

TRANSPORTES AÉREOS PORTUGUESES, S.A.

SUSTAINABILITY REPORT

2021

May 2022



SUSTAINABILITY REPORT 2021

1. ENVIRONMENT

TAP seeks to be increasingly efficient in its activity, responding to the enormous challenges that arise daily in operations and beyond the air transport activity, extending to the facilities in which TAP operates and the large-scale industrial action of aircraft, engine, and component maintenance.

In 2021 TAP supported IATA's Resolution adopting the collective target to achieve net-zero carbon emissions by 2050, in support of the Paris Agreement goal and reaffirming the airlines' support for the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), as an effective measure to stabilize net emissions from international aviation at 2019 levels in short to medium-term.

Several initiatives are currently being evaluated in defining the roadmap to reach net-zero in 2050, but with a great focus on Sustainable Aviation Fuel (SAF) options, planning for new aircraft technologies and energy efficiency solutions at TAP Campus in Lisbon.

In 2021 TAP remained committed to the development of projects and actions aimed at fulfilling the national objectives and commitments assumed. Reminding that in 2020 TAP signed the "Compromisso Verde", an initiative promoted by the Lisbon City Council, whose subject was ESCOLHE EVOLUIR: 2030 measures for 2030.

 ENERGY	 CO ₂ EMISSIONS	 WASTE	 SINGLE PLASTIC
<ul style="list-style-type: none">- Improve the annual average energy efficiency of flight operations by 2% until 2025.- Modernization of the energy monitoring system to optimize the energy consumption of the TAP Campus by 2025.	<ul style="list-style-type: none">- Improvement of 20% in CO₂ emissions per passenger over a 100 km journey by 2025 (baseline 2015).	<ul style="list-style-type: none">- Reduce by 25%, thru 2030, the production of urban solid waste on TAP Campus, compared to 2019.- Increase by 10% the waste sent for recycling at TAP Campus until 2030, compared to 2019 (paper and plastic/metal packaging).	<ul style="list-style-type: none">- Reduce by 80% the use of single-use plastics on TAP flights until 2025.

Until 2019 TAP consistently improved several environmental performance indicators, reflecting an increasingly optimized operation. In the last two years, air transport activity was highly impacted by the COVID-19 pandemic and TAP was forced to suspend some of its projects to adjust environmental targets.

In June 2021, TAP adopted a specific IT tool *Skybreathe by Openairlines* that will allow a greater control of its operational efficiency, with a positive impact in fuel efficiency management and in CO₂ emissions reductions.

Regarding passenger air transport, TAP's energy and environmental efficiency indicator had a slight improvement (0,6%) when compared to 2020.

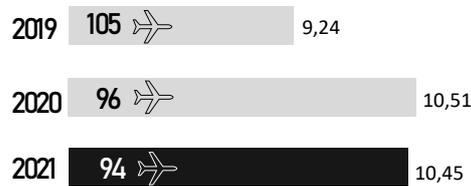
Fuel Efficiency

(l/100 pkm¹)



CO₂ Emissions

(kg/100 pkm¹)



¹pkm – passenger kilometers

FLEET MODERNIZATION

Alongside the necessary recovery of the sector and of TAP's activity, the Company remains committed to improving its efficiency and environmental performance, having implemented a transformation plan which foresees the reduction of the fleet with the departure of older and less efficient airplanes.

By operating with a lighter fleet, with significant improvements in terms of aerodynamics and more efficient engines, it will allow TAP to reduce up to 20% in fuel consumption and emissions of carbon dioxide (CO₂) into the atmosphere, when compared to older models.

At the end of 2021, TAP had 94 aircrafts in operation.

SUSTAINABLE AVIATION FUELS

The use of sustainable aviation fuels (SAFs) may, in the short/medium term, reduce CO₂ emissions in the sector by 80%. These fuels have the advantage of being able to be used in the operation, as substitutes for fossil fuel.

TAP, aware of its environmental impact and being the use of SAFs a key element of the roadmap for net-zero carbon emissions by 2050, became a founding member of *BioRef*, a collaborative laboratory for biofuel research integrated in the National Plan for the Promotion of Bio Refineries. This project, co-financed by the Portugal 2020 Programme, seeks to develop a sustainable solution to produce biofuel through algae, produced locally and using wastewater, without competing with the food production chain.

STAKEHOLDERS ENGAGEMENT

The stakeholder's engagement creates value and constitutes a relevant step towards the identification and management of environmental aspects. For this reason, they must be included in the action strategy. In 2021 TAP has started to work closely with ANA Aeroportos de Portugal, S.A. in promoting emission reduction initiatives at airport level in a collaborative way with several airport stakeholders, contributing to positive global mobility. By signing the "Stakeholder Partnership Plan for the Aviation Sector", TAP confirmed its commitment and responsibility to undertake every possible effort to implement several identified measures to reduce emissions at the airport level by 2030.

In 2021 TAP was invited to participate on the work being developed by the Portuguese Government regarding the noise topic in Lisbon. TAP defended that noise topic should be addressed under the principles of ICAO's Balanced Approach to Aircraft Noise Management, on which the airport community - airport, civil aviation authority, air navigation service provider and the Environment Ministry - work in a collaborative way to minimize noise impact in the population living in the airport surroundings.

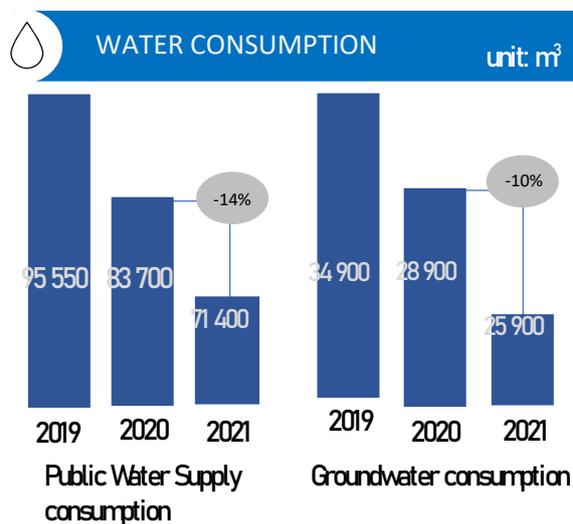
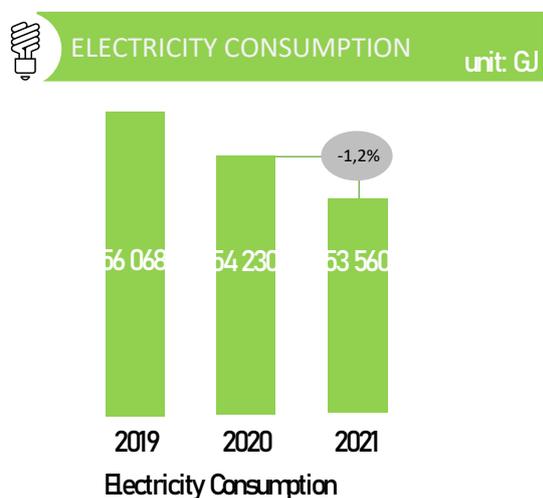
CARBON OFFSET PROGRAMME

TAP's Carbon Offset Programme, launched by TAP more than ten years ago, is a voluntary mechanism for neutralizing carbon dioxide emissions (CO₂) that the Company makes available to passengers through its online booking portal. TAP passengers who select the offset option are neutralizing their CO₂ emissions in other world regions through projects certified by the United Nations.

In 2021 this Programme, managed in partnership with IATA, supported the Ecomapuá project in the State of Pará, Brazil. This project contributes to the conservation of around 90,000 hectares of the Amazon rainforest by prohibiting logging, one of the leading causes of deforestation in the region. The project promotes the training of local communities, encouraging more sustainable agricultural practices and promoting other means of subsistence such as: the creation of aviaries, fish farming ponds, apiaries. Since the beginning of the Programme, passengers have voluntarily offset more than 135 thousand tons of CO₂.

CAMPUS TAP – IMPROVEMENT OF ENERGY AND ENVIRONMENTAL EFFICIENCY

Despite some signs of recovery in 2021, the pandemic had and continues to have significant impacts in terms of maintenance and engineering actions. As a result of this situation, and with the reduction in the daily occupancy rate of the TAP Campus, in 2021, there was an important decrease in energy and water consumption indicators.



Strict legal and regulatory requirements are followed in Lisbon Maintenance & Engineering facilities, safeguarded through compliance with a strict control of the defined processes, and various environmental audits that enable constant identification and mitigation of the risks associated with the Company's activities. In addition, some of the facilities have an Environmental Licence issued by the Portuguese Environmental Agency, which applies even stricter limits to activities in this sector, leading to greater complexity in the control of processes and reporting to authorities.

PROGRAMME *RECICLA*⁺

In line with its environmental strategy of promoting an increase in the recycling rate of ordinary waste produced at the facilities, TAP continued the *RECICLA*⁺ project through which an eco-island concept was created (recycling bins for the selective collection of paper/cardboard, plastic/metal packaging and urban solid waste) and the individual containers that existed next to the worktables were removed.

With this change, TAP seeks to promote an increase in the recycling rate of ordinary waste, reducing the risk of cross-contamination, making the recycling process difficult or unusable, and improving efficiency in cleaning spaces.



ECO-CONSCIOUS SOLUTIONS ONBOARD

TAP remains committed to identifying new solutions that ensure the use of more sustainable products onboard while complying with the limitations imposed by Portuguese and European legislation and the strict food and health standards applicable to the aviation sector.

Concerning plastic usage onboard aircraft, the Company has undertaken efforts to look for more sustainable and reusable options. We believe that as some reusable, lighter, and ideally plastic-free materials (such as cutlery, bowls, and cups) become more available, this transition will rapidly take place. Some of the materials used on flights are already reusable and collected by service providers in Portugal. Nevertheless, while efforts to implement new items onboard were not interrupted during 2020 and 2021, it was necessary, for health reasons, to return to the use of disposable items in some situations where they had already been replaced. It is expected that in 2022 with the overcome of the pandemic we will be able to regain focus on more sustainable solutions.

TAP is currently working to implement a sustainable procurement process that will include a supplier risk analysis considering sustainability criteria, ensuring that the supply chain do not use modern slavery or child labor practices, neither inhumane treatment.

ENVIRONMENTAL AWARENESS OF EMPLOYEES



In 2021, training our people was also a priority. With the aim of continuing the environmental awareness programme, and with many employees working remotely, the *Agir Eco* face-to-face training course was adapted to the E-learning format.

Marking World Environment Day (5th June), TAP launched a "Guide to Sustainable Consumption", giving tools to our workers on making conscient choices. Simple ideas to reduce consumption, reduce waste production, reuse items, and choose sustainable products.

ENVIRONMENTAL KEY PERFORMANCE INDICATORS – CAMPUS TAP

ENERGY CONSUMPTION WITHIN THE ORGANIZATION (GJ)	2019	2020	2021	Δ 2020-2021
Jet Fuel consumption (ground operations - maintenance and test)	32 618	14 853	8 600	↓
Electricity consumption	56 068	54 230	53 560	↓
Natural Gas consumption	45 575	31 106	29 899	↓
Petrol consumption vehicles at the service of TAP	66	35	42	↑
Diesel consumption vehicles at the service of TAP (ground operations)	4 650	2 547	2 084	↓
ENERGY CONSUMPTION	138 978	102 771	94 185	↓

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD (tons)	2019	2020	2021	Δ 2020-2021
Physical/chemical treatment	94	59	48	↓
Regeneration	0	3	19	↓
Recycling	646	302	238	↓
Stabilization	0	0,2	0,1	↓
Landfill	440	464	368	↓
Energy recycling – incineration	1 071	373	567	↑
Organic recycling	1 019	306	306	→
TOTAL WEIGHT OF WASTE	3 270	1 507,2	1 546,1	↑

2. CORPORATE SOCIAL RESPONSIBILITY

Connecting people and communities is the essence of TAP's business which has been incorporated into the Corporate Social Responsibility ("CSR") action plan and guidelines. It means that we are committed to creating added value for our customers and employees, to promoting a culture of sharing and participation, to encouraging social cohesion and to meeting our responsibilities towards the society.

TAP CSR is understood as a value generator to organizational culture and supports various social organizations, while consolidating partnerships that allowed the continuity of fundamental projects for non-governmental organisations (NGOs) and communities. CSR initiatives promote a strong connection between customers, employees, and the Company - namely through TAP Donate Miles Programme, Charity Miles Tickets, Extra Baggage Support, Solidarity Cargo, Donations, Solidarity Auctions, Solidarity Campaigns and Volunteering.

2021 was a year of intense activity for TAP due to the constant adaptation of the operation, because of the still present pandemic reality. However, as the world began to open, people started to be able to travel, making possible a gradual growth in the airline industry and TAP operation. Consequently, TAP Social Responsibility was committed to contribute in a responsible way while working hard to respond to the community, the employees, and the airline. Every CSR initiative counts to make a difference.

TAP DONATE MILES

TAP Donate Miles Programme is a CSR initiative which allows TAP Miles & Go Clients to support TAP Donate Miles Partners - qualified NGOs and social entities – supporting their travel on humanitarian missions to TAP network destinations. More than 50 social organisations have benefited, since 2004, from TAP Miles & Go Clients award miles donation to those in need.

This Programme currently supports 6 social organizations, with different areas of activity (health, education, and social entrepreneurship), different specialization and different geographical areas (Portugal, Mozambique, São Tomé and Príncipe, Guinea-Bissau, and Cape Verde, among other TAP destinations).

Every mile donated in 2021 contributed to the total amount of more than 10 million miles, 151 air tickets issued and 20 destinations from TAP network. Mile by mile, reaching those in need and making a positive impact into the world.

Due to the COVID-19 pandemic, TAP Donate Miles partnership was extended until 2022 making possible the continuity of social and humanitarian projects suspended in 2020 and 2021. The generosity of TAP Miles & Go Clients and the contribution of TAP Donate Miles Partners – Médicos do Mundo (MdM), Solidariedade Internacional a Moçambique (SIM), Estímulo, Mundo a Sorrir (MaS), Associação Portuguesa de Apoio à Vítima (APAV) and We Are Changing Together (WACT) - were a powerful demonstration of how solidarity put into practice can help to build a better world for all.

The pandemic has accentuated inequalities, particularly affecting the most vulnerable populations, where NGOs play a major role. Facing the changes and challenges caused by the pandemic, TAP Donate Miles Partners continued to reinforce their support and contribution in the various areas of intervention. They are recognized for their expertise and had to adapt to a new reality, to adjust resources and to respond embracing their role throughout the outbreak.

The inclusion of three new entities in the programme was suspended in 2021 due to the COVID-19 pandemic, however all applications submitted in January 2020 remained valid and the partnership is expected to occur in 2022, until 2024.

CHARITY MILES TICKETS, EXTRA LUGGAGE AND SOLIDARITY CARGO

Recognising that air travel is often decisive for the implementation of projects abroad, TAP also made 23 trips possible for volunteers and other members of social organisations, responding to specific appeals in the field of health and social emergency, allowing support to 9 Portuguese organisations to 8 national and international TAP destinations.

Throughout 2021, humanitarian projects also benefited with extra luggage support, involving a total of 20 organisations, including 4 TAP Donate Miles Partners, 65 baggage and 9 TAP network destinations.

In 2021, as part of the Company effort to support social organizations, TAP Air Cargo also contributed to reach those who needed along with solidarity cargo transportation of many items that make a difference to the lives of the most vulnerable populations. Together with TAP Air Cargo, it was possible to support 6 social organisations and to transport 49 items of cargo to 4 TAP destinations.

DONATIONS AND SOLIDARITY AUCTIONS

TAP pursues its social commitment to the most vulnerable people and families and extended its help to thousands of people not only in Portugal but around the world. During 2021, more than 75 million items were donated, and 44 Portuguese social entities benefited of a variety of products.

TAP has carried out its corporate social responsibility activity for a great purpose: to connect and to help, people and communities. In 2021 TAP's donations helped associations to assist those most in need:

- More than 69.000 food and drink items.
- More than 1.200 blankets.
- More than 115 pieces of discontinued office furniture and TAP nursery items.
- More than 6.000 other items related with cabin interior material, IT equipment, books, toys, school manuals, leftover items from the cafeteria, toothbrush, and toothpaste kits, among others.

With 5 years of experience in solidarity auctions it is noteworthy the two editions of the TAP Solidarity Auction held in 2021, which respectively benefited the CASA (Centro de Apoio ao Sem-Abrigo) and the CAL (Conservatório D'Artes de Loures), raising in total more than 2.000 euros for both institutions through the auction of 40 triple chairs that have already been discontinued in TAP's operation. These solidarity auctions represent the 15th and 16th auction rounds, an initiative of TAP's Corporate Social Responsibility which helped these social entities to acquire one industrial stove/oven to ensure 700 meals/day (CASA) and one euphonium (musical instrument) to teach music (CAL).

SOLIDARITY CAMPAIGNS AND VOLUNTEERING

2021 was a good year of solidarity campaigns and a total of 5 initiatives reached a total of 47 social entities:

- *Personnel Income Tax Consignment Campaign 0,5%*
- *TAP Donate Miles Programme Special Campaign*
- *TAP Discontinued Office Furniture Open Day*
- *Giving Tuesday Portugal (GT) – third edition*
- *TAP Store Christmas Campaign*

Personnel Income Tax Consignment Campaign 0,5%

As in previous years, in 2021 the awareness campaign for the consignment of 0.5% Personnel Income Tax was also carried out. This campaign aims to give visibility to social entities that, each year, stand out for their action among the most deprived or at-risk populations. Considering the covid 19 pandemic, which remained active in 2021, TAP promoted this campaign by supporting four external social entities that guaranteed food to homeless people and families in need, six social entities from TAP Donate Miles Program and two social organizations closely linked to the Company.

TAP Donate Miles Programme Special Campaign

TAP Miles&Go Clients are very supportive of social causes, revealing it, once again in 2021, during a special campaign, in favor of Helpo and Oikos. These two NGO's ensured an important humanitarian response in the armed conflict in Cabo Delgado, Mozambique and with the vulnerable communities in São Tomé and Príncipe. With this special campaign our Miles&Go Clients gave 500,000 miles to each of the NGOs, contributing to reduce poverty, increase literacy and allow a more dignified life for all people.

TAP Discontinued Office Furniture Open Day

TAP organized, in 2021, the 1st Open Day of Discontinued Office Furniture in favor of social organizations, for the equipping of spaces and in the context of ongoing projects. Twelve entities from Lisbon community were benefited, and it was possible to give a new destination to more than one hundred furniture pieces.

Giving Tuesday Portugal (GT) – third edition

Participating since the first hour in the Portuguese editions launched in 2019, TAP promoted, in 2021, four initiatives aligned with this worldwide solidarity movement. Among these initiatives stand out:

- the 16th solidarity auction in favor of CAL (Conservatório d'Artes de Loures), for the acquisition of a musical instrument.
- the 1st Open Day of Discontinued Office Furniture, held precisely on November 30, the day of the worldwide celebration of generosity.
- an intranet challenge associated with the GT movement and the winner received a work of art made by a TAP employee, from aeronautical material waste.
- fourteen solidarity campaigns, involving seven external social organizations, four TAP Donate Miles Partners and three internal entities.

TAP Store Christmas Campaign

Given the many challenges presented by the COVID-19 pandemic, a moment of solidarity initiative with TAP employees in 2021 was heartening. TAP volunteers came together to provide unforgettable moments to those who need it most at Christmas, bringing dozens of gifts into the hands of 68 children linked to CASA (Centro de Apoio ao Sem-Abrigo) in Lisbon and Porto. These gifts – toys, mugs, speakers, headphones, and others, were purchased at the TAP Store with miles donated by TAP Miles&Go Clients and wrapped and delivered by 15 TAP Volunteers.

TAP reached more than 75 social organizations in 2021, compared to 66 in 2020, through its social responsibility initiatives, in which donations, campaigns, extra luggage, solidarity cargo, auctions, volunteering and support with solidarity miles stand out.

The world is changing but we are committed to creating added value for our customers, for our people and to living up to our responsibilities towards the environment, towards individuals and towards society.

Conducting all our business in a responsible way is part of the TAP corporate strategy.

3. EMPLOYEES

PEOPLE & CULTURE

The impact of the pandemic on labour relations around the world proved to be a challenge for all areas, in the way we relate to each other and adapt to new working conditions. Despite all the challenges experienced in 2021, we would like to highlight the dedication and commitment of all our Employees, who have shown total engagement in performing their duties, remaining faithful to the values that have made TAP a company of excellence.

Due to the effects of the pandemic, the partial stoppage of the company's activity and the dramatic context experienced, TAP was forced to implement measures with the declaration of "company in a difficult economic situation", initiating the negotiation of Emergency Agreements, through a joint negotiation process between labour unions, TAP and the Portuguese government, envisaging the signing of the Emergency Agreements and the (partial) suspension of the Company Agreements, including reductions in remuneration, measures to increase productivity and the provision of part-time work, in order to guarantee the continuation and future sustainability of TAP.

It is worth highlighting the systematic and continuous dialogue with all the unions and the commitment to social cohesion, to fulfil the defined strategic planning goals.

The Emergency Agreements became effective on March 1, 2021, allowing, without prejudice to the metrics proposed under the Restructuring Plan submitted to Brussels, to ensure the protection of a higher number of jobs. Through these Emergency Agreements, TAP achieved a significant reduction in costs, which included measures for part-time work, with a reduction in normal working hours.

As such, a wage reduction of 25% for 3 years and 20% for 1 year was defined for Ground Staff and Cabin Crew, and a higher wage reduction of 50%, decreasing progressively to 35% in 4 years, for Flight Deck Crew, with the objective that pilots, through the wage reduction above the transversal 25%, may "finance" the additional maintenance of jobs. These salary reductions apply, in any case, only to income above EUR 1,330.

One of the challenges that TAP faced in terms of its human resources during 2021 was the path of restructuring and recovery of TAP, through the voluntary labour measures made available to all employees, which covered Mutual Agreements, Early Retirement, Pre-Retirement, Part-Time Work, Leave without Pay and the voluntary application programme for admission to Portugal. The consultation and adherence process for the Voluntary Measures ran from February 11, 2021 to April 16, 2021.

Alongside the conclusion of the voluntary agreement processes, individual meetings were held with the Employees identified, based on the model defined by the Company, with whom a new and final round of adherence to termination by mutual agreement, pre-retirement and retirement was initiated, as well as the reopening of a new and final phase of applications for admissions to Portugal.

The adherence to the classic lay-off regime was another challenge in 2021, due to the sharp reduction in the company's revenue and activity. This was one of the support mechanisms available to TAP, which was in a difficult economic situation. Adherence to this scheme extends to 12 (twelve) months, and is evaluated monthly and individually, aiming to identify whether it should be maintained, changed or terminated, according to the needs of the company.

The Restructuring Plan and the compliance with the objectives proposed therein, of adjusting the cost structure and optimizing the workforce, reshaping the staff in order to meet the projected levels of operation and revenue in the short and medium term.

This change forced TAP to adapt its workforce, thus giving rise to one of the greatest transformations in the workplace, both in terms of communication and strategy, and in terms of information technology with the maintenance of teleworking, as well as the rotation of teams, making it evident that work flexibility, in space and time, resulted in benefits for the organization and for the Employees, in this challenging period. The Employees remained working remotely, whenever their functions made it possible, in order to comply with the legal framework regarding the mandatory teleworking, so as to minimize the contagion risk from COVID-19. The only exception to this modality, were the operational areas essential to the functioning of the Company.

In the highly competitive environment in which it operates, TAP has strengthened the working conditions of all its employees, an essential requirement for maintaining a skilled workforce essential to guarantee sustainable competitiveness. The strong regulation of the sector demands increasing levels of quality, safety, technical capacity, decisive requirements for meeting the levels of competitiveness and quality necessary for the development and sustainability of the business. The European Commission and national guidelines of the sector regulatory authorities require the maintenance of a sizeable structure, in terms of human resources and equipment, to meet these requirements and ensure compliance with the established standards.

In this respect, the valorization of its human resources, and in following the policy aimed at ensuring compliance with its Social Responsibility, TAP is guided by the following principles:

- Adopt principles of transparency in the Company's management and its relations with society;
- Assume a transparent relationship with employees and other stakeholders in a spirit of collaboration and reciprocity;
- Promote a balance between personal and professional life;
- Provide its employees with conditions for professional and academic development;
- Ensure diversity and inclusion;
- Respecting the fundamental principles of Human Rights and Labour Practices of the United Nations Global Compact.

Indicators representing the Company's objectives from a social perspective

Goals	Indicators	2019	2020	2021
Promote Involvement with the Company	Absenteeism Rate	6%	7%	3%
Provide services and support of a social and cultural nature to Employees that contribute to improving working conditions and facilitate the compatibilization of professional and personal life	Number of children using the nursery	246	247	294
	Number of beneficiaries of the Group's Health Insurance ¹⁾	25,581	18,143	24,848
Promote and support initiatives of social nature	Realization of Internships in the Company	167	57	0

1) Figures relative to TAP Group

Profile of TAP Employees

Main Employee indicators as of December 31, 2021:

Main Indicators	2020	2021
Total Active Employees	8,106¹⁾	6,626¹⁾
Gender		
Female	41%	40%
Male	59%	60%
Function		
Ground Staff	48%	48%
Cabin Crew	36%	33%
Flight Deck Crew	16%	19%

1) 4% of Employees distributed by the International Markets where TAP operates

Gender per Function	Number of Employees 2020	%	Number of Employee 2021	%
Portugal	7 764		6 331	
Ground Staff	3 501	100,0%	2 861	100,0%
Female	1 173	33,5%	958	33,5%
Male	2 328	66,5%	1 903	66,5%
Cabin Crew	2 930	100,0%	2 257	100,0%
Female	1 890	64,5%	1 466	65,0%
Male	1 040	35,5%	791	35,0%
Technical Crew	1 333	100,0%	1 213	100,0%
Female	57	4,3%	50	4,1%
Male	1 276	95,7%	1 163	95,9%
Abroad	342		295	
Ground Staff	342	100,0%	295	100,0%
Female	181	52,9%	154	52,2%
Male	161	47,1%	141	47,8%
Total	8 106	100,0%	6 626	100,0%
Female	3 301	40,7%	2 628	39,7%
Male	4 805	59,3%	3 998	60,3%

Human Capital Management – Labour Practices

TAP has been implementing several policies in this area to enhance the value of its human resources.

TAP UNIVERSITY

Considering Training as a mechanism for change, it should be seen as a business development process, as an investment and, above all, as a source for updating communication and knowledge, mobilizing internal and external knowledge within the organization, becoming an increasingly effective management tool.

Throughout 2021, as in 2020, the TAP Corporate University, regarding professional training, sought to respond proactively and effectively to the challenge imposed by the health crisis and the various confinements. It provided a wide range of training, essentially mandatory technical training to meet compliance requirements, and went from initial training to continuous training, essential to meet the needs of acquiring, maintaining and updating skills in a systemic approach to the development of the TAP Team, not forgetting the skills gap to individual and organizational performance. In 2021, nearly 170,000 hours of training were provided to around 31,000 trainees.

The change to the distance learning format continues to be one of the biggest revolutions - for trainees, trainers, and the University - and it is important to continue to develop mechanisms that help change the mindset and strengthen the engagement of employees in the search for their self-development through Training.

The University has been responding to these challenges in various ways, such as assessing the availability of technical requirements of trainees and trainers, ensuring access to digital platforms, providing information and content on the platforms, and supporting trainees and trainers, training them for this new reality, developing procedures and adapting the documentary support structure.

We kept up our commitment to e-learning - virtual classroom. Training in this modality continues to be a major focus, both in terms of efficiency and cost reduction, which made it possible to carry out a total of 32,369 hours of training, in diverse themes such as Security, Quality, and Operations, among others.

Likewise, we maintained our commitment to digital by promoting online content, thus allowing us to provide nearly 31,296 hours of training in the form of e-learning.

This type of training will make it possible to develop some skills, such as:

- Flexibility;
- Autonomy;
- Discipline and focus to study anywhere;
- Ability to adapt to novelties and use technology to its own advantage.

In 2021, the TAP Corporate University also developed initiatives of strategic relevance for the improvement of TAP's training process, of which we highlight:

- The implementation of the new Training Portal in September. This is an Integrated Training Management Tool that aims to i) provide an optimized user experience, ii) reduce the probability of non-compliance situations and iii) reduce costs;

- The consolidation of Relationship Models between the TAP Corporate University and the various Departments/Areas of the Company, to optimize the training process through the detailed description of the roles and degree of responsibility of each of the intervening parties;
- Definition and implementation of an onboarding training package;
- Prepare a consistent process for surveying training needs (LNF) that will enable this process to be promoted and centralized by the TAP Corporate University in 2022;
- Definition of a training and development plan for the Top Management team, as well as a training offer to World TAP (to be implemented in 2022).

PROMOTING INDIVIDUAL ENHANCEMENT

The promotion of individual development within the Company is a key factor to achieve positive results based on commitment, competence and contribution to the organization, while enhancing the personal, professional and organizational development of the Employees.

The development of Employees is a constant and decisive concern and practice for TAP's success and is aligned with the policy of internal enhancement of human resources and with the organization's strategy. It is defined according to individual needs and, as already mentioned, in compliance with national and international regulations.

As such, and in the context of the pandemic, TAP has promoted proximity and the personal and professional development of its Employees, through regular online training and webinars in various specialized areas.

SAFETY AND HEALTH AT WORK

TAP has a medical assistance service, with a medical clinic a medical clinic on the TAP Campus, the UCS Health Care Unit ("UCS"), with a large team of professionals, provide important support for family-work reconciliation, enabling TAP employees to access health care in a convenient and easy way by the proximity of the workplace. The UCS is active in providing outpatient, telemedicine, aerospace medical certification, and health and safety at work, both at the headquarters in Lisbon and in its delegations.

In the context of health and well-being, TAP also promotes a healthy lifestyle among its Employees, highlighting the following initiatives:

- Mais Saúde Program (More Health Program), recognized and supported by the Portuguese 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;
- Prevenir Program, to prevent and control the consumption of alcohol, drugs and tobacco, taking into account the highest standards of safety in the aviation industry;
- Traveller consultation, with a strong preventive focus on health problems acquired in other parts of the globe, such as tropical diseases. Expert advice to travelers on any specific requirements for air travel;
- COVID-19 testing center at UCS, free of charge for workers who need to be tested to perform their jobs safely.

BENEFITS

TAP grants various Social Benefits, namely nursery, canteen, and health insurance for its Employees, which can be extended to their family members. Another important benefit that all Employees with more than 6 (six) months seniority enjoy, is the granting of airfares with special rates, conditional on the availability of unsold seats, for the employee, family, and friends (with certain conditions).

TAP actively supports the TAP Staff Solidarity and Social Support Association, a private social solidarity institution that seeks to provide support in various areas to its residents, family members and associates.

TAP analyses and supports employees with health situations of their own or their households require expensive medical treatment that is not reimbursed. These situations are evaluated by our social department.

Also, TAP has signed numerous protocols with various entities, bringing several benefits and discounts to its Employees and their families.

WORK-LIFE BALANCE

TAP strives to meet the best practices for reconciling and balancing the professional and personal/family life of its employees.

In addition to all of its practices and initiatives to promote the feasibility of TAP objectives and strategies, practices and actions to improve the working conditions provided and support the compatibility of professional and personal life are also being developed in parallel, thus adding value to business. In this context, the following initiatives deserve mention:

- Telework – TAP has long been encouraging its employees to work at home, ensuring the desired levels of productivity and enabling greater support for family support. In 2021, as already outlined, due to the pandemic context, this work regime has been continued for its Employees.
- Flexible working hours – the Company offers flexible hours up to 20% of working time; being this possibility available to most Employees, with the exception of operational areas or those that involve working in shifts;
- Bus transport – TAP offers free bus transport between its premises and the city center in periods outside the public transport schedule, thus facilitating the transport to and from the workplace of Employees who work in shifts.

DIVERSITY AND GENDER EQUALITY

Recognizing the importance of Diversity and Gender Equality and in line with *TAP's Diversity & Inclusion Policy*, the Company highlights the role of each Employee in the value chain, reinforcing their commitment to citizenship, social responsibility, and sustainable growth by applying the best practices. In this sense, TAP invests in promoting inclusion in the workplace, regardless of gender, age, race, religion, disability and/or sexual orientation, ensuring that all collaborators have fair and equal conditions and opportunities that promote non-discrimination and diversity within the organization.

TAP promotes the following, inter alia:

- Multiculturalism, which at TAP is reflected in the integration of 30 different nationalities in its staff;
- Gender equality is an essential element of TAP's approach to diversity and inclusion. It is an integral part of the company culture and is one of the manners in which TAP brings to life its purpose of

improving the quality of life and contributing to a greater competitive advantage. Gender diversity is privileged even in roles usually performed by men. TAP staff includes women in the following functions: pilots (about 54, of which 16 are commanders) and aircraft maintenance experts (28). Additionally, it should be noted that out of a total of 2,768 women, 1,278 have higher education.

- The inclusion of people with disabilities in the company in Portugal, in functions adapted to the special needs of each one, employing around 118 Employees.

4. PREVENTION OF CORRUPTION AND BRIBERY

A sound corporate conduct not only contributes to enhance a Company's reputation, but it is also responsible for the development of high trust levels among the different stakeholders, being highly valued by TAP's customers and business partners and for its integration and social acceptance, which are all elements with a positive impact in TAP's sustainability. Considering these aspects may be safeguarded, it is fundamental that the actions of TAP's employees are oriented by the sense of responsibility in complying with the rules, values, principles, and ethically correct practices, that should be observed, defended, and complied by everyone, as defined in TAP's Code of Ethics and Good Business Conduct.

These practices are intended to guide TAP employees towards strengthening a culture of ethics and complying with the laws and internal rules of TAP, thereby seeking to preserve the Company's credibility, reputation, and image.

Among the various initiatives that have already been implemented at TAP, as part of its *Ethics & Compliance Program*, we highlight the following:

- (i) Publication and dissemination of *TAP's Ethics code and Good Business Conduct*;
- (ii) Subscription to *Call to Action Anticorruption of UN Global Compact*, which encourages both public and private sectors to promote transparency, integrity and good governance measures by Governments, thereby encouraging the adoption of its Principle 10, according to which "organizations should work against corruption in all its forms, including extortion and bribery";
- (iii) Participation in the Portuguese Platform for Integrity ("*Plataforma Portuguesa para a Integridade*") initiative, which consists in developing strategies and initiatives that have a real and positive impact on society in the fight against corruption;
- (iv) Inclusion of new Ethics & Compliance-specific risks in the Corporate Risk Management (CRM) matrix.

5. APPLICABILITY OF THE TAXONOMY REGULATION

Since the Taxonomy Regulation “Regulation (EU) 2020/852” does not include air transport activities, TAP will analyze in 2022 if there are other activities developed in ground facilities that will be covered by the environmental objectives for mitigating climate change and adapting to climate change considered in the Regulation.