for the shareholder Atlantic Gateway, SGPS, Lda..
- ⊙ Resolution of the General Meeting of TAP SA (13<sup>th</sup> November 2015) on ancillary benefits in the form of supplementary payments by the shareholder TAP, SGPS.
- ⊙ Election of the Executive Committee and approval of the Regulation.
- ⊙ Resolution of the Board of Directors on contracts to be signed with Airbus SAS for the A320neo and A330neo aircraft and Amendment No. 5 to the A330 and A350 Purchase Agreement.

# 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



Contribute to the preserving of high safety standards required by the aviation industry

A



Providing quality service

B

## Safety of people and assets

A

Priority set by Top Management, applicable to the entire Company operation. Requires the ongoing involvement of all employees. The implementation (2012) of the Safety Management System (SMS) provided TAP, as an airline, with Corporate Safety that cuts across all operational areas.

In the same perspective, worthy of mention is the contribution of the UCS (TAP Group's health unit), with the development of an integrated quality and risk management system recognised in 2015 with the Accreditation in Quality in Health by the DGS (General Directorate of Health) and ACSA International (Agencia de la Calidad Sanitary of Andalusia), with an outstanding rating.

Also on board during flights through:

- Annual training of the cabin crew in first aid;
- Ongoing review and analysis of the medical equipment available on the aircraft for any medical problems, according to IOSA/IATA and EASA regulations, including kits and first aid (all aircraft) and automated external defibrillators (long-haul fleet);
- Contribution towards ensuring safe and comfortable flights for passengers that are sick or have limitations, requiring special measures on board (wheelchairs, stretchers, oxygen, etc.), through the medical authorisation system for incapacitated passengers (MEDIFs) in accordance with international regulations (IATA);
- Provision of a travel health appointment (specialised preventive assessment and counselling, vaccine administration and prescription of prophylactic medication).



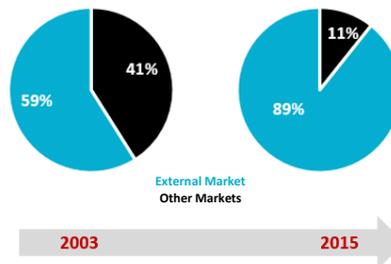
## Creation of value for the Portuguese economy

E

In conjunction with its partners, TAP, S.A. offered its passengers and cargo customers, access to 225 cities, carried 11.3 million passengers and 83.5 thousand tons of cargo and mail.

The TAP Group contributed to the volume of domestic exports with EUR 2,319.4 billion in sales and provision of services in foreign markets.

### Sales and Services Rendered



TAP-Maintenance and Engineering Portugal provided services to more than 38 customers worldwide (about 66% are airlines) whilst ensuring the fulfilment of their commitments, in particular as regards the maintenance of the high safety standards of the aeronautics industry and environmental protection.

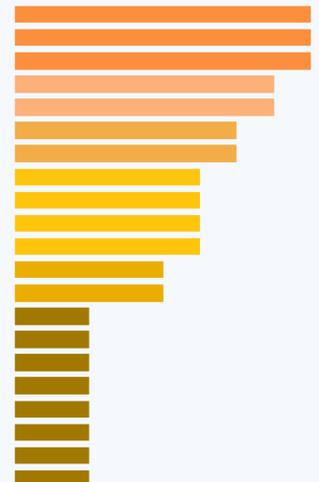
## Transparency in relation to Customers

D

Provision of information on:

- The total price of air transport, detailing the amounts of the fare according to the chosen itinerary, airport charges or others and applicable service charges;
- Restrictions on the conditions of the selected fare, and that said rate is subject to the number of seats available per booking class. The lowest fare available for the desired date, flight and booking class is offered. Customers are informed of the different prices available, depending on the sales channel used.

## Priorities for TAP concerning Social Responsibility – Customer Perspective





Attract and retain the loyalty of Customers through the value and quality of the services offered by the Group



Responsible management and committed with the development of the community and the environment

C



Adopt transparent principles in the management

D



Creation of value for the Portuguese economy and society

E

**Promoting the voluntary involvement of Customers**

C

TAP was the first airline in the world to launch the CO<sub>2</sub> emissions offset programme – Carbon Offset –, in partnership with IATA, in which passengers are asked to offset the effect of the resulting carbon footprint of the respective journey.



From a social perspective, it continued to promote and support initiatives, encouraging the involvement of Customers at their initiative. Through the collaboration of the movement *Voluntários com Asas* (Volunteers with Wings) and the DONATE MILES Programme (TAP Victoria for a better world), passengers were given the possibility of donating miles to social and humanitarian support institutions.



**To provide the best and easiest solutions to travel, adding more value to the product**

B

Considered by TAP as a decisive factor of differentiation and competitive advantage, the Company continuously invests in innovation and is constantly upgrading its passenger care and services, the most visible face being digital innovation. The most important developments are:

- **Digital kiosk** – TAP passengers can now read national and international newspapers and magazines on their mobile device;
- **Automated group reservations** – Involving standardisation of procedures in management processes and improved customer response;
- **TAP Gift Vouchers** – Providing the possibility of the online purchase of gift vouchers;
- **Marketing Campaign Management** – The implemented solution provides information on customers, making available the customer file, and includes details of their profile in order to best match customers' expectations in the provision of services;
- **TAP STEP Mobile** – New TAP brand dedicated exclusively to the new generation of travellers, offering products with exclusive miles.



In terms of health and welfare, medical services and information related to air travel are made available to passengers (website, facebook, on-board magazine and audiovisuals).

**Getting to know and monitoring the evolution of the perception of customers on the services offered**

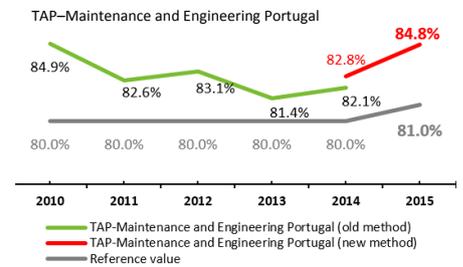
B

*Passenger Customers* – Pursuing a customer-orientated path, during 2015 customer satisfaction was monitored using the STAR Alliance Customer Satisfaction Survey (common to the different airlines in the alliance) to evaluate compliance with the Star Gold Promises and Star Basic Promises.

Some TAP results in STAR Gold and Basic Promises (Accumulated until the 4<sup>th</sup> quarter 2015)

<b>STAR GOLD PROMISES – ALL CLASSES</b>	
Satisfaction with Gold member benefits	74%
<b>STAR BASIC PROMISES – ALL CLASSES</b>	
Recognition by Flight Attendants – Gold Passengers	27%
Recognition by Ground Staff – Gold Passengers	69%
Flows seamlessly	65%
Better flight schedules	54%
Flight times convenient	61%
Earning and redeeming easy	72%

*Maintenance and Engineering Portugal Customers* – Overall satisfaction index with growth trend (84.8%) and above the benchmark value of 81%.



Note: Calculation Methodology underwent slight changes. Evolution consistent from 2014.

**safety relationship with customers service quality**

inter-connectivity within the Portuguese speaking world foster innovation

- reliability of the information
- CO<sub>2</sub> reduction (flight operations)
- contribution to the national sustainability
- sustainability of the company
- employee training
- CO<sub>2</sub> compensation (carbon offset)

- ethics and governance
- involvement with the company
- sustainability in the supply chain
- well-being, health and quality at work
- reduce waste consumption
- reduce paper consumption
- reduce water consumption
- energy efficiency (flight operations)
- energy (ground operations)
- initiatives of a social character

## Permanent communication with Customers

In developing its strategy to foster a frequent and transparent relationship with customers in order to help identify opportunities to meet their expectations in relation to the services provided, TAP is constantly making an investment, innovating and modernising the contact process, allowing greater efficiency and responsiveness.

TAP has thus been investing with growing intensity in digital innovation, influenced by accelerators like mobility, studying the customer life cycle, studying how customers perceive the products and services constantly offered by TAP, social networks.

The year 2015 was a year dedicated to celebrating TAP's 70th anniversary. These celebrations were reflected in social networks in a wide set of initiatives: contest for the production of the Company's official birthday cake and its subsequent distribution on board, the TAP 70 digital sticker album and the sharing of content of the TAP Museum, revisiting TAP's 70-year history throughout the year.

**On Facebook**, there were more than 120,000 Likes on the Page (Fans), especially for the Christmas video – TAP Jingle Bells –, which organically reached more than 1 million people, with no associated investment on paid media. Demographically, the top 3 countries of the TAP fans are Portugal, Brazil and France and the predominant age group is between 25 and 34.

#### Key actions that marked the year on Facebook

- Disclosure of the TAP Creative Launch project;
- Pastime A matter of love: a blind date in the clouds;
- Pastime Cake Wanted (official cake for TAP's 70<sup>th</sup> Anniversary);
- Digital Sticker Album commemorating TAP's 70 Years;
- TAP Jingle Bells Christmas Video.



**On Twitter**, the interactions with the brand increased as a result of the change in strategy in terms of content, contributing to more prints per tweet and more than 27,000 followers.

**On Youtube**, the brand already has more than 7,400 subscribers and over 5 million views.

**Linkedin** now has a daily dedicated content, which contributed to an increase of followers from 15 thousand to over 37 thousand.

**Instagram** has reached the milestone of 50,000 followers and more than 20,000 photos shared by users on hashtag #tapportugal. In one year, the internal campaign of Instagram managers (TAP Instagrammers – We love walking on air) recorded more than 1,800 photos shared by TAP employees on hashtag

#### iCargo Airmail



With a view to real-time control of all postal operations by air and the resolution of the respective irregularities, a new generation integrated system was installed, selected to work in benchmark airlines worldwide.

#### TAP STEP

The launch in July of the new brand – TAP STEP –, brought with it 3 new TAP profiles on Facebook, Twitter, YouTube and Instagram.

The loyalty programme, from ages 12 to 25, currently has 15,000 fans on Facebook, 200 followers on Twitter and more than 1,000 in Instagram.



#### TAP Website

Creation of Sofia: TAP's Virtual Assistant.



#### Flip&Flap

New application for Tablet



To promote the novelty, TAP launched a pastime on the flip&flip site where children were invited to build a paper kite.

#### VICTORIA

In 2015 Victoria commemorated its 10<sup>th</sup> anniversary and ended the year with more than 1.8 million customers, with a monthly membership of around 16,700 new members.



# QUALITY CERTIFICATION

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

All certifications are key to the Quality Assurance/Compliance processes of each of the companies in the TAP Group. It is TAP's conviction and commitment that the Company continues to adopt and promote values that support the entire structure of the organization in order to meet the expectations of all its stakeholders.

TAP has a decentralized Conformities Supervision Management system, which involves the entire organization and operational suppliers, keeping the decision-making process closer to critical areas in order to meet the objectives of TAP Operator Policies and operate in accordance with the Industry's best practices.

On the operational side, the Conformities Supervision Management of TAP Portugal is established in accordance with the EU, EASA, ANAC and IATA requirements (the IOSA registration will be renewed in May 2016).

In 2016, the operating standards are expected to be fulfilled and consolidated in order to maintain the performance and results that have been achieved. The renewal of the IOSA registration with results similar to the previous ones will be one of the key objectives for 2016, where the work and commitment of the entire organization are crucial.

## 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 2015, according to IATA Statistics, the rate of accidents involving the total destruction of jet aircraft of western construction was 0.32 that is, one serious accident per 3.1 million flights. This value reflects an improvement of 30% relative to the annual average of 0.46 registered in the last five years. For the member companies of IATA, the rate came to 0.22 (that is, one accident per 4.5 million flights), reflecting a superior performance, by 31%, relative to the overall rate mentioned previously.

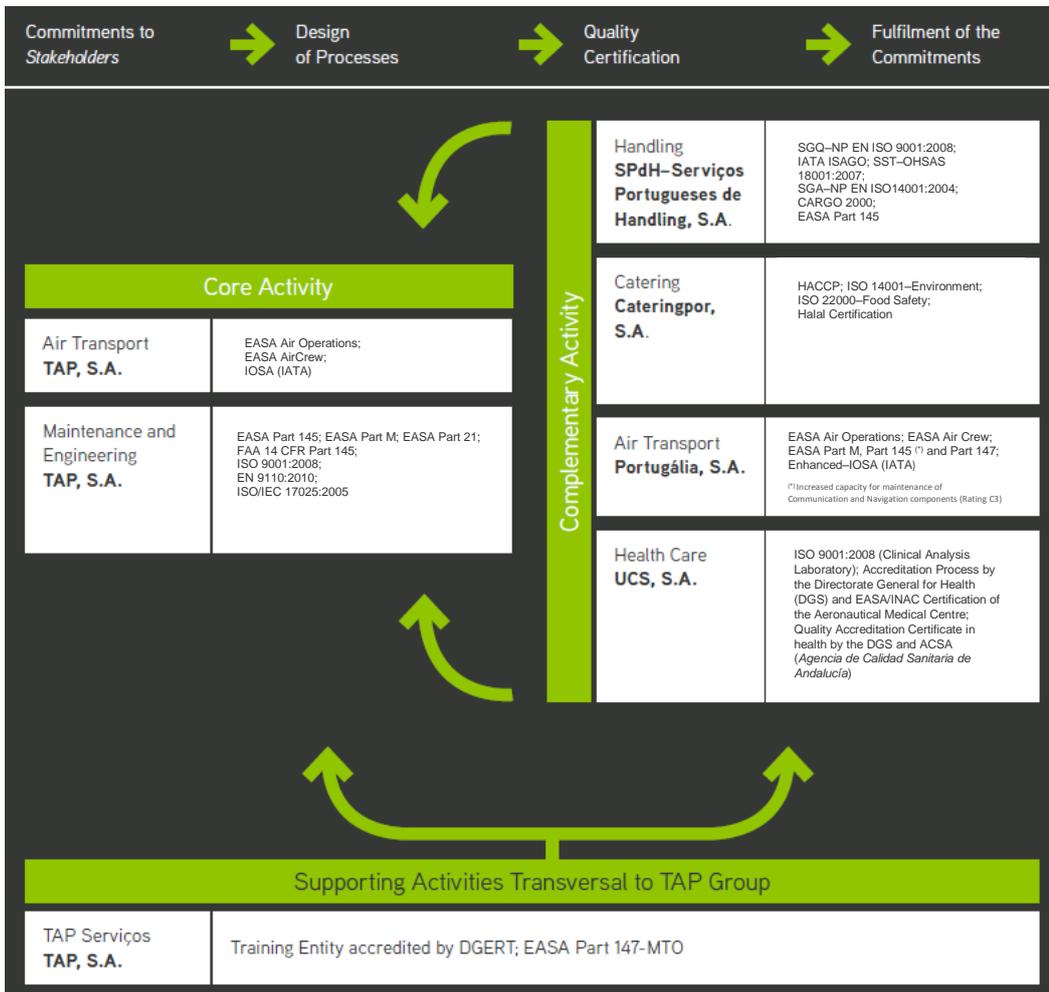
In order to be involved in an aircraft accident it would be necessary to take 1 flight per day for 8,493 consecutive years

### DEVELOPMENTS 2015

- ANAC audit of TAP for the renewal of the Air Operator Certificate (COA)
- Implementation of the Compliance Monitoring function
- Implementation of EASA – Air Operations standards

### OBJECTIVES 2016

- IATA Audit to renew the IOSA Certification
- ANAC Audit to TAP to renew the AOC (Air Operator's Certificate)



# REGULATORY AND SUPERVISORY ENTITIES

Transparent and continuous communication and strict compliance with the rules established by the regulatory and supervisory entities

**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, ALTA, 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

EUROPE	NATIONAL	INTERNATIONAL
 <p><b>Comissão Europeia</b> <b>European Commission</b></p> <p>The European Commission, the primary executive institution of the EU, is empowered to propose legislation and ensures that EU policies are applied correctly.</p>	 <p><b>ANAC – Autoridade Nacional da Aviação Civil</b></p> <p>Its mission is to license, certify, authorize and approve the activities and procedures, entities, personnel, aircraft, infrastructure, equipment, systems and other means assigned to civil aviation.</p>	 <p><b>ICAO – International Civil Aviation Organization</b></p> <p>This is a specialised institution of the United Nations, with the objective of promoting international cooperation in civil aviation.</p>
 <p><b>EASA – European Aviation Safety Agency</b></p> <p>Its mission consists in promoting the highest common rules on safety and environmental protection in the civil aviation sector.</p>	 <p><b>Competition Authority</b></p> <p>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).</p>	<p><b>Other National Civil Aviation Authorities (of the EU and of non-EU countries)</b></p> <p>Its mission, as is the case of the Portuguese aeronautical authority, consists in regulating and supervising the civil aviation sector.</p>
 <p><b>ECAC – European Civil Aviation Conference</b></p> <p>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.</p>		

## LOOKING BACK AT 2015

### RELATIONSHIP BETWEEN THE EUROPEAN UNION AND THIRD COUNTRIES IN THE AEROPOLITICAL FIELD

Within the framework of multilateral relations, the following developments took place:

- Consultations between representatives of the European Commission and representatives of the West African Economic and Monetary Union (UEMOA), which involves eight countries (Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Nigeria, Senegal and Togo), to assess the impact of negotiations for the establishment of a Global Air Transport Agreement;
- Consultations between representatives of the European Commission and representatives of the GCC (Gulf Cooperation Council), which involves six states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates), to assess the impact of negotiations to establish a Global Air Transport Agreement.

### RELATIONSHIP BETWEEN PORTUGAL AND THIRD COUNTRIES IN THE AEROPOLITICAL FIELD

Within the framework of bilateral relations, the following aeronautical consultations took place, with a view to concluding an air transport agreement between Portugal and each of the following states:

- Kingdom of Saudi Arabia;
- Kuwait;
- New Zealand;
- Republic of Gambia;
- Republic of Mauritius;
- Republic of Seychelles;
- Togolese Republic (Togo);
- Curacao.

### LEGISLATION

#### Proposal for a Directive of the European Parliament and Council

**Relating to:**

Use of data on air passengers for protection against terrorist offenses and serious crime

**Summary:**

Gather the designated data from the Passenger Name Record (PNR) for flights from and to third countries and potentially for flights within the EU, and set in time the visibility of the PNR data for police officers in charge of first-line control.

#### Proposal for a Regulation of the European Parliament and Council

**Relating to:**

Underwater location devices and flight tracking and control systems

**Summary:**

Continuously monitor the aircraft during flight to prevent any lack of intercommunication with the aircraft that may possibly lead to its disappearance.

#### Revision of the Single European Sky Project (SES2)

**Relating to:**

Improvement of the European system for air traffic management

**Summary:**

Strengthen current air transport safety standards, contribute to the sustainable development of the air transport system, and improve the overall performance of the air traffic management system (ATM) and air navigation services (ANS).

## OUTLOOK FOR 2016

### RELATIONSHIP BETWEEN THE EUROPEAN UNION AND THIRD COUNTRIES IN THE AEROPOLITICAL FIELD

Within the framework of multilateral relations, the following developments are expected to take place:

- Establishment of the necessary internal process to start negotiations between the EU and each of the following States, with a view to signing a Global Air Transport Agreement:
  - United Mexican States;
  - People's Republic of China;
  - Republic of Turkey;
  - Republic of Armenia;
  - Association of Southeast Asian Nations (ASEAN);
  - Kingdom of Bahrain (Member State of the Gulf Cooperation Council);
  - Kuwait (Member State of the Gulf Cooperation Council);
  - The Sultanate of Oman (Member State of the Gulf Cooperation Council);
  - Qatar (Member State of the Gulf Cooperation Council);
  - Kingdom of Saudi Arabia (Member State of the Gulf Cooperation Council);
  - United Arab Emirates (Member State of the Gulf Cooperation Council).
- Establishment of the necessary internal process to initiate negotiations between the EU and each of the following States, with a view to signing a bilateral Agreement for Aviation Safety:
  - Japan;
  - People's Republic of China.
- Completion of the negotiation process to establish a Global Air Transport Agreement between the European Union and the Federative Republic of Brazil.

### RELATIONSHIP BETWEEN PORTUGAL AND THIRD COUNTRIES IN THE AEROPOLITICAL FIELD

In the framework of the bilateral relationship, we expect the following bilateral aeronautical consultations to take place between Portugal and each of the following States, with a view to concluding an air transport agreement:

- United Republic of Tanzania;
- Republic of Kenya.

### LEGISLATION

#### Adoption of a new Strategy for the Aviation Sector in Europe (Aviation Strategy) of the European Commission

**Relating to:**

The establishment of a global strategy for the entire EU aviation ecosystem

**Summary:**

Boost the European economy and strengthen its industrial base so as to reinforce the EU's leading position worldwide. The plan will enable European airlines to preserve their competitiveness through new investments and business opportunities and to grow sustainably.

#### Revision of Regulation (EC) No. 216/2008 of the European Parliament and Council

**Relating to:**

Common civil aviation rules and that establishes a European Aviation Safety Agency

**Summary:**

Establish and maintain a uniform high level of civil aviation security across Europe.

#### Revision of Regulation (EC) No. 868/2004 of the European Parliament and Council

**Relating to:**

Protection against subsidization and unfair pricing practices

**Summary:**

Avoid damage to Community air carriers in the provision of air transport services by carriers from countries not members of the European Community.

#### Conclusion of the Revision of Regulation (EC) No. 261/2004 of the European Parliament and Council

**Relating to:**

The establishment of common rules on compensation and assistance to passengers in the event of denied boarding and cancellation or long delay of flights

**Summary:**

Protecting the rights of passengers in cases of traffic disruption or damage / loss of luggage and upon the occurrence of extraordinary circumstances of flight operation. The European Union will mark out the rights and obligations of each party (passengers, air operators, travel agencies, etc.).

#### Adoption of the Directive of the European Parliament and Council

**Relating to:**

Use of data on air passengers for protection against terrorist offenses and serious crime

**Summary:**

Gather the designated data from the Passenger Name Record (PNR) for flights from and to third countries and potentially for flights within the EU, and set in time the visibility of PNR data for police officers in charge of the first-line control.

#### Conclusion of the Revision of Regulation No. 545/2009 of the European Parliament and Council

**Relating to:**

Common rules for the allocation of slots at Community airports

**Summary:**

Address current deficiencies of slot allocation and ensure optimal use of scarce capacity at congested airports.

# SUPPLIERS

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

## Sustainability | Suppliers

For TAP, sustainability is one of the main pillars in the relationship with its stakeholders.

Over the last year, the Logistics area of the TAP Serviços Business Unit has developed a growing effort to improve their negotiating and purchasing processes for categories directly managed by this area, involving their suppliers in a relationship of mutual trust based on a principle of shared ethical principles, with the aim of generating a set of relevant capital gains.

Direct collaboration with the Company's suppliers and service providers in order to share best practices in management and sustainability contributes to add value to the whole supply chain.

## Green Procurement

The procurement model was transformed, in which green procurement has come to represent a key enabler.

In today's world of shared responsibility, TAP could not but support this methodology, which represents a strong challenge due to the management of cost/efficiency versus sustainability.

## Value Chain

The determining factor of this involvement is B2B and e-business. These strategies create not only the conditions for a true transformation of the value chain but also develop and optimise the performance of their players, reflecting the relationship processes and creating real added value communities.

In the wake of this relationship and focusing on excellence in management, in line with best practice the Logistics Area of TAP Serviços conducted a survey among its main national suppliers and service providers to assess and identify the materiality of various themes that serve as a reference in the Company's sphere of activity. The result of this survey will serve as a baseline study to improve the partnership.

## Suppliers Code of Conduct

A suppliers code of conduct is being prepared that will set out principles that TAP has already taken into consideration, namely, security in their supply chain, environmental management, strict job security commitments, inter alia.

## Buying

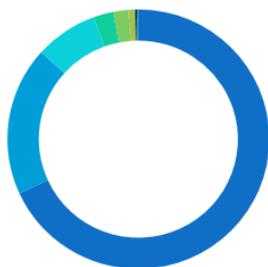
TAP aims to establish a strong and trusting relationship with its suppliers, integrating them in the value chain of the Company's end-product.

In this sense, TAP guides its operations in accordance with principles of equal opportunities, providing all potential suppliers that meet comparable requirements with transparent access to all information.

The Logistics area of TAP Serviços seeks to leverage the national economy, involving Portuguese suppliers and service providers as long as they have identical conditions in terms of price and quality to their international counterparts.

## Adjudications per Purchase areas TAP Serviços

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





## 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 CO<sub>2</sub> 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

Cateringpor 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, reaching, in 2015, its coverage of needs with national products, at 81%.

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 2,157 million euros, from 7,435 suppliers in 2015

## CHARACTERISATION OF SUPPLIERS

Profile of the base of Suppliers in 2015  
TAP Group (except TAP—Maintenance and Engineering Brazil)

### Total Suppliers

# 7 435

Distribution among National and Foreign markets



■ 3.78% Germany	■ 1.09% Belgium
■ 0.81% Denmark	■ 2.42% Spain
■ 8.42% United States	■ 3.66% France
■ 1.68% Netherlands	■ 23.27% Italy
■ 0.01% Luxembourg	■ 8.03% Others
■ 4.37% United Kingdom	■ 0.13% Singapore
■ 1.72% Switzerland	■ 0.05% Venezuela
■ 28.33% Portugal	

### Total invoices recorded

# 2 157 EUR million

With 42% distributed in the National market



■ 3.30% Germany	■ 1.29% Angola
■ 6.05% Belgium	■ 8.78% Brazil
■ 0.43% Cape Verde	■ 0.41% Denmark
■ 3.52% Spain	■ 6.03% United States
■ 6.50% France	■ 2.35% Netherlands
■ 2.23% Italy	■ 0.01% Luxembourg
■ 0.57% Mozambique	■ 0.37% Norway
■ 9.36% Others	■ 3.44% United Kingdom
■ 0.48% Singapore	■ 2.94% Switzerland
■ 0.02% Venezuela	■ 41.92% Portugal

An aerial photograph of a modern city skyline. The most prominent feature is a tall, curved building with a distinctive, pointed, conical top. The building has a glass facade that reflects the sky. In the foreground, there is a long, low structure, possibly a walkway or a platform, with a railing. Behind it, a long row of flagpoles holds numerous national flags. The background shows other modern buildings and a clear blue sky.

**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 growth of the number of carried passengers, whose annual average over the past fifteen years stood in the order of 5.2%.**

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 allowing, over that period, 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 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.

It should be noted, in this regard, 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, particularly in 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:**

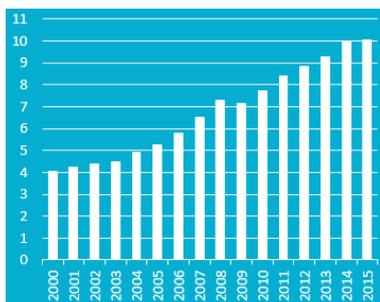
- ⊙ Contribute to the creation of value for the economy and Portuguese society;
- ⊙ Provide Customers with a quality product through the best and easiest solutions for their travel and for the transport of goods;
- ⊙ Promote interconnectivity within the Portuguese speaking world.

Air transport induces a diverse spectrum of activities, contributing significantly to global economic development, for its investors and for governments.

In 2015, airlines safely carried 3.6 billion passengers – equivalent to 48% of the world population –, and 52.2 million tons of cargo worth about USD 6 billion. In doing so, the Industry supported around USD 2.7 billion in economic activity and 63 million jobs.

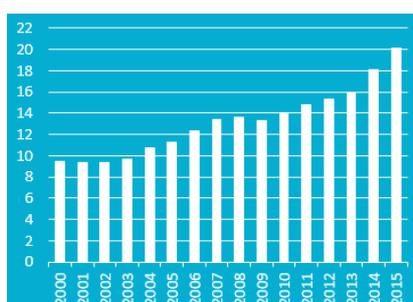
#### TAP TOTAL

Passengers carried – Lisbon hub



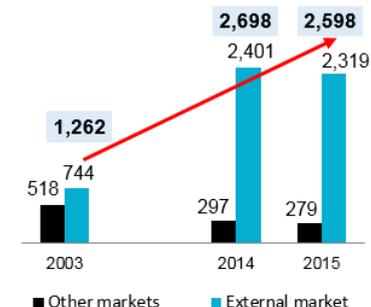
#### TOTAL VOLUME

Passengers carried – Lisbon Airport



#### SALES AND SERVICES RENDERED

EUR million



With regard to the indicators on the matrix of commitments, the goals for 2015 were met, or even exceeded in some cases, namely: assure diversity of destinations and frequencies to TAP Customers (except as regards the number of destinations served directly by TAP from Lisbon and from the Madeira and the Azores, and the number of services (flights)); assure improved handling service level in terms of baggage delivery; guarantee an effective service level for Cargo and Mail transport; provide connections within the Portuguese speaking world.

In terms of the indicators associated with the goal to promote passenger loyalty through distinctive service, it should be mentioned that the TAP passenger satisfaction index (ground service) was surpassed. However, it was not possible to meet the goal regarding the number of Victoria Programme members. The indicator used to assess the Evaluation of TAP passenger satisfaction (overall) was replaced by the STAR Alliance Customer Satisfaction Survey (Online Customer Satisfaction Survey–OCSS), of a multi-aspect nature (see page 29).

Concerning the indicators related to the commitment on contribute to the creation of value for the economy and Portuguese society, the commitment on improve the punctuality index of TAP flights, and the commitment on guarantee improved Passenger Customer satisfaction, the respective goals were not met.

With regard to the indicator on Average Time of Payment (ATP), in 2015 there was a delay of 8 days, in comparison to the previous year.

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

Objectives	Key Figures	Scope	2013	2014	2015	Variation 2014/2013	Variation 2015/2014
Increase its contribution to national GVA	GVA <sup>(11)</sup> (EUR thousand)	TAP Group	793,162	701,632	696,189	-11.5%	-0.8%
Achieve positive net results in a sustainable manner	Net Income <sup>(9)</sup> (EUR million)	TAP Group	-5.9	-85.1	-156.0	-79.23 (*)	-70.95
	EBITDAR <sup>(9)</sup> (EUR million)	TAP, S.A.	34.0	-46.4	-99.0	-80.36 (*)	-52.65
	EBITDAR <sup>(9)</sup> (EUR million)	TAP Group	225	178	142	-20.9%	-20.5%
Improve the company's activity level	EBITDAR <sup>(9)</sup> (EUR million)	TAP, S.A.	216	148	130	-31.3%	-12.4%
	Number of carried passengers <sup>(4)</sup> (passengers million)	TAP, S.A.	10.7	11.4	11.3	6.6%	-0.8%
Promote the export of services	Value of the services rendered abroad (Sales and Services Rendered) <sup>(9)</sup> (EUR billion)	TAP Group	2.4	2.4	2.3	1.1%	-3.4%
	Percentage of service exports (Sales and Services Rendered Abroad) in Total TAP Sales and Services Rendered <sup>(9)</sup>	TAP Group	89.0%	89.0%	89.3%	0.0 p.p.	0.3 p.p.
	Exports – Imports <sup>(9)</sup> (EUR million)	TAP Group	1,183	928	871	-21.6%	-6.1%

(\*) Absolute value

Objectives	Key Figures	Scope	2013	2014	2015	Variation 2014/2013	Variation 2015/2014
Increase productivity	Operating Revenues and Gains/ /employee <sup>(14)</sup> (EUR thousand)	TAP Group	216.6	214.8	201.4	-0.8%	-6.2%
		TAP, S.A.	360.3	348.0	326.3	-3.4%	-6.3%
	ASK (000)/employee <sup>(9)</sup> Air Transport Business Unit (B. U.)	TAP, S.A. (Air Transport B. U.)	7,813	7,759	7,564	-0.7%	-2.5%
Increase the Company's sustainability	Shareholders' Equity <sup>(9)</sup> (EUR thousand)	TAP, S.A.	113,991	19,153	108,332	-83.2%	465.6%
		TAP Group	-373,312	-511,860	-530,315	37.1%	3.6%
	Remunerated net debt <sup>(9)</sup> (EUR thousand)	TAP Group	780,032	921,288	805,353	18.1%	-12.6%
Create employment	Number of jobs created <sup>(5)</sup> (net)	TAP, S.A.	52	434	-39	-	-
		TAP Group	345	405	-91	-	-
Foster innovation	Investment in Innovation <sup>(1) (2)</sup> (EUR thousand)	TAP, S.A.	7,343.1	7,212.5	4,575.0	-1.8%	-36.6%
Assure diversity of destinations and frequencies to TAP Customers	Number of destinations served directly by TAP <sup>(4)</sup> :	PORTO	18	18	18	0.0%	0.0%
		FARO	1	1	1	0.0%	0.0%
		LISBON	77	88	82	14.3%	-6.8%
		MADEIRA and the AZORES	6	6	4	0.0%	-33.3%
	Number of code-sharing destinations offered <sup>(9)</sup>	TAP, S.A.	123	126	151	2.4%	19.8%
	Number of Services <sup>(4)</sup> (flights)	TAP, S.A.	106,994	109,139	109,283	2.0%	0.1%
	Improve the punctuality index of TAP flights	Flight punctuality index <sup>(4)</sup>	TAP, S.A.				
HUB			72%	64%	80%	-8.1 p.p.	16.7 p.p.
NETWORK			74%	66%	79%	-7.5 p.p.	12.3 p.p.
Assure improved handling service level in terms of baggage delivery	Percentage of baggage left behind <sup>(7)</sup> (by 1,000 Passengers)	TAP, S.A.					
		HUB	15.6	17.3	11.4	10.9%	-34.1%
		NETWORK	10.0	11.1	8.4	11.0%	-24.3%
Guarantee improved Passenger Customer satisfaction	Number of complaints per carried passenger <sup>(10)</sup>	TAP, S.A.	0.0026	0.0067	0.0045	157.7%	-32.8%
Promote passenger loyalty through distinctive service	Evaluation of TAP passenger satisfaction (Overall) <sup>(12)</sup> Classification: 1 (very unsatisfied) to 10 (very satisfied)	TAP, S.A.	7.95	7.67	(**)	-	-
	TAP passenger satisfaction index (Ground service) <sup>(8)</sup> (number of replies – satisfactory in total replies obtained)	TAP, S.A.	64.3%	63.8%	70.4%	-0.5 p.p.	6.6 p.p.
	Number of Victoria Programme members <sup>(6)</sup>	TAP, S.A.	1,400,000	1,600,000	1,800,000	14.3%	12.5%
Guarantee an effective service level for Cargo and Mail transport	Cargo and Mail Revenue <sup>(3)</sup> (EUR million)	TAP, S.A.	115.348	123.621	118.107	7.2%	-4.5%
	Costs due to lost or damaged cargo relative to total revenue <sup>(3)</sup>	TAP, S.A.	0.07%	0.10%	0.06%	0.03 p.p.	-0.04 p.p.
Provide connections within the Portuguese speaking world	Number of connections with Africa <sup>(4)</sup> (average number of flights per week)	TAP, S.A.	30	34	34	13.3%	0.0%
	Number of connections with South America (Brazil) <sup>(4)</sup> (average number of flights per week)		67	71	71	6.0%	0.0%
Ensure convergence of the Average Time of Payment with the invoice due dates	Average Time of Payment (ATP) to Suppliers <sup>(13)</sup> (number of days)	TAP Group (except TAP-ME Brazil, LFP, Cateringpor and SPdH)	25	24	32	-4.0%	33.3%
		TAP, S.A.	24	24	32	0.0%	33.3%

(\*) Absolute value

(\*\*) Replaced by the STAR Alliance Customer Satisfaction Survey (Online Customer Satisfaction Survey–OCSS), of a multi-aspect nature (see page 29)

#### Means of verification

(1) Information supplied to GPEARI (IPCTN07)

(2) Internal document

(3) Budget Control

(4) Traffic and Operations Statistics

(5) Intranet

(6) Victoria Programme

(7) Departure Punctuality and IRR Bag

(8) Passenger survey

(9) Annual Report

(10) Talk to Us Report

(11) Sustainability Report

(12) Summary of the Customer Satisfaction Study

(13) Central Data Processing System

(14) Management Report

# ACTIVITY

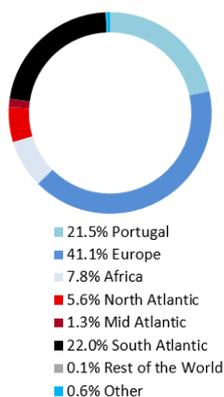
With a view to promoting Customer loyalty, the Company operates a structured network complemented by extensive interconnection with a global network, through its participation in the largest global alliance of airline companies, STAR Alliance, as well as good coordination with other partner companies.

Together with its partners, in 2015, TAP:

- Offered its Passengers and Cargo Customers access to 225 cities, (86 in its own aircraft), of which 119 are located in Europe, 10 in Portugal, 77 in the Americas, 21 in Africa, and 8 in the Middle East/Asia;
- Transported 11.3 million Passengers and 83.5 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; Brasília and Belo Horizonte in the Centre; and Rio de Janeiro, São Paulo, Campinas and Porto Alegre in the South. The Company reaffirms its position as the leading European carrier in this important South American market, which already represents 37.5% of the activity (in RPK).**

Tickets Sales by Geographic Area



Complementing the above, TAP provided Maintenance and Engineering services, with the following in this activity being noteworthy:

- The scale of the Customer base: 38 Customers worldwide, 66% 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 86% 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 24% of the number of work hours performed;
- The creation in 2015 of a communication portal for Customers – ACE News –, seeking not only to disseminate content related to the activity of TAP–Maintenance and Engineering, but also to promote the interaction with Customers and other entities;
- Regarding works carried out for Third Party Customers, revenue grew by 10.4% (9.6 million euros) in 2015. It should be noted, however, that the scenario of the MRO market continues to be dominated by OEMs (Original Equipment Makers) and large organizations with regard to engines and components and that it is characterized by businesses with a high financial component. These factors have been conditioning the business opportunities of TAP–Maintenance and Engineering. Nonetheless, the company seeks to establish strategic partnerships with some of these players and to penetrate in certain niche markets as a form of increasing its market share.

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

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.

In the period between 1 January and 31 December:

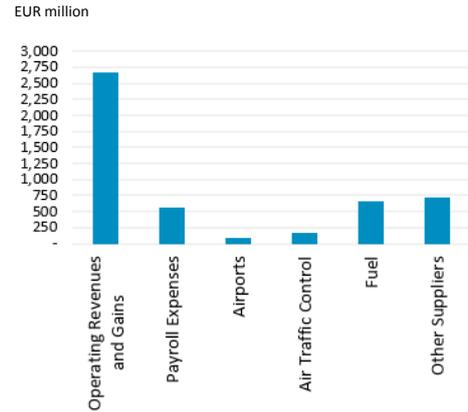
- The Group's turnover decreased by 3.7% (100.4 million euros less than in 2014);
- Revenue generated in external markets recorded a total of 2,319.4 million euros. Although representing a reduction of EUR 81.4 million (-3.4% yoy), the expression of this value confers TAP Group the distinction of the 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;
- Within the TAP Group, the value invested in tangible fixed assets reached 51 million euros (investment under technical costs–ICT criterion). This value essentially reflects investments in advances for PDPs (Pre-Delivery Payments), investments in basic equipment including aircraft, spare/rotatable reactors for air fleets and other investments in other tangible assets related to the renovation of Free Shops in Lisbon and Porto (LFP) and also in office equipment and tools and utensils;
- The total amount paid to the State, including taxes, came to 304 million euros;
- Payments to Suppliers, a total of 1,455 million euros, decreased by 7.9%, 125 million euros less than in 2014.

With regard to operational efficiencies improvement, TAP plans to step up their efforts to optimize their cost structure so as to ensure sustainable growth as efficiently as possible, without compromising their commitment to maintain excellence in the safety of their operations and offer their Customers a global benchmark product and service. In 2015, albeit under the effect of favourable fuel prices, there was a significant reduction in the operating cost per unit.

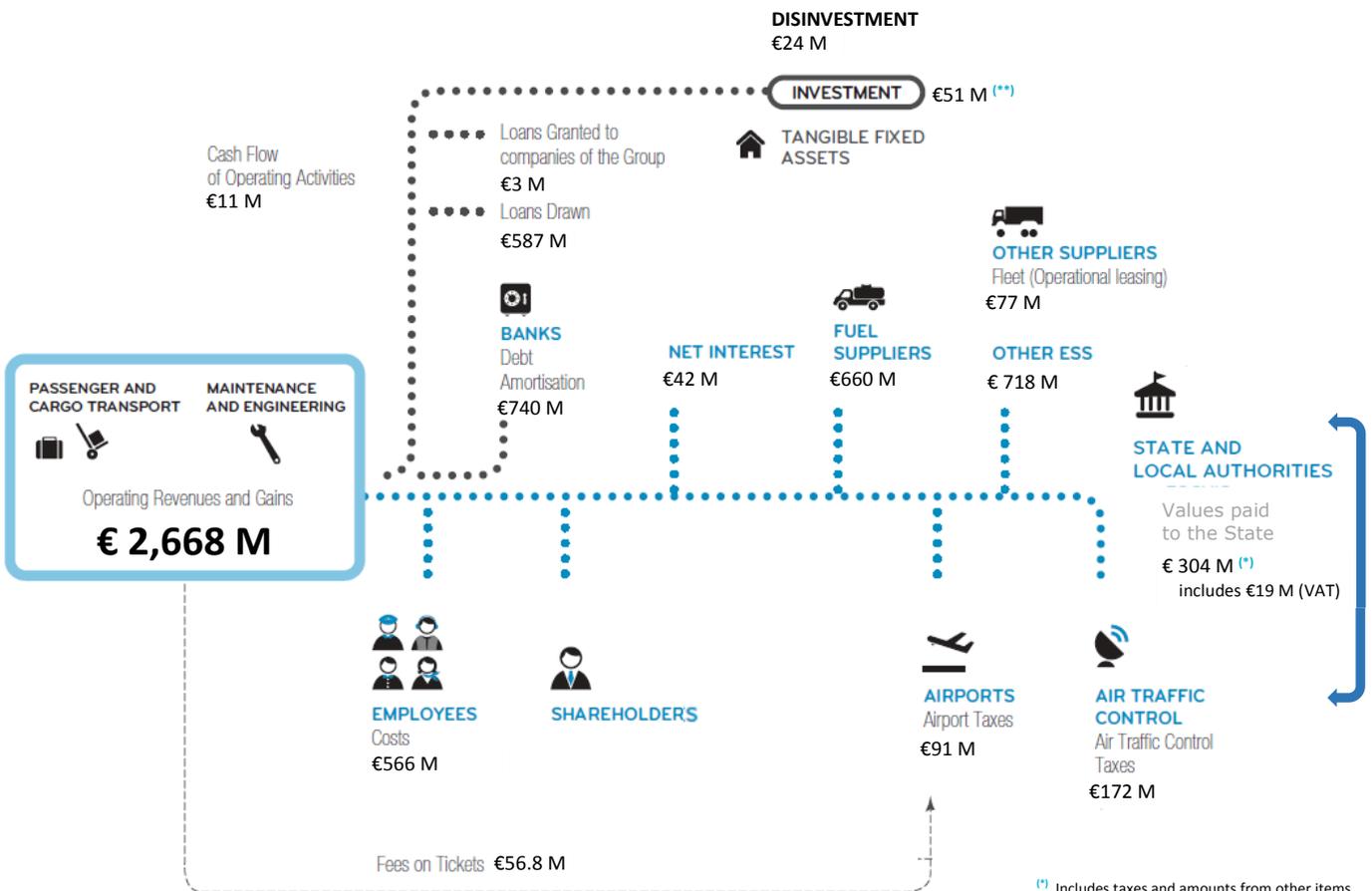
# CREATION OF VALUE FOR STAKEHOLDERS

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.



## Distribution of the Operating Revenue and Gains created in 2015 to Stakeholders of TAP Group M (million)



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 2015, the overall value of these taxes reached 56.8 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.

**SOCIAL PERSPECTIVE**  
**RESPECT FOR**  
**HUMAN VALUE**



**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.**

Backing up 63 million jobs, around 10 million of which directly involved with the Industry where the average productivity exceeds 3.6 times that seen in a global context, the air transport Industry faces today multiple challenges. The progressive uncertainty of the macroeconomic environment, allied to a climate of growing competition, demands rapid responses for which a solid and continuous preparation of human resources is required.

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 with the intention to assume an important role in promoting changes in society and, in this way, contribute towards greater social development and cohesion.**

### 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;
- ⊙ Adopting 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.

With regard to the matrix of commitments, the following goals for 2015 were met or even exceeded: all indicators relating to the commitment to ensure the operational and financial safety of people and assets and the commitment of adopt transparent principles in the Company's management and relations with society. The goals set for the indicators to promote the professional development of the Company's Employees and quality at work place, with the exception of the rate of absenteeism, the number of children using the nursery and the percentage of Gym users who are Company Employees, were met. In relation to the indicators associated with the promotion and support of initiatives of a social character, the realisation of traineeships at the Company and the encouragement of voluntary efforts (blood donation) the respective goals were reached. However, the goal for the programme *Portugal no Coração* was not reached. In relation to the programme *TAP Victoria por um mundo melhor* (TAP Victoria for a better world), under the new TAP Loyalty business unit, the method used to calculate the volume of miles donated was changed, making it impossible the measurement of the defined goal.

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

Objectives	Key Figures	Scope	2013	2014	2015	Variation 2014/2013	Variation 2015/2014
Promote the continuous training of Employees and improve their qualification levels	<b>Number of hours of training carried out by Company Employees<sup>(2)</sup></b>	TAP, S.A.	284,876	449,500	<b>304,091</b>	57.8%	<b>-32.3%</b>
		TAP Group (except TAP-Maintenance and Engineering Brazil)	777,068	822,952	<b>647,868</b>	5.9%	<b>-21.3%</b>
	<b>Number of participations in training actions over the total number of Employees<sup>(2)</sup></b>	TAP, S.A.	3.29	3.24	<b>3.01</b>	-1.7%	<b>-7.1%</b>
	<b>Number of hours of training per Employee<sup>(2)</sup></b>	TAP, S.A.	41.40	62.84	<b>41.37</b>	51.8%	<b>-34.2%</b>
Promote involvement with the Company	<b>Rate of Absenteeism<sup>(3)</sup></b>	TAP, S.A.	9.76%	10.54%	<b>10.76%</b>	0.8 p.p.	<b>0.2 p.p.</b>
	<b>Absenteeism related to pregnancy Remaining Absenteeism</b>		3.89%	4.12%	<b>2.4%</b>	0.2 p.p.	<b>-1.7 p.p.</b>
			5.87%	6.42%	<b>8.4%</b>	0.5 p.p.	<b>2.0 p.p.</b>
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	<b>Percentage of Gym users who are Company Employees<sup>(4)</sup></b>	TAP Group	86.0%	86.2%	<b>73.0%</b>	0.2 p.p.	<b>-13.2 p.p.</b>
	<b>Number of children using the nursery<sup>(4)</sup></b>	TAP Group	358	384	<b>342</b>	7.3%	<b>-10.9%</b>
	<b>Number of beneficiaries of the Group's Health-care Insurance<sup>(4)</sup></b>	TAP Group	21,334	22,903	<b>23,384</b>	7.4%	<b>2.1%</b>
Promote and support initiatives of a social character	<b>Realisation of Traineeships at the Company<sup>(2)</sup></b>	TAP, S.A.	110	110	<b>107</b>	0.0%	<b>-2.7%</b>
		TAP Group (except TAP-Maintenance and Engineering Brazil)	180	201	<b>221</b>	11.7%	<b>10.0%</b>
	<b>Portugal no Coração programme<sup>(2)</sup> (number of beneficiary Portuguese emigrants)</b>	TAP, S.A.	14	15	<b>0</b>	7.1%	<b>-100.0%</b>
	<b>TAP Victoria for a better world<sup>(2)</sup> (number of miles donated)</b>	TAP, S.A.	16,500,000	23,615,514	<b>2,500,000<sup>(*)</sup></b>	43.1%	-
	<b>Encouragement of Voluntary Efforts<sup>(5)</sup> - Blood Donation - Blood Donated (ml)</b>	TAP Group	65,000	45,000	<b>50,000</b>	-30.8%	<b>11.1%</b>
Contribute to ensuring the safety of operations, finance, people and assets	<b>Number of services covered by the Risk System<sup>(1)</sup></b>	TAP Group (Operational Areas)	82	82	All services are currently covered by the risk management system	0.0%	-
Comply with the Code of Ethics	<b>Number of acquisitions through tender over the total number of acquisitions<sup>(3)</sup></b>	TAP Group	As a rule, all acquisitions follow market consultation or under a contract which was signed following market consultation			-	-
	<b>Number of persons admitted through open tender over the total number of persons admitted<sup>(3)</sup></b>		100%	100%	<b>100%</b>	0.0 p.p.	<b>0.0 p.p.</b>
	<b>Number of audits carried out to Tenders/Contracts<sup>(6)</sup></b>		435	531	<b>648</b>	22.1%	<b>22.0%</b>
Assure the reliability of the information on the Company's activity and its communication to the stakeholders and community	<b>Annual Report, Sustainability Report and Corporate Governance Report available on TAP's Website</b>	TAP Group	Jul-2014	Jul-2015	Jul-2016	-	-

(\*) Change in the method used to calculate the volume of miles donated under the new TAP Loyalty Business Unit

### 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

### Valorisation of Human Capital

The effectiveness of the Company in the management of its human capital is considered a decisive factor for its success. In an environment of permanent and challenging changes in the economic and social climate, TAP believes it can continue to distinguish itself by the attitude of its Employees, seeking to provide them at all times with proper integration in the organization and conditions to enable them to perform their duties in the best way possible.

# 13 102

TAP Group Staff  
31 december 2015

# 7 284

TAP, S.A. Staff  
7% of the Employees distributed among the markets where the Company operates – Europe, Africa and America

## Profile of TAP Group Employees (except TAP–Maintenance and Engineering Brazil)



### Function, Contract of Type and Gender

Abroad	TAP	Portugália	Groundforce	Cateringpor	Lojas Francas	Megasis	UCS
<b>Ground Staff</b>	514						
PERMANENT CONTRACT	499						
Female	272	-	-	-	-	-	-
Male	227	-	-	-	-	-	-
FIXED-TERM CONTRACT	14						
Female	6	-	-	-	-	-	-
Male	8	-	-	-	-	-	-
VARIABLE-TERM CONTRACT	1						
Female	1	-	-	-	-	-	-
Male	0	-	-	-	-	-	-
<b>Portugal</b>							
<b>Ground Staff</b>	3,300	203	2,172	493	452	170	90
PERMANENT CONTRACT	3,008	181	1,954	362	331	170	89
Female	1,022	39	590	180	193	68	77
Male	1,986	142	1,364	182	138	102	12
FIXED-TERM CONTRACT	288	20	205	131	31		
Female	72	1	67	52	14	0	0
Male	216	19	138	79	17	0	0
VARIABLE-TERM CONTRACT	4	2	13	0	90		1
Female	3	1	5	0	53	0	1
Male	1	1	8	0	37	0	0
<b>Cabin Crew</b>	2,532	217					
PERMANENT CONTRACT	2,151	206					
Female	1,429	174	-	-	-	-	-
Male	722	32	-	-	-	-	-
FIXED-TERM CONTRACT	381	11					
Feminino	241	9	-	-	-	-	-
Masculino	140	2	-	-	-	-	-
<b>Flight Deck Crew</b>	938	158					
PERMANENT CONTRACT	938	135					
Female	34	4	-	-	-	-	-
Male	904	131	-	-	-	-	-
FIXED-TERM CONTRACT	0	23					
Female	0	0	-	-	-	-	-
Male	0	23	-	-	-	-	-
<b>Total</b>	<b>7,284</b>	<b>578</b>	<b>2,172</b>	<b>493</b>	<b>452</b>	<b>170</b>	<b>90</b>

### Seniority and average age by function

PORTUGAL	TAP	Portugália	Groundforce	Cateringpor	Lojas Francas	Megasis	UCS
<b>Ground Staff</b>	3,300	203	2,172	493	452	170	90
Seniority	15	10	15	11	9	15	16
Age	40	39	41	43	38	43	45
<b>Cabin Crew</b>	2,532	217					
Seniority	13	14	-	-	-	-	-
Age	38	38	-	-	-	-	-
<b>Flight Deck Crew</b>	938	158					
Seniority	12	10	-	-	-	-	-
Age	41	42	-	-	-	-	-
<b>Total</b>	<b>6,770</b>	<b>578</b>	<b>2,172</b>	<b>493</b>	<b>452</b>	<b>170</b>	<b>90</b>

### Employees by Gender



41% Female  
59% Male

### Employees by Contract of Type



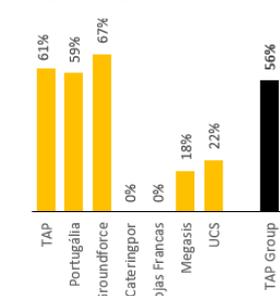
89% Permanent contract  
10% Fixed-term contract  
1% Variable-term contract

### Employees by Function



66% Ground Staff  
24% Cabin Crew  
10% Flight Deck Crew

### Percentage of employees covered by collective bargaining agreements



Lojas Francas (LFP) – LFP never established agreements directly, applying the Collective Agreement of APEP (Portuguese Association of Distribution Companies) to 100% of its Employees.  
Cateringpor – Cateringpor has no collective bargaining agreement, being governed by the General Labour Law.  
TAP Group – TAP Group except TAP–Maintenance and Engineering Brazil.

# HUMAN CAPITAL MANAGEMENT

## – LABOUR PRACTICES

### Differentiation through attitude

#### CONNECTED TO THE WORLD THROUGH PEOPLE

Assuming and recognizing the duality of objectives that guide the organizational performance contexts – personal and organizational –, TAP legitimizes the need for alignment between them, seeking a balance between the professional success of its Employees and, at the same time, competitiveness, sustainability and excellence in business. Therefore, based on a model of participatory management and staff recognition, sustainable development is enhanced through better performance and contribution of the Company's Employees towards competitiveness and best results. Human Resources practices are clearly aligned with the Company's strategy, thus contributing to the achievement of the Company's overall objectives, in a logic of strengthening the credibility of the TAP brand. In this sense, considering the importance of a skilled and competent human capital, TAP directs its Human Resources strategy in view of greater appreciation, motivation and recognition of its Employees.

#### PROMOTING MERIT

The Performance Evaluation, Management of the Reward Program and Analysis and Qualification of Functions are practices conducted by the Company that seek to:

- **Recognize** the merit of its Employees, tracking their professional development and assessing their contribution to the Company;
- **Follow** as orientation the external competitiveness and internal equity of remuneration, focusing on internal equity, performance and the market value of functions and compare different functions, indicating where the differences lie;
- **Assess** the relative justice of reward within the Company as well as its level of external competitiveness.

The motivational and merit promotion programs also include management practices and processes that TAP encourages and that contribute to the recognition, satisfaction and commitment of Employees in reaching the organizational objectives, in particular, inter alia:

**Simpatia Programme (Friendliness Programme)** – Company Employees who have been distinguished by passengers with friendliness cards – as a form of highlighting their especially friendly attitude, courtesy and attention to passengers –, are invited to take part in a solemn ceremony in the presence of management, symbolizing the TAP brand's commitment to quality and distinguishing the Employees that most stand out.

**My 20 TAP years** – aims to honour those who have been co-building the Company, thanking those who have been with the Company for 20 years in a ceremony symbolizing the effort and dedication over that time.



**Reconhecer Programme (Recognize Programme)** – aims to honour Employees who, due to their contribution to achieving the best results, problem solving, creativity, Customer-oriented approach and exceptional actions can serve as a model for TAP. In this way, TAP people are encouraged to perform better, based on a more favourable attitude to obtaining results: enthusiasm; creativity; attention to internal and external customers; determination; flexibility and initiative in solving problems through joint efforts.

#### PROMOTING INDIVIDUAL DEVELOPMENT

##### Personal and Professional Development

The Training and Development of Employees is a constant and decisive practice and concern for the Company's success. It is aligned with the internal policy for the recognition of human resources and with the organization's strategy, defined according to individual and corporate needs, therefore, creating commitment, competence and contribution to the organization while enhancing the personal and professional development of those who work for it.

In this sense, TAP has its own Training Centre and a multidisciplinary team of specialized and accredited professionals. The Company favours the use of internal trainers (given their specialized and qualified know-how of the aviation activity who, in addition to instructors, act as mentors and coaches of younger employees). The training is permanently adapted to ongoing vocational development and working in different areas of competence: specific technical training (initial and continuing) and cross training. The first part, called specific technical training, focuses on the performance of functions in each of the Company's area, corresponding to needs detected and compliance with national or international standards for Commercial Aviation, while the second part, cross-training, seeks to add value to whom it is addressed, building on a diversity of action formats, methodologies, teaching techniques and differentiating approaches. In 2015, 7,406 courses were conducted in a total of more than 647,868 hours of training, covering a total of 31,089 trainees.

The investment in e-Learning, considered a case of success both internally and externally as a result of the quality and diversity of content and tools developed as well as the multidisciplinary team of experts, continued in 2015, with a newly updated and aligned image. Also worth mentioning is the benefit provided by TAP in relation to the possibility of the internal mobility of Employees between different areas and functions. In this context, several mobility programs were created that result from the agreement with STAR Alliance with a view to the acquisition of new skills and experience, representing an added value to the personal and career development of Employees in the Company.

TAP offers its Employees a volume of training and development programs for the acquisition of additional skills for better performance of their duties, contributing simultaneously to their personal growth, instilling value in the business.



Number of Training Actions



- 3571 - TAP, S.A.
- 176 - CATERINGPOR
- 435 - LFP
- 472 - PGA
- 24 - UCS
- 2658 - GROUNDFORCE
- 70 - MEGASIS

## SAFEGUARD

### Occupational Safety and health

#### PROMOTING HEALTH AND A HEALTHY LIFE

The health insurance for workers, extended to family members, and the existence of a medical clinic on the TAP Campus: the UCS (HCU) – *Unidade de Cuidados de Saúde* (Health Care Unit) –, with about 200 professionals, is an important support for reconciling family/work, providing TAP Employees with access to health care in a convenient way facilitated by the proximity to the workplace. The UCS provides healthcare on an outpatient basis, aerospace medical certification and health, hygiene and safety at work, both at the headquarters in Lisbon and in its branches. In 2015, it became the first outpatient health unit outside the National Health Service to be accredited by the General Directorate for Health, in Health Quality. In addition to the convenience of being located on the TAP Campus, the co-payment of Employees for a consultation is purely symbolic. Outside the UCS's working hours, TAP hired a domestic medical service (EcoSalva) for Employees, extended to family members. In the context of health and well-being, TAP also promotes a healthy lifestyle among its Employees, highlighting the following initiatives:

- **Mais Saúde Programme (More Health Programme)**, recognized and supported by the General Directorate for Health, which includes awareness, prevention and early diagnosis, free screenings and monitoring plans in pregnancy and childbirth preparation courses;
- **Gym** located on the TAP Campus, offering discounted rates for Employees;
- **Internal pedestrian circuits** for the practice of physical exercise;
- **Prevenir Programme (Prevention Programme)**, Prevention and Control of the Consumption of Alcohol, Drugs and Tobacco, aimed at helping Employees to control their consumption and to stop smoking, given the risks of alcohol abuse and drug use for the health of Employees and the safety of persons and property, seeking to meet the highest aviation safety standards.

#### PROMOTION OF A SAFETY CULTURE

Activation of a new structure in TAP (April 2012) – Safety Manager –, with the implementation and maintenance of the Safety Management System (SMS). At the same time, TAP adjusted its Safety Policy, inter alia, clarifying and deepening some concepts, such as the fair culture of reporting events.

The development of this system depends on the strengthening of a Safety Culture, based on the fundamental commitment of top management to ensure that Safety is the first priority and one of the key objectives to spread among all areas of the Company the culture and Safety processes that have always characterized the TAP Flight Operations.

In this regard, several communication channels with employees facilitate the voluntary reporting process and feedback under the SMS. In addition to the email and intranet channels, iGo Safety stations (Reporting and Communications) were placed on the Campus of TAP–Maintenance and Engineering for reporting on paper and exclusive access to the Safety Office.



Mais  
saúde+



The SAFETY Portal is targeted at all Employees of the TAP Group with access to TAPNET. Its mission is to encourage the TAP Safety Culture, namely: to facilitate the reporting of fundamental occurrences for an effective SMS and for the continuous improvement of Safety; to disseminate updated information on the Safety universe to all TAP Employees; to actively contribute to the overall improvement of the TAP's Safety Performance.

This portal allows users to: complete and submit online voluntary occurrence reports; track the status of the submitted report; search and view Safety information; print contents.

## SYSTEMS THAT ASSURE WELL-BEING

### Balance between personal and professional life

In addition to all its practices and initiatives to promote the feasibility of the objectives and strategies outlined by the TAP Group, there are other parallel practices and actions aimed at enhancing the balance between family life and professional life of Employees and their well-being, bringing in this way added value to the business. In this context, the following initiatives deserve mention:

**Teleworking** – TAP supports working at home in areas that are viable from a technological point of view, ensuring the desired productivity levels and allowing greater family support. In 2015, seven employees enjoyed the flexibility of this work arrangement;

**Flexible working hours** – the Company offers flexible hours up to 20% of working time; this possibility is available to most employees, with the exception of operational areas or those that involve shift work;

**Bus transport** – TAP offers free bus transport between its premises and the city centre in periods outside the public transport schedule, thus facilitating the transport to and from the workplace of employees who work in shifts.

### INVOLVEMENT

Recognizing the importance of providing Employees with opportunities for growth and vocational development, the following practices seek to involve them, thus adding value and competitiveness to the business.

Following this practice, the **HR Conference Cycle** was held – an initiative aimed at the sharing and creation of knowledge, encouraging an out-of-the-box spirit, motivation, resilience and personal and vocational development –, with the Conference *The Advantage of Optimism: Scientific evidence of its benefits*.



Ciclo de Conferências RH  
Gestão de Talento

In the constant search to involve Employees in several areas in which the Company operates, the following initiatives were continued:

### Communication



**If I were** – TAP TV spot aimed at promoting knowledge of the various functions in the Company, providing cross-involvement of Employees and thus generating benefits both for individuals and for the organization itself. In this initiative, a given function is performed for one day by an Employee from a different area; **Vox POP** – TAP TV spot, an initiative designed to get to know Employees better and to know their opinion about working for TAP. In short, *what it means for employees to work for TAP?*

### DIVERSITY AND GENDER EQUALITY

In recognition of the importance of Diversity and Gender Equality, TAP highlights the importance of each Employee in the value chain, reinforcing their commitment to citizenship, social responsibility and sustainable growth by applying best practices. In this sense, TAP invests in promoting inclusion in the workplace regardless of gender, age, race, religion, disability and/or individual sexual orientation, ensuring all employees of fair and equal conditions and opportunities that promote non-discrimination and diversity in the organization.

TAP promotes the following, inter alia:

**Multiculturalism**, which at TAP is reflected in the integration of 20 different nationalities in its staff;

**Gender equality**, where gender diversity is favoured even in roles usually performed by men. TAP's staff includes the existence of women in the following functions: pilots (about 30, of which 10 are commanders); aircraft maintenance experts (31). In addition, about 222 women have higher education in a total of 576 people; about 30% of the Company's senior staff are women and in about 515 employees holding managerial/supervisory positions, 147 are women;

The **integration of people with disabilities** in the business environment as a result of agreements signed with various social welfare institutions in functions tailored to the special needs of each one, employing about 95 employees with a degree of disability/impairment in Portugal.

TAP is a Company committed to the following three pillars:

**best company to  
travel  
work  
invest**



**On 14 March 2015, TAP celebrated its 70th anniversary, having sought to involve the TAP Employees in the organisation of countless celebration initiatives and in the celebration of the efforts and dedication of thousands of Employees who, for decades, contributed to its development and growth in the context of a highly competitive industry, making it one of the most iconic national brands.**

## BENEFITS

### Thinking about motivation, safety and the quality of life of its Employees and their families, the Company grants different Social Benefits

<b>Social support</b>	The Social Service seeks to support and advise active and retired Employees in the many situations they face, in particular, in issues related to the personal life that affect their well-being and performance, including financial difficulties.
<b>Solidarity fund</b>	Granting monetary loans to Employees and retired employees, who are in situations of exceptional economic need. In particular, health conditions of Employees or their household that require costly medical treatments that are not reimbursed, in some cases abroad.
<b>Nursery</b>	TAP's Nursery, located in the facilities of the Company, receives children from 4 months to 5 years old, whose parents are Employees of TAP Group, during regular or irregular hours, open <b>24 hours</b> every day of the year. The Human Resources Department monitors the management of the nursery school where social workers play a key role in mediating between parents and the Nursery School, monitoring the integration and development of children in the Nursery School. TAP recognizes the importance of this investment for the support and stability of the family of their employees and thus for the promotion of balance between work and personal life.
<b>Canteen</b>	The Canteen has 1,200 seats and serves about <b>3,200 meals/day</b> (lunch, dinner and supper), to employees who are active, have taken early retirement and retired, is located on the TAP premises. The adjacent conviviality spaces are also used to publicise information on the Company's activities and initiatives underway for specific projects involving the Employees – <i>Voluntários com Asas</i> (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.
<b>Insurance</b>	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 Employees family members, as well as at-home medical care. Life Insurance is also provided, covering risks of death and full and permanent disability.
<b>Pension plan</b>	TAP attributes its Employees, recruited until 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.
<b>Supplementary subsidies</b>	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.
<b>Protocols</b>	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 (in terms of consumer credit, mortgage loans, investment funds and insurance) hotels, rent-a-car and airline companies, among others. Also provide discounts for a variety of goods and services.
<b>Ticket benefits</b>	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. TAP also provides Employees who travel on honeymoon with a trip with the right to upgrade, regardless of their contractual status.

# EXTERNAL SOCIAL RESPONSIBILITY

## 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 2015 of the social solidarity actions, projects and programmes directed at different groups.

### 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).

CARE TEAM is a team of qualified volunteers (over 500 volunteers), 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



PORQUE VOAR ESTÁ NAS NOSSAS MÃOS.

TAP's corporate volunteer movement, *Voluntários com Asas (VCA)*, created in February 2010, is an initiative of a group of workers, the Founding Member Group (GD), 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 space to join the different solidarity projects and causes.

### Community Support Actions

#### Professional integration of people with Disabilities

Number of people in the TAP Group: 6

**The Portugal no Coração 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** to treat flight phobia, carried out by TAP in partnership with the UCS, open to external and internal customers.

### School / Company Actions

#### Trainee placements

Total number of Trainees in the TAP Group: 221, in TAP, S.A.: 107

Mindful of the current economic and social climate and in order to meet the challenges posed by today's society, TAP has been created various types of traineeships, seeking to promote and integrate unemployed young people in the Company. In this sense, several actions/initiatives have been conducted under the Employer Branding, namely academic and professional internships (job training program promoted by the IEFP—*Instituto do Emprego e Formação Profissional*), summer courses for university students, which in more than 50% of cases result in the integration of young people in the Company's payroll. Protocols are also established with different entities, leading to academic and professional internships and subsequently the integration of young people into the labour market.

#### Study visits to TAP premises

Number of participants: 943

Under the school/company relationship, TAP provides young people from different universities and under different entities with other initiatives aimed at this population segment, allowing their growth and vocational development, namely: participation in employment fairs, perceived as a major event for companies to make known their recruitment strategies, development and training; study visits to educational institutions; study visits to the TAP facilities/areas; collaboration in the *Junior Academy 2015* initiative of the Portuguese Catholic University / Faculty of Human Sciences.

# An important role in promoting changes in society, a commitment towards sustainable development

Promoting an attitude of differentiation, innovation and proximity



## FUND RAISING Dissemination of Institutions

The Voluntários com Asas (VCA) Volunteers with Wings have allowed and facilitated the dissemination of projects of many institutions seeking to raise funds and to expand their actions through the internal communication media that the VCA uses, both, within the Company and among the volunteers and Friends of the VCA.

In this context, in November 2015 the 3<sup>rd</sup> Solidarity Fair of the *Voluntários com Asas* was held in the Company's general cafeteria. This edition welcomed 12 partner institutions, which through the direct sale of products and various means of disseminating their activity got their messages across to more than 5,000 employees of the TAP Group who visited the two-day event. In this event, TAP joined the project for the construction of the Maria Raposa Paediatric Outpatient Centre, donating the entire amount raised by the VCA sale merchandising.



## DOAR MILHAS DONATE MILES

*Alignment of institutional solidarity strategies*

Over five partner institutions of the *Voluntários com Asas* (VCA) (Volunteers with Wings) had the opportunity to make known their international volunteer projects through the TAP website ([www.flytap.pt](http://www.flytap.pt)), receiving in this way miles donated by TAP Passengers. With a strong participation of the Victoria Programme customers, it was possible to support projects of the following institutions:

**Mundo a Sorrir; WACT – We Are Changing Together; Terra dos Sonhos; Orquestra Geração** and **AHEAD**. This joint initiative of the VCA and TAP Loyalty has received much praise by the institutions, which more and more wish to be included in this annual program, considering the significant added value of the possibility to travel. The main destination of institutions using this program are countries where Portuguese is the official language, which develop local support projects mainly in education and health programs.



## GIVE MORE Stepping up the fight against waste

In 2015, the *Voluntários com Asas* continued the actions to reduce waste, raise awareness and collect and distribute goods to be donated to institutions, involving numbers that exceed the following:

- 1,200 fruit juices
- 2,000 snacks
- 250 litres of milk
- 2,500 blankets from the on-board service

In partnership with a hypermarket, the Vending Outreach Project (*Vending Solidário*) was continued, which promotes the vending of fresh fruit, with 5% of monthly sales being converted into fruit. The result was the donation of more than 20,000 pieces of fruit to the Tercena Temporary Accommodation Centre, which hosts about 50 children and youth.

With the commitment of the TAP crew, the *DariAcorard* association, *Cateringpor* and VCA, it was possible to start collecting food (packaged without the need for temperature-controlled storage) left over from the aircraft on-board service, as determined by the Directorate General of Food and Veterinary Care (*Direção Geral de Alimentação e Veterinária*). The food collected was distributed to partner institutions of the VCA.

## TAP the first airline worldwide to re-use food left on board aircraft

<http://voluntarioscomasas.blogspot.pt>

Karingana Wa Karingana Prize



VCA announces missionary action of partner Institution of *Afetos com Letras*



VCA announce AMI Concert for Peace and Harmony



VCA announces the fund raising campaign to build a library in Mozambique launched by AIDGLOBAL – partner institution



VCA offers snacks for APPDA's event – 2<sup>nd</sup> social interaction event of *Associação Portuguesa para as Perturbações do Desenvolvimento e Autismo* (APPDA)



**ENVIRONMENTAL PERSPECTIVE  
RESPONSIBLE MANAGEMENT  
AND 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 man-made CO<sub>2</sub> emissions, 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:

- Participates actively in the Industry's collective effort to reduce CO<sub>2</sub> 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.

#### 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.

With 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).

## 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.**

## 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.**

## 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.

# TAP – first company and Maintenance Center in Europe, and second company worldwide to introduce Sharklet technology

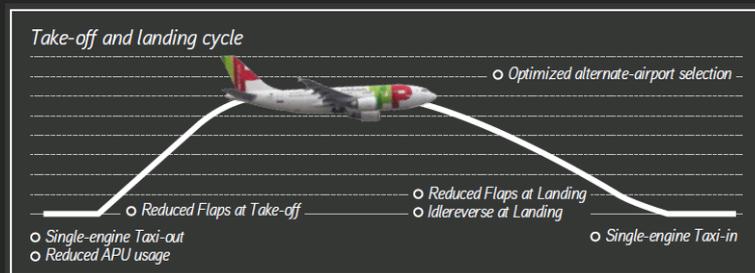
## PROJECTS AIMED AT IMPROVING ENERGY EFFICIENCY FOR IMPLEMENTATION OVER THE NEXT FEW YEARS

- 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, under the programme to change 12 A320 aircraft, which was initiated in December 2015 and is expected to be completed by the end of 2017. The introduction of these devices in the wing tips will allow gains in the aerodynamics of the aircraft, reducing fuel consumption by about 4% and increasing the operational life of the aircraft. TAP Portugal will be the first operator and European Service Centre and the second worldwide by a difference of only a few weeks to change an aircraft in service.



## 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;
- Introduction of the Electronic Flight Bag (EFB) providing pilots with more and better information and consequently an improvement in efficiency levels.

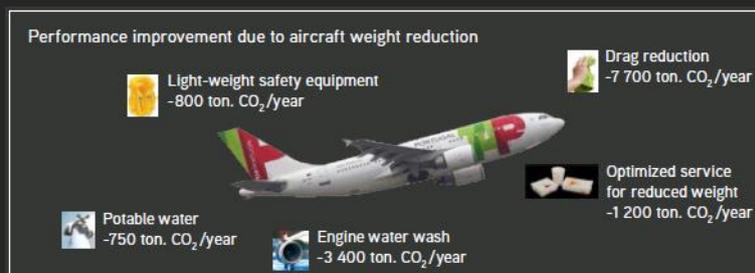


## IMPROVED PERFORMANCE WITH REDUCTION OF AIRCRAFT WEIGHT

The application of weight reduction policies in aircraft involves the Marketing, Handling and Maintenance and Engineering areas, in particular through the following interventions:

- 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.

The same applies to PGA: weight reduction through new painting, windshield connection elements – titanium versus stainless steel; renovation of thermal blankets; matching of panels and polishing of fan blades; reduction of pressurization leakage in the cell.



# AT TAP—MAINTENANCE AND ENGINEERING

## ENVIRONMENTAL STRATEGY

The environmental strategy of TAP—Maintenance and Engineering was based on the support of programs implemented in previous years aimed at progressively more efficient and responsible production.

In this regard, the commitment made in the Rationalization Plan for Energy Consumption (PREn) was reinforced, which runs between 2011 and 2016, bringing about a 6% reduction in consumption in that period. The implementation of investments related to the PREn, in particular the aspect of more efficient lighting as well as the focus on dissemination of environmental content and training of employees allowed a reduction of over 30% in the main consumption indicator in comparison to 2010 (reference year), exceeding the goals set.

Partnerships were established with external entities under the *Missão + Ambiente* (Mission + Environment) and *Missão Hangar Verde* (Green Hangar Mission) programmes in order to improve environmental performance. These partnerships were made with renowned learning institutions and companies, bringing about improvements in many maintenance and pollution control procedures, with higher-than-expected results.

The *Missão Poupança* (Saving Mission) continues to be one of the strategic pillars in the Environmental Management carried out in the Business Unit. Of particular importance is the reduction by 1.9 tons of paper consumption (equivalent to preserving about 30 trees).

Two 5S projects were initiated under the *Missão Resíduos* (Waste Mission). The main objective of these projects is to improve the internal processes of separation and collection of solid and liquid waste. Both projects have been completed and are expected to be fully implemented in 2016.

Under the Environmental License of TAP—Maintenance and Engineering, a project for the Renovation of the TAP Campus Waste Park was prepared in parallel.

## INFRASTRUCTURES

In 2015, works were carried out to improve/increase the safety conditions at work as well as the production capacities, ensuring compliance with best practices in safety at work and the environment, namely:

- Purchase and installation of new cabins for preparation/repair and application of resins using a spray gun in the Cabin Interior Workshop – best technical and energy efficiency conditions;
- Repair and replacement of the roofing of Hangar 5's nave – installation of sandwich panels;
- Repair of the pavement of the Machines and Tools Workshop;
- Acquisition and replacement of a new modular compressor – 1<sup>st</sup> stage of the compressed air network renovation project;
- Acquisition and installation of a new fire detection system in buildings 34 and 37;
- Acquisition and installation of LED lighting in buildings covered by the Environmental License;
- Renovation and adaptation of the Business Unit's facilities at the Faro, Funchal, Porto Alegre, Recife and Brasilia stations;
- Start of the Works project to replace and repair the hangar roofing (Building 23) – installation of sandwich panels.

## ELECTROLYTIC TREATMENT WORKSHOP

In the Workshop, an area of 352 m<sup>2</sup> of parts was treated, i.e. 935 m<sup>2</sup> of washed area, using 604 m<sup>3</sup> of water subsequently sent for treatment in the various WWTP processes. This water consumption corresponds to 9.6 l of water/m<sup>2</sup> of washed area per wash step, representing a reduction of 7% in the Consumption per Wash Step indicator and is within the reference range indicated in the BREF STM (3-20 l/m<sup>2</sup> per wash step).

Due to changes in the composition of acid and chromium waste of the Electrolytic Treatment Workshop, the respective WWTP treatment processes were reassessed. As a result, several changes were made to the processes. After three months of demonstrated consistent results within the Emission Limit Values established in the Environmental License (EL), the changes were validated. Based on the re-evaluation of the changes made and the set of results obtained, a report was drawn up and delivered to the APA (Portuguese Environment Agency), as set out in the Environmental License and Environmental Performance Plan (plan delivered to APA consigning the actions to be implemented during the term of the license so as to ensure compliance with the requirements of the EL), which provided for the resolution of the consistent removal of all pollutants by the end of 2015.

The quality of the final effluent from the Electrolytic Treatment Workshop treated at the WWTP was measured internally whenever it was discharged into the collector and through monthly monitoring, according to the EL in force, using an external laboratory. The stationary sources of gas emissions associated with the Workshop's processes were monitored in accordance with the periodicities of the EL, with no defaults in the sources associated with chemical processes. The source associated with the degreasing process using solvent revealed some compliance issues and was studied in a stage carried out by IST and coordinated internally by QS/GS/GA. In this study, it was found that the emission reduction process should undergo some changes in order to increase/ensure its efficiency, which should be implemented during 2016. The energy consumption of the Electrolytic Treatments Workshop continued the downward trend, decreasing by 3% in comparison to 2014.

The direct main environmental impact of the TAP Group's activity stems from carbon dioxide (CO<sub>2</sub>) emissions generated by the operation of the air fleet and to a lesser extent by the consumption of water, paper and waste produced in ground operations.

The effort to minimize the environmental impact is reflected in the trend over the past five years. In relation to the goals set in the Company's schedule of commitments, the goals set for 2015 in almost all indicators were fulfilled, with the exception of the consumption indicators of energy, water and waste produced.

It should be highlighted that the Carbon Offset programme, a contribution to reducing the carbon footprint through the option provided to TAP passengers to offset carbon dioxide (CO<sub>2</sub>) emissions of their travel, exceeded the target set for the year (15,000 tons of CO<sub>2</sub>) by 10%.

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

Objectives	Key Figures	Scope	2013	2014	2015	Variation 2014/2013	Variation 2015/2014
Promote voluntary compensation by passengers Air Transport	Carbon offset <sup>(3)</sup> (ton CO <sub>2</sub> )	TAP, S.A.	15,037	16,076	<b>16,430</b>	6.9%	<b>2.2%</b>
Reduce energy consumption (electricity, natural gas, petrol and diesel) Ground Operations	Energy consumption (electricity, natural gas, petrol and diesel) over turnover <sup>(1)</sup>	TAP, S.A.	43.01	40.95	<b>41.28</b>	-4.8%	<b>0.8%</b>
		TAP Group (except TAP-Maintenance and Engineering Brazil)	88.70	85.13	<b>86.13</b>	-4.0%	<b>1.2%</b>
Reduce water consumption Ground Operations	Total water consumption over turnover <sup>(1)</sup>	TAP, S.A.	52.50	49.28	<b>52.26</b>	-6.1%	<b>6.0%</b>
		TAP Group (except TAP-Maintenance and Engineering Brazil)	93.17	85.14	<b>85.45</b>	-8.6%	<b>0.4%</b>
Reduce paper consumption Ground Operations	Paper consumption over turnover <sup>(5)</sup>	TAP, S.A.	0.020	0.019	<b>0.017</b>	-3.4%	<b>-11.6%</b>
		TAP Group (except TAP-Maintenance and Engineering Brazil)	0.040	0.038	<b>0.041</b>	-3.3%	<b>6.6%</b>
Reduce waste production Ground Operations	Quantity of waste produced over turnover <sup>(2)</sup>	TAP, S.A.	1.21	1.27	<b>1.68</b>	4.9%	<b>32.5%</b>
		TAP Group (except TAP-Maintenance and Engineering Brazil)	2.93	3.05	<b>3.51</b>	4.1%	<b>15.2%</b>

Objectives	Key Figures	Scope	2013	2014	2015	Variation 2009-2014	Variation 2009-2015
Increase Energy Efficiency Improve fuel efficiency by 1.5%/year up to 2020 Air Transport	Jet A1 consumption per passenger <sup>(4)</sup> (litres/100 RPK)	TAP, S.A.	4.307	4.139	<b>4.289</b>	-3.0%	<b>-1.9%</b>
Reduce CO <sub>2</sub> emissions Improve environmental performance by 1.5%/year up to 2020 Air Transport	CO <sub>2</sub> emissions per passenger <sup>(4)</sup> (kg/100 RPK)	TAP, S.A.	10.854	10.431	<b>10.807</b>	-3.0%	<b>-1.9%</b>

### Means of verification

(1) TAP Campus – Water and Energy Consumption

(2) Document Accompanying Waste of the Ministry of the Environment and Integrated Waste Registry Report

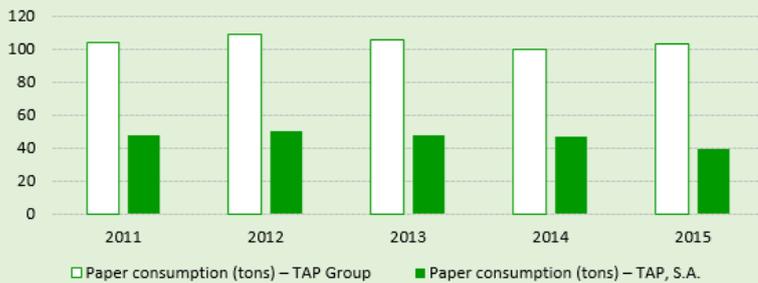
(3) IATA Programme

(4) Sustainability Report

(5) Information System Report

# REDUCTION OF WASTE AND WATER AND ENERGY CONSUMPTION

The results achieved in 2015 in the environmental performance indicators relating to ground support operations reflect the commitment of the Company in finding solutions and saving measures, combined with awareness-raising training actions directed at employees, both through internal training and communication campaigns.



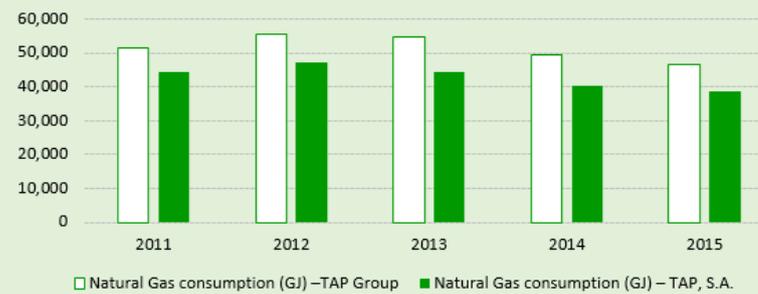
**Paper**

**-15%**  
TAP, S.A.



**Water**

**-3%**  
TAP Group



**Natural Gas**

**-5%**  
TAP Group



**Increase in the quantity recycled**

**+52%**  
TAP Group

# REDUCTION OF CARBON DIOXIDE EMISSIONS

## CARBON OFFSET

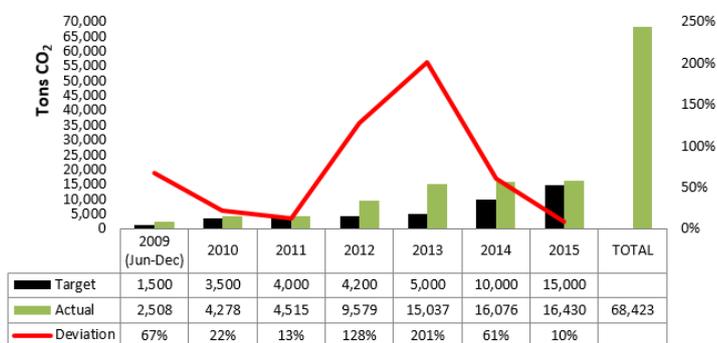
### CO<sub>2</sub> Emissions Compensation Programme

For the 7<sup>th</sup> consecutive year, TAP's carbon dioxide Emissions Offset Programme (CO<sub>2</sub>) – Carbon Offset –, achieved the best result since its launch in June 2009. In 2015, more than 16.4 thousand tons of carbon dioxide were offset voluntarily by TAP passengers, 10% more than the goal of 15,000 tons set for the year.

The programme and methodology used to calculate CO<sub>2</sub> emissions are checked and accredited annually by an independent entity that worldwide ensures the high quality standard for carbon offsets – the Quality Assurance Standard.

TAP's Carbon Offset programme, launched in partnership with IATA (International Air Transport Association) and recognized by UNESCO with the prize *Planet Earth 2010*, allows passengers that make their reservations on the TAP portal ([www.flytap.com](http://www.flytap.com)) to voluntarily offset CO<sub>2</sub> emissions associated with their flights, thus contributing to emission reduction projects in developing countries in a global effort to combat climate change.

### Passenger Participation Programme CO<sub>2</sub> Emissions Offset Carbon Offset



## In 2015 ...

### Emissions Offset Programme – Carbon Offset



# 16 430 tons of CO<sub>2</sub>

voluntarily offset by TAP passengers

### Routes with more offsets

1<sup>st</sup> Orly – Lisbon

2<sup>nd</sup> Lisbon – Heathrow

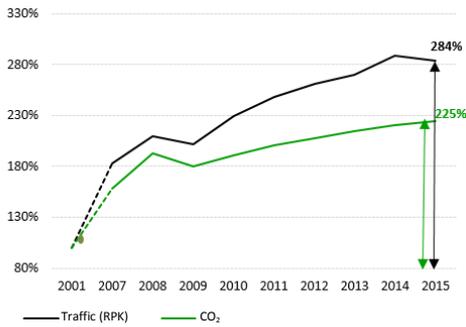
3<sup>rd</sup> Lisbon – Orly



Since the start of the project, more than 68.4 thousand tons of CO<sub>2</sub> were compensated voluntarily;

The CO<sub>2</sub> emissions compensated by this programme exceeded the direct and indirect emissions of CO<sub>2</sub> resulting from the consumption of fossil fuels and electricity in TAP's ground operations.

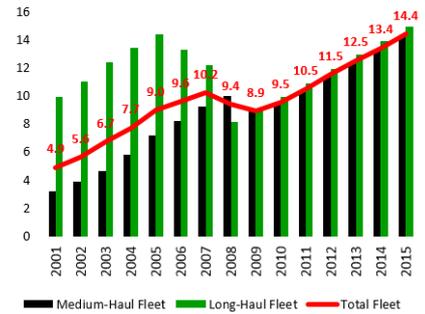
## Energy Efficiency



## Average number of Aircraft of TAP's Fleet (PGA aircraft not included)



## Average Age of TAP's Fleet (PGA aircraft not included)



## 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.

Fonte: www.iata.org

## Energy and Environmental Efficiency

The TAP fleet (excluding PGA aircraft), consisting of 61 aircraft (43 medium-haul and 18 long-haul), had an average age of about 14 years in 2015.

In 2015, TAP began a programme to modernize and modify the current fleet to achieve energy efficiency gains and reduce CO<sub>2</sub> emissions, allowing the Company to offer its passengers a better product. Under this programme, which began in December, Sharklet devices are placed on the wing tips, improving its aerodynamics and providing fuel savings of 4% and extending the plane's operational life by 36,000 flight hours. With the arrival in 2017 of the new A330-900 neo aircraft for long-haul flights and A320 neo for medium-haul, TAP seeks to significantly improve their energy and environmental efficiency. The new A320 neo will be equipped with the latest technologies, which translate into 15% fuel savings since their entry into operation. The A330-900 neo incorporate state-of-the-art Rolls-Royce Trent 700 reactors, improved aerodynamics and new cabin interiors for passengers, allowing energy efficiency gains of 14% per aircraft seat.

In 2016, TAP's regional fleet will begin to be replaced with 9 Embraer 190 aircraft, which will allow an average 40% improvement in energy efficiency.

## TAP Group fleet noise

The TAP Group fleet, including PGA, operates with a good safety margin in regard to the current noise limits established by the International Civil Aviation Organization (ICAO Annex 16, Chapter 3), because with an average age of 15.7 years, 87% of aircraft already meet the new more stringent noise limits of the ICAO, which apply to new aircraft certified after 1 January 2006 (ICAO Annex 16, Chapter 4).

**-1.6%**

TAP achieved a 1.6% improvement in the Energy Efficiency and Environmental Performance indicators – Fuel Consumption (Jet A1) per Passenger and CO<sub>2</sub> Emissions per Passenger between 2001 and 2015.

Performance Indicator	2001	2007	2008	2009	2010	2011	2012	2013	2014	2015
RPK (million)	10,449	19,135	21,908	21,076	23,944	25,970	27,226	28,152	30,119	29,638
Jet fuel consumption (million litres)	564.92	898.26	1,090.46	1,014.56	1,078.03	1,134.72	1,172.15	1,212.59	1,246.67	1,271.08
CO <sub>2</sub> Emissions (million tons)	1.424	2.26	2.748	2.557	2.717	2.859	2.954	3.056	3.142	3.203
CO <sub>2</sub> Emissions per passenger (kg/100 RPK)	<b>13.620</b>	11.830	12.540	12.130	11.346	11.011	10.849	10.854	10.431	<b>10.807</b>
Jet A1 consumption per passenger (litres/100 RPK)	<b>5.410</b>	4.690	4.980	4.810	4.502	4.369	4.305	4.307	4.139	<b>4.289</b>

# ENVIRONMENTAL RESPONSIBILITY

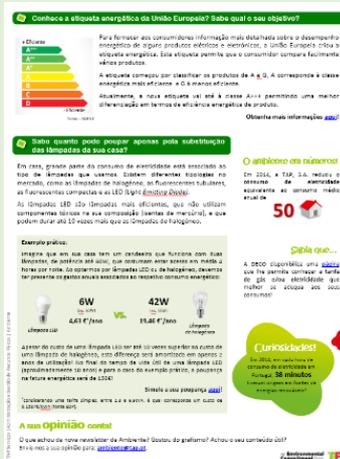
The improvement of energy efficiency has been a priority for TAP in recent years. Throughout the year, several projects in this area were initiated, some focused on air transport, others on ground support operations. The strengthening of environmental communication and awareness-raising actions is also one of the goals set for 2015. In this line, a number of initiatives have been promoted through various internal communications media.

## NEW ENVIRONMENTAL NEWSLETTER

### ECONEWS

TAP marked World Environment Day (5<sup>th</sup> June) with the publication of the quarterly newsletter **Econews** with the aim of enhancing the dissemination and awareness of environmental issues.

The first edition was dedicated to Energy. A new item was created – Recycle with Art –, which encourages the sharing of materials recycling projects developed by employees.



## ENERGY CONSUMPTION REDUCTION PROGRAMMES

### DIGITAL KIOSK SERVICE

In 2015, TAP launched a new on-board reading service giving free access to newspapers and magazines through their mobile devices. With this Digital Kiosk, TAP reduces the weight on board with consequent reductions in fuel consumption and CO<sub>2</sub> emissions. Besides being environmentally responsible, this solution increases the quality of on-board service and provides a wider range of reading options in place of newspapers and magazines previously available on paper.

### ENVIRONMENTAL AWARENESS-RAISING CAMPAIGN TO REDUCE CONSUMPTION

On World Environment Day, warning messages were placed next to the switches to remind workers to turn off lights when they're not needed.



### MODERNISATION OF GROUND SUPPORT INSTRUCETURES

Improving energy efficiency was also priority in ground support operations during the remodelling/renovation of infrastructure. In 2015, the roofing of the TAP engine maintenance workshop was improved by replacing 20% of opaque plates with translucent plates. This operation significantly increased natural lighting, thereby helping to reduce electricity consumption. The replacement of lighting in some of TAP's maintenance workshops with microLED systems contributed to significant improvements in electricity consumption and in working conditions.



# TAP GROUP COMPANIES



**Cateringpor** developed a set of actions to improve the energy and environmental efficiency of its activities and equipment, namely the:

- Purchase of a low temperature washing machine for the scullery;
- Placement of two antechambers in the holding box (equipped with two automatic doors with alternate opening), allowing less cold loss;
- Monitoring and maintenance of equipment not monitored in 2014.

Consequently, the following reductions were recorded: natural gas consumption (-15%); diesel fuel consumption (-10%); water consumption (-13%) and also greenhouse gas emissions and waste production, improving the quality of its effluents.



Also important is the completion of the environmental certification process in accordance with the NP EN ISO 14001:2012.

**PGA (Portugália)** fits its Environmental Management programme within the TAP Group's environmental guiding principles. PGA's environmental protection strategy aims to eliminate the negative impact of the activity, focusing on the definition of objectives and concrete action plans to implement good practices in the field of energy and environmental efficiency. In 2015, the following measures were undertaken:

- Strengthening of selective waste collection;
- Stricter separation and treatment/recycling of out-of-service bulbs;
- Paperless PGA Project: elimination of paper and forms, replacing them with digitized information, with a 25% reduction in paper consumption in comparison to 2014;
- Use of light-saving bulbs;
- Air conditioning equipment: always turned off when not needed;
- Conservation of waste packaging areas.

## NATIONAL COLLECTION OF BATTERIES



PGA and TAP once again joined the Ecopilhas national campaign to collect used batteries. The initiative in favour of the Portuguese Institute of Oncology distributed battery recycling collection containers in the hangar, airport and headquarters.

**LFP (Lojas Francas de Portugal – Free Shops)** established an important objective to reduce the consumption of paper, with an 18% reduction in A4 paper (75gr), by switching to digital filing. In order to reduce the consumption of cardboard, empty cardboard boxes were reused by the LFP warehouses, leading to a 6.5% reduction in the material sent for recycling. With regard to fuel consumption, new rules on the use of service vehicles were implemented and a new car with lower consumption was purchased.

On the other hand, the consumption of electricity went up due to the increase in business and to the expansion of storage areas, in particular. Nevertheless, awareness campaigns reinforced the need to turn off electrical equipment and lighting when not needed.

As a health care unit for the TAP Group, **UCS (Cuidados Integrados de Saúde – Integrated Health Care)** has associated to its clinical activity the production of hospital waste, subject to specific treatment and disposal, as specified in the legislation and regulations in force.

Dangerous hospital wastes are divided into Group III – biohazard medical waste, and Group IV – specific hospital waste – and are subject to specific treatment by an accredited third party, in accordance with the technical solutions adopted by Portuguese official entities to ensure the protection of human health and the environment. UCS has an ongoing program to improve the rationalization and control of waste production, the internal rules of which are set out in the *UCS Manual of Procedures for Hazardous Medical Waste Management*. Periodically actions are carried out to monitor and control processes, as are information and continuous training actions to consolidate best practice recommendations issued by official bodies, namely the General Health Directorate, the body which accredited UCS. For wastes that are not classified as hazardous medical waste, UCS has developed a process to improve the internal procedures used in separation for recycling.

With regard to control indicators, there was a decrease of about 7.4% in the production of hazardous medical waste in group III and 1.5% in group IV. The general indicators of environmental performance also saw a reduction of about 8% in paper consumption in comparison to 2014.

UCS continues to see the management and separate treatment of waste resulting from its activity as a vital process for the minimization of the environmental and public health impact and remains committed to the adoption of good environmental practices and rationalization of consumption.

# PRESERVATION OF BIODIVERSITY

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

TAP Cargo is prepared to carry domestic or wild animals comfortably and safely. Involved in cutting-edge projects in the protection of endangered species and animal rescue, the Company is well known around the world for the successful projects it supports and develops in this area.

In 2015, TAP formally announced its decision not to carry parts of animals or animals at risk of extinction. This prohibition applies to the shipment of hunting trophies, shark fins and laboratory animals and emerged following the practice long adopted by the Company of not carrying species or products derived from species protected by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).



**TAP prohibits the dispatch of animal trophies, laboratory animals, shark fins and any part of animals that are part of the "Endangered Animals" list.**  
 With immediate effect, TAP officially prohibits the dispatch of animal trophies, laboratory animals, shark fins and any part of animals on the "Endangered Animals" list as freight. Before the ban, TAP already had a strict acceptance policy in full compliance with all government regulations on protected species (CITES).

NEWSLETTER REGULATION TAP Cargo

## Transport ...



### Endangered macaws

In cooperation with the Institute for Nature Conservation and Forestry (ICNF), in November TAP Cargo transported two Hyacinth Macaws (*Anodorhynchus leari*) from Lisbon to Sao Paulo. There are currently less than 1,000 specimens of this endangered species in nature. The two macaws arrived in Portugal as a result of illegal trade of eggs from Brazil. This was the first time it was possible to return the animals to their natural habitat.

On arrival of the TAP flight to Sao Paulo, the birds were delivered to the representative of Hyacinth Macaw Captivity Programme who secured their transport to Minas Gerais, where they were set free into the wild.



### Pygmy hippo from the Lisbon Zoo to Miami

TAP transported a baby hippopotamus to Miami. The 3-year old hippo was born in the Lisbon Zoo and sent to the Center for Conservation of Tropical Ungulates in Florida. It should be noted that this is considered an endangered species by the International Union for Conservation of Nature.

The transport involved a significant amount of preparatory work, including the construction of a tailor-made transport box, as required by the wild animal transport rules.

The pygmy hippo was accompanied by specialists, from the departure from the Lisbon Zoo to its arrival in Florida. During the flight, the temperature, humidity and pressure conditions were kept under control.



### Osprey

Under the project for the reintroduction of osprey (*Pandion haliaetus*) in Portugal, initiated in 2011, TAP Cargo transported 12 eagles from Stockholm and Helsinki.

This project aims to establish a first breeder unit in the Alqueva dam area, where the ecological conditions are favourable to the development of this species.

# COMMITMENTS



# DEGREE OF COVERAGE IN 2015 AND OBJECTIVES FOR 2016

● Exceeded ● Achieved ● Not Achieved

Commitments	Objectives	Key Figures	Scope	2014 Actual(A)	2015 Target (T)	2015 Actual(A)	Degree of coverage	2016 Target (T)	Variation 2016(T)/2015(A)	
<b>Contribute to the creation of value for the economy and Portuguese society</b>	Improve the activity level of the Company	Number of carried passengers (Passengers million)	TAP, S.A.	11.4	12.0	11.3	●	11.8	4.0%	
	Increase productivity	ASK (000)/employee Air Transport Business Unit (B.U.)	TAP, S.A. (Air Transport B.U.)	7,759	8,001	7,564	●	7,584	0.3%	
	Create employment	Number of jobs created (net)	TAP, S.A.	434	243	-39	●	67	-	
<b>Provide Customers with a quality product through the best and easiest solutions for their travel and for the transport of goods</b>	Assure diversity of destinations and frequencies to TAP Customers	Number of destinations served directly by TAP:	TAP, S.A.							
		PORTO		18	18	18	●	12	-33.3%	
		FARO		1	1	1	●	1	0.0%	
		LISBON		88	85	82	●	75	-8.5%	
		MADEIRA and the AZORES		6	5	4	●	4	0.0%	
		Number of code-sharing destinations offered	TAP, S.A.	126	147	151	●	159	5%	
		Number of Services (flights)	TAP, S.A.	109,139	117,365	109,283	●	114,666	4.9%	
	Improve the punctuality index of TAP flights	Flight punctuality index	TAP, S.A.							
		HUB NETWORK		64%	85%	80%	●	90%	9.7 p.p.	
	Assure improved handling service level in terms of baggage delivery	Percentage of baggage left behind (by 1,000 Passengers)	HUB NETWORK		17.3	13.0	11.4	●	10.0	-12.3%
					11.1	8.5	8.4	●	6.9	-17.9%
	Guarantee improved Passenger Customer satisfaction	Number of complaints per carried passenger	TAP, S.A.	0.0067	0.0027	0.0045	●	0.0030	-34.0%	
	Promote passenger loyalty through distinctive service	Evaluation of TAP passenger satisfaction (Overall)	TAP, S.A.	7.67	-	(*)	-	-	-	
Classification: 1 (very unsatisfied) to 10 (very satisfied)										
TAP passenger satisfaction index (Ground Service) (number of replies – satisfactory in total replies obtained)		TAP, S.A.	63.8%	68.0%	70.4%	●	80.0%	9.6 p.p.		
	Number of Victoria Programme members	TAP, S.A.	1,600,000	2,000,000	1,800,000	●	2,200,000	22.2%		
Guarantee an effective service level for Cargo and Mail transport	Costs due to lost or damaged cargo relative to total revenue	TAP, S.A.	0.10%	0.07%	0.06%	●	0.07%	-0.01 p.p.		
<b>Promote inter-connectivity within the Portuguese speaking world</b>	Provide connections within the Portuguese speaking world	Number of connections with Africa (average number of flights per week)	TAP, S.A.	34	34	34	●	35	2.90%	
		Number of connections with South America (Brazil) (average number of flights per week)		71	71	71	●	64	-9.9%	
<b>Promote the professional development of the Company's Employees and quality at work place</b>	Promote the continuous training of Employees and improve their qualification levels	Number of hours of training carried out by Company Employees	TAP, S.A.	449,500	[300,000 to 315,000]	304,091	●	[350,000 to 400,000]	-	
		Number of participations in training actions over the total number of Employees	TAP, S.A.	3.24	[2.92 to 3.18]	3.01	●	[3.14 to 3.41]	-	
		Number of hours of training per Employee	TAP, S.A.	62.84	[39.77 to 41.76]	41.37	●	[47.79 to 54.61]	-	
	Promote the involvement with the Company	Rate of Absenteeism	TAP, S.A.	10.5%	5%	10.76%	●	9.0%	-1.8 p.p.	
	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	Percentage of Gym users who are Company Employees	TAP Group	86.2%	80.0%	73.0%	●	80.0%	7.0 p.p.	
		Number of children using the nursery	TAP Group	384	390	342	●	370	8.2%	
		Number of beneficiaries of the Group's Health-care Insurance	TAP Group	22,903	23,361	22,384	●	23,850	2.0%	

Commitments	Objectives	Key Figures	Scope	2014 Actual(A)	2015 Target (T)	2015 Actual(A)	Degree of coverage	2016 Target (T)	Variation 2016(T)/2015(A)
<b>Ensure the operational and financial safety of people and assets</b>	Contribute to ensuring conditions for the operational and financial safety of people and assets	Number of services covered by the Risk System	TAP Group (Operational Areas)	82	All services are currently covered by the risk management system	All services are currently covered by the risk management system	●	All services are currently covered by the risk management system	-
<b>Assume responsible management committed to the objectives of the Company, to community development and to the environment</b>	Promote and support initiatives of a social character	Realisation of Traineeships at the Company	TAP, S.A.	110	[100 to 120]	107	●	[100 to 120]	-
		Portugal no Coração Programme (number of People)	TAP, S.A.	15	[15 to 20]	0	●	60	-
		TAP Victoria for a better world (number of miles donated)	TAP, S.A.	23,615,514	25,000,000	2,500,000(**)	-	2,500,000	0%
		Encouragement of Voluntary efforts – Donation Blood (ml)	TAP Group	45,000	50,000	50,000	●	55,000	10.0%
	<b>Increase Energy Efficiency</b> <i>Improve fuel efficiency by 1.5%/year up to 2020</i> Air Transport	Jet A1 consumption per passenger (litres/100 RPK)	TAP, S.A.	4.139	Improve fuel efficiency by 1.5%/year up to 2020	4.289	●	Improve fuel efficiency by 1.5%/year up to 2020	-
	<b>Reduce CO<sub>2</sub> emissions</b> <i>Improve environmental performance by 1.5%/year up to 2020</i> Air Transport	CO <sub>2</sub> emissions per passenger (Kg/100 RPK)	TAP, S.A.	10.431	Improve environmental performance by 1.5%/year up to 2020	10.807	●	Improve environmental performance by 1.5%/year up to 2020	-
	Promote voluntary compensation by passengers Air Transport	Carbon Offset (ton CO <sub>2</sub> )	TAP, S.A.	16,076	15,000	16,430	●	15,000,0	-8.7%
	Reduce energy consumption (electricity, natural gas, petrol and diesel) over turnover Ground Operations	Energy consumption (electricity, natural gas, petrol and diesel) over turnover	TAP, S.A.	40.95	< 40.95	41.28	●	< 41.28	-
	Reduce water consumption over turnover Ground Operations	Total water consumption over turnover	TAP, S.A.	49.28	< 49.28	52.26	●	< 52.26	-
	Reduce paper consumption over turnover Ground Operations	Paper consumption over turnover	TAP, S.A.	0.019	< 0.019	0.017	●	< 0.017	-
Reduce waste produced over turnover Ground Operations	Quantity of waste produced over turnover	TAP, S.A.	1.27	< 1.27	1.68	●	< 1.68	-	
<b>Adopt transparent principles in the Company's management and relations with society</b>	Comply with the Code of Ethics	Number of acquisitions through tender over the total number of acquisitions	TAP Group	100%	100%	100%	●	100%	0.0 p.p.
		Number of persons admitted through open tender over the total number of persons admitted	TAP Group	100%	100%	100%	●	100%	0.0 p.p.
		Number of audits carried out to Tenders/Contracts	TAP Group	531	547	648	●	667	2.9%
	Ensure convergence of the Average Time of Payment with the invoice due dates	Average Time of Payment (ATP) to Suppliers (number of days)	TAP Group (Except TAP-ME Brazil, LFP, Cateringspor and SPdH)	24	Ensure convergence of the Average Time of Payment with the invoice due dates	32	●	Ensure convergence of the Average Time of Payment with the invoice due dates	-
			TAP, S.A.	24		32	●		-
Assure the reliability of the information on the Company's activity and its communication to the stakeholders and community	Annual Report, Sustainability Report and Corporate Governance Report available on TAP's Website	TAP Group	Jul-2015	Jul-2016	Jul-2016	●	Jul-2017	-	

Caption: (\*\*) Change in the method used to calculate the volume of miles donated under the new TAP Loyalty Business Unit

# ANNEXES



# GRI CORRESPONDENCE TABLE (GLOBAL REPORTING INITIATIVE)

GRI4	GENERAL STANDARD DISCLOSURES (Core option)	Page	Additional information
<b>STRATEGY AND ANALYSIS</b>			
G4-1	Message from the Chairman	6-7	
G4-2	Description of key impacts, risks and opportunities	18-23   36-39	TAP Group Corporate Governance Report 2015, available on TAP's website ( <a href="http://www.tapportugal.com">www.tapportugal.com</a> )
<b>ORGANIZATION PROFILE</b>			
G4-3	Name of the organization	12	
G4-4	Primary brands, products and/or services	28-30   40	
G4-5	Location of the organisation's headquarters	16	
G4-6	Countries where the company operates	13	
G4-7	Nature of ownership and legal form	40	
G4-8	Markets	13	
G4-9	Scale of the organisation	13	
G4-10	Breakdown of employees	45	
G4-11	Employees covered by collective bargaining agreements	45	
G4-12	Organisation's supply chain	34-35	
G4-13	Significant changes	12	
G4-14	Explanation of how the precautionary approach is addressed by the organisation	-	
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives subscribed or endorsed by the organisation	13   43   53	
G4-16	Significant participation in associations and/or national/international advocacy organisations	15   50-51	
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	Entities included in the financial statements	68	TAP Group Annual Report 2015, available on TAP's website ( <a href="http://www.tapportugal.com">www.tapportugal.com</a> )
G4-18	Process for defining the report content	4-5	
G4-19	Material aspects	5	
G4-20	Boundaries within and outside the organisation	4	
G4-21			
G4-22	Explanation of reformulations	4-5	
G4-23	Significant changes relatively to previous reports	4-5	
<b>RELATIONSHIP WITH STAKEHOLDERS</b>			
G4-24	List of stakeholder groups engaged by the organisation	26	
G4-25	Basis for identification and selection of stakeholders	-	
G4-26	Approaches to stakeholder engagement	26	
G4-27	Key topics and concerns identified through stakeholder engagement	26	
<b>REPORTING PROFILE</b>			
G4-28	Reporting period	4	
G4-29	Date of the latest report	80	
G4-30	Reporting cycle	4	
G4-31	Contact	2   82	
G4-32	GRI correspondence table	67	
G4-33	External assurance	-	
<b>CORPORATE GOVERNANCE</b>			
G4-34	Corporate Governance Structure	-	TAP Group Corporate Governance Report 2015, available on TAP's website ( <a href="http://www.tapportugal.com">www.tapportugal.com</a> )
<b>ETHICS AND INTEGRITY</b>			
G4-56	Mission, values, principles, codes of conduct and ethics	12	Code of Ethics and Manual of Good Business Conduct available on TAP's website ( <a href="http://www.tapportugal.com">www.tapportugal.com</a> )

# GLOBAL REPORTING INITIATIVE (GRI) INDICATORS

## SPECIFIC STANDARD DISCLOSURES

CATEGORY: ECONOMIC		TAP, S.A.					
Indicator	Description	2011	2012	2013	2014	2015	2014/2015
<b>ASPECT: ECONOMIC PERFORMANCE</b>							
G4-EC1	Direct economic value generated and distributed						
	Operating Revenues and Gains (EUR million)	2,272.6	2,435.7	2,479.6	2,489.4	2,398.5	-3.7%
	Operating Net Income (EUR million)	41.1	53.0	51.7	-6.5	-108.8	-102.3 <sup>(*)</sup>
<b>ASPECT: MARKET PRESENCE</b>							
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation						
	National Minimum Salary (EUR)	6,790	6,790	6,790	6,790	7,070	4.1%
	Source: <a href="http://www.dgert.mtss.gov.pt/Trabalho/rendimentos/evolucao_smn.htm">http://www.dgert.mtss.gov.pt/Trabalho/rendimentos/evolucao_smn.htm</a>						
	Lowest basic salary at TAP, S.A. (EUR)	8,302	8,302	8,302	8,302	8,302	0.0%
	Source: Tables supplied by the Staff Administration and Salaries area						
Net salary range at TAP, S.A. (Highest net basic salary / Lowest net basic salary)	7.17	6.84	6.36	6.36	6.22	-2.2%	
<b>ASPECT: INDIRECT ECONOMIC IMPACTS</b>							
G4-EC8	Significant indirect economic impacts, including the extent of impacts Net Income (EUR million)	3.1	23.8	34.0	-46.4	-99.0	-52.6 <sup>(*)</sup>
<b>ASPECT: PROCUREMENT PRACTICES</b>							
G4-EC9	Proportion of spending on local suppliers at significant locations of operation						
	Proportion of purchases made by TAP, S.A., by market, without leasing:						
	Portugal	51.4%	48.9%	48.9%	47.9%	35.5%	-12.3 p.p.
	Rest of the European Union	28.9%	26.5%	28.9%	31.9%	31.2%	-0.7 p.p.
	United States	4.5%	6.4%	4.3%	4.4%	4.5%	0.1 p.p.
	Other Countries	15.2%	18.3%	17.9%	15.8%	28.7%	12.9 p.p.
	Proportion of purchases made by TAP, S.A., by market, with leasing:						
	Portugal	50.4%	47.4%	48.2%	47.9%	39.9%	-8.0 p.p.
	Rest of the European Union	29.1%	27.8%	29.1%	31.7%	34.3%	2.6 p.p.
	United States	4.3%	6.4%	4.7%	5.0%	5.6%	0.7 p.p.
Other Countries	16.3%	18.4%	18.0%	15.5%	20.1%	4.7 p.p.	

Caption: (\*) Absolute value

CATEGORY: ECONOMIC		TAP GROUP <sup>(1)</sup>					
Indicator	Description	2011	2012	2013	2014	2015	2014/2015
<b>ASPECT: ECONOMIC PERFORMANCE</b>							
G4-EC1	Direct economic value generated and distributed						
	Operating Revenues and Gains (EUR million)	2,478.6	2,682.4	2,722.9	2,805.0	2,667.7	-4.9%
	Operating Net Income (EUR million)	-18.1	40.8	44.1	2.6	-105.7	-108.2 <sup>(*)</sup>
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	RA 35	RA 33	RA 29	RA 27	-	-
G4-EC3	Defined benefit plans for the organization	RA 168-173	RA 160-165	RA 152-158	RA 149-155	RA 78-85	-
G4-EC4	Significant financial assistance received from the Government (EUR)	0	0	0	0	0	0.0%
<b>ASPECT: INDIRECT ECONOMIC IMPACTS</b>							
G4-EC7	Development and impact of infrastructure investments and services offered	RA 34-35	RA 32-33	RA 28-29	RA 26-27	-	-
G4-EC8	Significant indirect economic impacts, including the extent of impacts						
	Analysis of the National and International Economic Climate	RA 44-46	RA 42-44	RA 38-40	RA 36-38	RA 5-6	-
	Performance Breakdown	RA 40-43	RA 38-41	RA 34-37	RA 32-35	RA 13-16	-
	Net Income (EUR million)	-76.8	-25.5	-5.9	-85.1	-156.0	-70.9 <sup>(*)</sup>
	GVA per Employee (EUR)	50,391	56,774	63,095	53,720	52,562	-2.2%

Caption: (1) TAP Group – Includes: TAP, SGPS, S.A.; TAP, S.A.; TAPGER; Portugalía; Cateringpor; LFP; Megasis; UCS; Aeropor; TAP – Maintenance and Engineering Brazil  
(\*) Absolute value

## CATEGORY: ENVIRONMENTAL

## TAP, S.A.

Indicator	Description	2011	2012	2013	2014	2015	2014/5
<b>ASPECT: MATERIALS</b>							
G4-EN1	Materials used by weight or volume (tons)	48.4	50.8	48.1	46.7	39.52	-15.4%
	White A4 paper – 75g	47.7	49.6	47.2	46.2	39.09	-15.4%
	White A4 paper – 80g	0.0	0.0	0.2	0.0	0.0	-
	White A3 paper – 80g	0.6	1.2	0.7	0.5	0.0	-100.0%
	White A3 paper – 75g					0.43	-
<b>ASPECT: ENERGY</b>							
G4-EN3	Energy consumption within the organization (GJ)						
	Electricity	54,434.8	54,323.1	54,086.7	53,360.4	52,479.9	-1.7%
	Jet Fuel consumption (flight operations)	38,729,714.4	39,967,321.9	40,192,108.0	42,654,898.3	43,585,615.5	2.2%
	Jet Fuel consumption (ground operations - maintenance and test)	18,125.5	16,356.5	29,904.0	14,980.4	15,459.2	3.2%
	Natural Gas consumption (ground operations)	44,367.9	47,112.8	44,362.6	40,250.7	38,510.7	-4.3%
	Petrol consumption   vehicles at the service of TAP (ground operations)	242.1	539.9	278.4	232.4	176.1	-24.2%
	Diesel consumption  vehicles at the service of TAP (ground operations)	5,299.0	5,745.6	5,382.2	5,849.2	4,935.5	-15.6%
<b>ASPECT: WATER</b>							
G4-EN8	Water consumption, itemised by source (m³)						
	Total Water consumption	154,945	146,496	127,086	119,963	121,664	1.4%
	Total Groundwater consumption	62,559	55,368	43,727	36,853	40,742	10.6%
	Total Mains Supply Water consumption	92,386	91,128	83,359	83,110	80,922	-2.6%
<b>ASPECT: EMISSIONS</b>							
G4-EN15	Direct Greenhouse Gas (GHG) emissions (Scope 1)						
	<b>FLIGHT OPERATIONS</b>						
	Direct CO2 emissions (TP Flights)	2,652,143	2,736,893	2,752,286	2,920,933	2,984,667	2.2%
	<b>GROUND OPERATIONS</b>						
	Direct CO2 emissions	3,946	4,007	4,744	3,542	3,380	-4.6%
G4-EN16	Indirect Greenhouse Gas (GHG) emissions (Scope 2)	7,107	7,092	7,061	6,967	6,852	-1.7%
<b>ASPECT: EFFLUENTS AND WASTE</b>							
G4-EN23	Total weight of waste by type and disposal method (tons)	4,426.8	4,129.7	2,932.8	3,094.3	3,921.8	26.7%
	Physical/chemical treatment	495.0	124.1	56.4	172.0	211.5	22.9%
	Recovery	22.6	27.3	16.9	9.8	7.9	-18.8%
	Regeneration	85.2	74.2	90.5	71.1	65.7	-7.7%
	Recycling	403.2	496.9	556.6	561.5	665.2	18.5%
	Landfill	0.0	522.6	0.8	0.0	0.0	-
	Industrial waste landfill	1.4	5.8	7.0	0.2	0.1	-73.8%
	Energy recycling – incineration	2,010.0	1,445.2	1,485.5	1,464.5	1,660.9	13.4%
	Organic recycling	1,400.0	1,400.0	676.4	676.4	1,019.2	50.7%
	Temporary storage at a licensed operator	9.6	33.7	42.7	138.8	291.3	109.9%
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention – Annex I, II, III, and VIII, and percentage of transported waste shipped internationally (tons)	375.9	178.4	200.7	187.3	300.0	60.2%
	Physical/chemical treatment	263.5	66.2	44.9	52.9	141.6	167.8%
	Recovery	0.7	1.0	0.1	0.0	7.9	-
	Regeneration	85.2	74.2	90.5	68.9	65.7	-4.7%
	Recycling	22.5	14.4	19.9	3.4	8.8	161.9%
	Temporary storage at a licensed operator	3.1	16.9	38.1	17.3	26.4	52.7%
	Industrial waste landfill	0.9	5.8	7.0	0.2	0.1	-73.8%
	Energy recycling – incineration	0.0	0.0	0.0	44.7	49.6	11.0%
<b>ASPECT: OVERALL</b>							
G4-EN31	Total environmental expenditures and investments (€)	265,272.0	344,357.3	312,878.8	184,583.5	212,636.5	15.2%
	Waste Management	247,219.0	284,957.9	229,963.9	161,163.9	175,392.5	8.8%
	Monitoring of emissions	7,602.0	6,524.5	4,134.5	6,547.6	8,412.0	28.5%
	Consultancy, audit and certification	0.0	0.0	4,861.0	2,720.0	0.0	-100.0%
	Environmental awareness-raising	0.0	0.0	3,258.4	355.0	750.0	111.3%
	Minimisation/mitigation measures	10,451.0	52,874.9	70,661.0	13,797.0	28,082.0	103.5%
<b>ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS</b>							
G4-EN34	Number of environmental grievances	0	0	0	0	0	0%

**CATEGORY: ENVIRONMENTAL**
**TAP GROUP (1)**

Indicator	Description	2011	2012	2013	2014	2015	2014/5
<b>ASPECT: MATERIALS</b>							
G4-EN1	Materials used by weight or volume (tons)	104.8	109.2	105.8	100.6	103.4	2.8%
	White A4 paper – 75g	61.3	89.9	84.9	82.7	74.8	-9.6%
	White A4 paper – 80g	42.6	18.0	18.9	17.3	27.9	60.9%
	White A3 paper – 80g	0.9	1.4	2.0	0.5	0.2	-66.7%
	White A3 paper – 75g	-	-	-	-	0.5	-
<b>ASPECT: ENERGY</b>							
G4-EN3	Energy consumption within the organization (GJ)						
	Electricity	113,533.9	114,047.6	113,949.9	114,854.4	114,780.2	-0.1%
	Jet Fuel consumption (flight operations)	41,757,725.9	43,135,142.8	44,623,431.9	45,877,475.7	46,775,745.8	2.0%
	Jet Fuel consumption (ground operations - maintenance and test)	18,125.5	16,356.5	29,904.0	14,980.4	15,459.2	3.2%
	Natural Gas consumption (ground operations)	51,525.2	55,721.8	54,539.6	49,318.9	46,750.6	-5.2%
	Petrol consumption   vehicles at the service of TAP (ground operations)	433.1	629.7	367.1	408.5	381.1	-6.7%
	Diesel consumption   vehicles at the service of TAP (ground operations)	64,293.9	61,542.3	61,666.5	59,239.3	56,449.9	-4.7%
G4-EN5	Energy intensity						
	Jet Fuel consumption per passenger (litres/100 RPK)	4,369	4,305	4,307	4,139	4,289	3.6%
<b>ASPECT: WATER</b>							
G4-EN8	Water consumption, itemised by source (m3)						
	Total Water consumption	261,239	259,328	242,145	223,847	216,633	-3.2%
	Total Groundwater consumption	62,559	55,368	43,727	36,853	40,742	10.6%
	Total Mains Supply Water consumption	198,680	203,960	198,418	186,994	175,891	-5.9%
<b>ASPECT: EMISSIONS</b>							
G4-EN15	Direct Greenhouse Gas (GHG) emissions (Scope 1)						
	<b>FLIGHT OPERATIONS</b>						
	Direct CO2 emissions (TP Flights)	2,859,496	2,953,820	3,055,735	3,141,610	3,203,122	2.0%
	<b>GROUND OPERATIONS</b>						
	Direct CO2 emissions	8,646	8,584	9,415	7,971	8,393	5.3%
G4-EN16	Indirect Greenhouse Gas (GHG) emissions (Scope 2)	14,823	14,897	14,877	14,995	15,691	4.6%
G4-EN18	Greenhouse Gas (GHG) emissions intensity						
	CO2 Emission per passenger (kg/100 RPK)	11.013	10.849	10.854	10.431	10.807	3.6%
<b>ASPECT: EFFLUENTS AND WASTE</b>							
G4-EN23	Total weight of waste by type and disposal method (tons)	8,459.7	8,443.2	7,612.6	8,017.8	8,909.6	11.1%
	Physical/chemical treatment	631.1	309.9	301.9	418.1	216.3	-48.3%
	Recovery	250.6	44.0	16.9	9.8	9.0	-7.5%
	Regeneration	102.1	95.6	112.9	89.3	76.8	-14.0%
	Recycling	675.1	816.9	892.1	902.6	1,375.8	52.4%
	Landfill	11.9	522.6	0.8	4.6	654.1	-
	Industrial waste landfill	1.4	6.4	7.4	0.2	0.1	-73.8%
	Energy recycling – incineration	5,324.1	5,073.2	5,363.5	5,540.0	5,126.2	-7.5%
	Organic recycling	1,402.0	1,402.0	693.9	693.9	1,022.3	47.3%
	Temporary storage at a licensed operator	58.9	170.4	220.8	356.6	426.5	19.6%
	Group III – hospital waste of biological risk	2.3	2.1	2.2	2.5	2.3	-7.4%
	Group IV – specific hospital waste	0.3	0.2	0.2	0.3	0.3	-1.0%
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention – Annex I, II, III, and VIII, and percentage of transported waste shipped internationally (tons)	498.5	246.1	243.7	243.4	353.3	45.1%
	Physical/chemical treatment	279.0	72.3	48.1	54.7	146.5	168.0%
	Recovery	83.0	1.0	0.1	0.0	9.0	-
	Regeneration	102.1	95.6	112.9	87.1	76.8	-11.9%
	Recycling	26.4	21.1	20.6	9.5	8.8	-7.7%
	Temporary storage at a licensed operator	7.1	49.7	54.7	42.6	58.6	37.5%
	Industrial waste landfill	0.9	6.4	7.4	0.2	0.1	-73.8%
	Energy recycling – incineration	0.0	0.0	0.0	49.3	53.5	8.6%
<b>ASPECT: OVERALL</b>							
G4-EN31	Total environmental expenditures and investments (€)	469,126.2	563,412.0	585,513.7	404,904.7	988,373.0	144.1%
	Waste Management	402,919.5	484,388.2	433,130.8	307,286.6	656,684.4	113.7%
	Monitoring of emissions	15,169.0	8,747.7	7,287.5	9,666.2	13,742.0	42.2%
	Consultancy, audit and certification	28,585.2	7,572.3	30,647.2	26,438.1	33,391.5	26.3%
	Environmental awareness-raising	0.0	2,482.7	3,258.4	355.0	2,939.3	728.0%
	Minimisation/mitigation measures	22,452.5	60,221.2	111,189.8	61,158.8	281,615.7	360.5%
<b>ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS</b>							
G4-EN34	Number of environmental grievances	n.a.	n.a.	n.a.	n.a.	1	-

Legenda: (1) TAP Group except TAP-Maintenance and Engineering Brazil – Includes: TAP, S.A; PORTUGÁLIA; SPdH; CATERINGPOR; LFP; MEGASIS; UCS

## CATEGORY: SOCIAL

TAP, S.A.

### SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

Indicator	Description	2011	2012	2013	2014	2015	2014/5
<b>ASPECT: EMPLOYMENT</b>							
G4-LA1	Number and rates of new employee hires and employee turnover by age group, gender and region						
	NEW EMPLOYEE HIRES RATE					3.40%	-
	EMPLOYEE TURNOVER RATE	4.81%	5.48%	2.78%	5.91%	3.70%	-2.2 p.p.
	EMPLOYEE TURNOVER RATE BY REGION						
	Portugal					3.6%	-
	Europe					4.2%	-
	Africa					4.5%	-
	America					5.3%	-
	EMPLOYEE TURNOVER RATE BY GENDER						
	Female					2.7%	-
	Male					4.4%	-
	EMPLOYEE TURNOVER RATE BY AGE GROUP						
	<30 years					11.8%	-
	30 to 50 years					2.1%	-
	>50 years					3.3%	-
G4-LA2	Benefits to full-time employees that are not provided to temporary or part-time employees	PARKING ON TAP PREMISES DURING THE DAYTIME PERIOD AND TICKET BENEFITS.					
G4-LA3	Return to work and retention rates after parental leave, by gender						
	RETENTION RATES BY GENDER						
	Female					0.9%	-
	Male					1.4%	-
	RETENTION RATES BY GENDER						
	Female					1.1%	-
	Male					0.7%	-
<b>ASPECT: LABOR RELATIONS</b>							
G4-LA4	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Notice periods established in Portuguese legislation. TAP Group companies strictly comply with the Legislation.					
<b>ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>							
G4-LA5	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	100.00%	100.00%	100.00%	100.00%	100.00%	0.0 p.p.
G4-LA6	Rate of injuries, occupational illnesses, days lost, absenteeism and number of work-related deaths						
	NUMBER OF WORK ACCIDENTS	1,148	1,121	1,135	1,249	1,210	-3.1%
	Female					619	-
	Male					591	-
	NUMBER OF DAYS LOST (CALENDAR DAYS)	15,699	15,684	16,850	20,107	20,698	2.9%
	Female					9,454	-
	Male					11,244	-
	HOURS OF OCCUPATIONAL ILLNESS	0	1,073	13,928	1,838	2,805	52.7%
	Female					1,140	-
	Male					1,665	-
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	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.					
G4-LA8	Health and safety topics covered in formal agreements with trade unions	// Health and Safety Training // Applicable Legislation and Regulations // Definition of Company and staff responsibilities on Safety matters // Occupational Medicine and Health // Company responsibilities regarding risk prevention and promotion of employee health and physical and psychological integrity // Activity in epidemic areas. In accordance with national and internal regulations: Articles 272-280 of CT Law 99/2003, of 27th August; DL 26/96, of 1st February; DL 441/91, of 14th November; and AE PT in force, the TAP Hygiene, Safety and Working Conditions Commission was constituted in 1986. This Commission aims to establish standards and measures regarding hygiene, safety and the prevention of occupational hazards.					
<b>ASPECT: TRAINING AND EDUCATION</b>							
G4-LA9	Training						
	Number of Actions	2,825	2,864	2,932	3,020	3,571	18.2%
	Number of Trainees	18,078	21,076	22,649	23,145	22,105	-4.5%
	Training Volume in Person-Hours	297,564	324,026	284,876	449,500	304,091	-32.3%
G4-LA10	Skills management and continuous learning programmes to support the continued employability of the employees and assist them in the career management	// 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.					
G4-LA11	Percentage of employees receiving regular performance and career development reviews	95.0%	95.0%	87.0%	80.0%	75.0%	-5.0 p.p.

## CATEGORY: SOCIAL

TAP, S.A.

### SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

Indicator	Description	2011	2012	2013	2014	2015	2014/5
<b>ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>							
G4-LA12	Breakdown of employees by gender, function and age group						
	EMPLOYEES BY GENDER AND FUNCTION						
	Female	2,918	2,874	2,920	3,142	3,080	-2.0%
	Ground Staff					1,376	-
	Cabin Crew					1,670	-
	Flight Deck Crew					34	-
	Male	4,016	3,963	3,969	4,181	4,204	0.6%
	Ground Staff					2,437	-
	Cabin Crew					862	-
	Flight Deck Crew					905	-
	EMPLOYEES BY GENDER AND AGE GROUP						
	Female	2,918	2,874	2,920	3,142	3,080	-2.0%
	<30 years					436	-
	30 to 50 years					443	-
	>50 years					2,201	-
	Male	4,016	3,963	3,969	4,181	4,204	0.6%
	<30 years					631	-
	30 to 50 years					679	-
	>50 years					2,894	-

### ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	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.					
---------	--	---	--	--	--	--	--

### SUB-CATEGORY: HUMAN RIGHTS

Indicator	Description	2011	2012	2013	2014	2015	2014/5
<b>ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>							
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	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.					
<b>ASPECT: CHILD LABOR</b>							
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	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.					
<b>ASPECT: FORCED OR COMPULSORY LABOR</b>							
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	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.					
<b>ASPECT: SECURITY PRACTICES</b>							
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures concerning relevant to operations	Activity subcontracted to a security company.					

### SUB-CATEGORY: SOCIETY

Indicator	Description	2011	2012	2013	2014	2015	2014/5
<b>ASPECT: ANTI-CORRUPTION</b>							
G4-SO3	Total number and percentage of operations assessed for risks related to corruption	100.00%	100.00%	100.00%	100.00%	100.00%	0.0 p.p.
G4-SO5	Measures taken in response to cases of corruption	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.					

## CATEGORY: SOCIAL

## GRUPO TAP (1)

### SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

Indicator	Description	2011	2012	2013	2014	2015	2014/5
-----------	-------------	------	------	------	------	------	--------

#### ASPECT: EMPLOYMENT

G4-LA1	Number and rates of new employee hires and employee turnover by age group, gender and region						
	NEW EMPLOYEE HIRES RATE					6.24%	-
	EMPLOYEE TURNOVER RATE	7.72%	6.33%	4.86%	5.97%	7.22%	1.3 p.p.
	EMPLOYEE TURNOVER RATE BY REGION						
	Portugal					8.06%	-
	Europe					2.55%	-
	Africa					4.50%	-
	America					5.30%	-
	EMPLOYEE TURNOVER RATE BY GENDER						
	Female					4.33%	-
	Male					6.52%	-
	EMPLOYEE TURNOVER RATE BY AGE GROUP						
	<30 years					13.53%	-
	30 to 50 years					3.66%	-
	>50 years					1.31%	-
G4-LA2	Benefits to full-time employees that are not provided to temporary or part-time employees	Parking on TAP premises during the daytime period and ticket benefits.					
G4-LA3	Return to work and retention rates after parental leave, by gender						
	RETENTION RATES BY GENDER						
	Female					15.40%	-
	Male					15.40%	-
	RETENTION RATES BY GENDER						
	Female					15.41%	-
	Male					14.60%	-

#### ASPECT: LABOR RELATIONS

G4-LA4	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Notice periods established in Portuguese legislation. TAP Group companies strictly comply with the legislation.					
--------	--	---	--	--	--	--	--

#### ASPECT: OCCUPATIONAL HEALTH AND SAFETY

G4-LA5	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	98.64%	99.17%	99.18%	99.22%	99.20%	-0.02 p.p.
G4-LA6	Rate of injuries, occupational illnesses, days lost, absenteeism and number of work-related deaths						
	NUMBER OF WORK ACCIDENTS	1,637	1,611	1,713	1,912	1,885	-1.4%
	Female					809	-
	Male					1,076	-
	NUMBER OF DAYS LOST (CALENDAR DAYS)	26,088	27,440	30,322	39,168	37,491	-4.3%
	Female					12,237	-
	Male					25,254	-
	HOURS OF OCCUPATIONAL ILLNESS	2,184	2,625	17,143	4,305	3,842	-10.7%
	Female					1,364	-
	Male					2,478	-
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	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.					

#### ASPECT: TRAINING AND EDUCATION

G4-LA9	Training						
	Number of Actions	5,236	5,753	5,360	5,750	7,406	28.8%
	Number of Trainees	35,848	38,171	36,495	36,213	31,089	-14.1%
	Training Volume in Person-Hours	800,250	770,234	777,068	822,952	647,868	-21.3%
G4-LA11	Percentage of employees receiving regular performance and career development reviews	95.2%	95.8%	90.9%	67.3%	79.4%	12.1 p.p.

#### ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4-LA12	Breakdown of employees by gender, function and age group						
	EMPLOYEES BY GENDER AND FUNCTION						
	Female	4,349	4,331	4,439	4,656	4,608	-1.0%
	Ground Staff					2,717	-
	Cabin Crew					1,853	-
	Flight Deck Crew					38	-
	Male	6,191	6,251	6,440	6,670	6,632	-0.6%
	Ground Staff					4,677	-
	Cabin Crew					896	-
	Flight Deck Crew					1,059	-

## CATEGORY: SOCIAL

## GRUPO TAP (1)

### SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

Indicator	Description	2011	2012	2013	2014	2015	2014/5
EMPLOYEES BY GENDER AND AGE GROUP							
	Female	4,349	4,331	4,439	4,656	4,608	-1.0%
	<30 years					568	-
	30 to 50 years					1,630	-
	>50 years					2,410	-
	Male	6,191	6,251	6,440	6,670	6,632	-0.6%
	<30 years					885	-
	30 to 50 years					2,527	-
	>50 years					3,219	-

### SUB-CATEGORY: HUMAN RIGHTS

Indicator	Description	2011	2012	2013	2014	2015	2014/5
-----------	-------------	------	------	------	------	------	--------

#### ASPECT: CHILD LABOR

G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	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.					
--------	---	--	--	--	--	--	--

#### ASPECT: FORCED OR COMPULSORY LABOR

G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	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.					
--------	--	--	--	--	--	--	--

#### ASPECT: SECURITY PRACTICES

G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures concerning relevant to operations	Activity subcontracted to a security company.					
--------	--	---	--	--	--	--	--

### SUB-CATEGORY: SOCIETY

Indicator	Description	2011	2012	2013	2014	2015	2014/5
-----------	-------------	------	------	------	------	------	--------

#### ASPECT: ANTI-CORRUPTION

G4-SO3	Total number and percentage of operations assessed for risks related to corruption	100.00%	100.00%	100.00%	100.00%	100.00%	0.0 p.p.
G4-SO5	Measures taken in response to cases of corruption	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.					

Caption: (1) TAP Group except TAP-Maintenance and Engineering Brazil – Includes: TAP, S.A.; PORTUGÁLIA; SPdH; CATERINGPOR; LFP; MEGASIS; UCS

# ABBREVIATIONS AND GLOSSARY

<b>AEA</b>	Association of European Airlines
<b>EASA</b>	European Aviation Safety Agency
<b>ECAC</b>	European Civil Aviation Conference
<b>GRI</b>	Global Reporting Initiative
<b>IATA</b>	International Air Transport Association
<b>ICAO</b>	International Civil Aviation Organization
<b>ANAC</b>	<i>Autoridade Nacional da Aviação Civil</i>
<b>ISO</b>	International Standards Organization
<b>t</b>	Tons

<b>Additional Indicators</b>	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.
<b>ASK</b>	Available Seat-kilometres Total number of seats available for sale multiplied by the number of kilometres flown.
<b>CO<sub>2</sub></b>	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.
<b>Code-Share</b>	Agreement between two companies operating as partners, to provide services on the same aircraft, while maintaining the respective IATA codes, flight numbers and brands.
<b>Core Indicators</b>	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.
<b>Direct Energy used</b>	Energy directly consumed by the Company, its products and services.
<b>Global Compact</b>	Initiative promoted by the 7th Secretary-General of the United Nations – Mr. Kofi Annan – with the objective of promoting human, labour and environmental rights.
<b>Global warming potential</b>	Global warming potential of a fluorinated greenhouse gas, when compared to carbon dioxide
<b>Hub</b>	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.
<b>Primary Energy</b>	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).
<b>Punctuality</b>	Industry Standard, measured as the percentage of flights departing within 15 minutes after the scheduled departure time.
<b>RPK</b>	Revenue Passenger-kilometres Total number of passengers multiplied by the number of kilometres flown.
<b>Stakeholders</b>	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 Executive Committee of TAP, SGPS,  
on the 20<sup>th</sup> of July 2016, under the proposal of its President.

**Executive Committee**

President	Fernando Abs da Cruz Souza Pinto
Member	David Humberto Canas Pedrosa
Member	Maximilian Otto Urbahn

## CREDITS

### **TAP, SGPS, S.A.**

Apartado 50194, 1704-801 Lisboa

Tel. +351 218 415 000

Fax +351 218 415 774

Taxpayer number 506623602

TAP PORTUGAL