

STATEMENT
INFORMATION CONCERNING THE ENTERING INTO OF EMERGENCY AGREEMENTS WITH
UNIONS REPRESENTING TAP'S EMPLOYEES, THE PROGRAM OF LABOUR MEASURES OF
VOLUNTARY ADHERENCE AND THE ADHERENCE TO LAY-OFF

Lisbon – 28 February 2021

Under the terms and for the purposes of Article 17(1) of Regulation (EU) no. 596/2014 of the European Parliament and the Council, of 16 April 2014, and of Article 248-A(1) of the Portuguese Securities Code (*“Código dos Valores Mobiliários”*), Transportes Aéreos Portugueses, S.A. (**“TAP”**), informs the market and the general public that:

As previously disclosed by TAP to the market and to the general public on 22 December 2020, within the scope of the workstreams related with the process of preparation of TAP Group’s restructuring plan that the Portuguese State submitted to the European Commission on 10 December 2020 (**“Restructuring Plan”**), which is currently still under assessment by the European Commission, on 22 December 2020 a Council of Ministers’ Resolution¹ was approved by the Portuguese Council of Ministers, which declares TAP (along with Portugália – Companhia Portuguesa de Transportes Aéreos, S.A. (**“Portugália”**) and Cateringpor – Catering de Portugal, S.A. (**“Cateringpor”**), both companies belonging to TAP Group) to be in a difficult economic situation.

The effects specified pursuant to the applicable law apply to this declaration, notably the change to the working conditions and the non-application or suspension, on a total or partial basis, of the provisions included in the collective bargaining agreements or related labour agreements, by applying the respective alternate framework.

This Council of Ministers’ Resolution was regulated by Ordinance (*“Despacho”*) no. 818-A/2021, of 14 January 2021², which sets forth, *inter alia*, that TAP, Portugália and Cateringpor should commence the negotiations for the revision or for the repealing and substitution of the collective bargaining agreements (**“CBA”**) of those companies during the first quarter of 2021, following the presentation to the unions of the outline of the Restructuring Plan, adapting those instruments to the new competitive reality of the companies and of the sector, whereby those negotiations could be preceded by temporary emergency agreements to be adjusted with the unions signatory of the referred CBA, as an alternative to the alternate framework setting the working conditions.

In line with this determination, a joint negotiation process was conducted between the unions, the management and the Portuguese Government, aiming at the entering into of the referred

¹ Council of Ministers’ Resolution no. 3/2021, published in the Official Gazette on 14 January 2021.

² Published in the Official Gazette on 19 January 2021.

emergency agreements, by trying to reach a consensual solution on the way to enable the restructuring and recovery of TAP. This process was successfully concluded and all the unions representing a vast majority of TAP's workers ratified the negotiated emergency agreements ("**Emergency Agreements**").

The Emergency Agreements will enter into force on 1 March 2021, enabling the protection of more workplaces, in comparison with the alternate framework, without affecting the metrics proposed in the Restructuring Plan. Non-unionized TAP's employees will benefit from an alternate framework equal to the Emergency Agreements in place for the respective professional groups.

Alongside with the Emergency Agreements, TAP has developed a set of labour measures based on voluntary adherence for TAP's employees, which includes mutually agreed terminations, early retirement, pre-retirement, part-time work and unpaid leaves. The adherence process to the referred voluntary measures is taking place since 11 February 2021 and shall end on 14 March 2021. After the level of adherence to the voluntary measures is analysed, further measures may be implemented, which are necessary to adjust the structure of labours costs, compatible with the current and forecasted level of operation and revenues of TAP.

TAP additionally informs that, taking into account the lasting effects of Covid-19 pandemic, which has seriously affected TAP, causing a sudden drop of its activity, TAP's Board of Directors found that it was adequate and reasoned to resort to classical lay off, pursuant to articles 298 et seq. of the Portuguese Labour Code ("*Código do Trabalho*").

The measures of reduction of the normal working periods or the suspension of the employment agreements, within the referred lay-off proceeding, shall begin on 1 March 2021 and may extend to a period of up to 12 (twelve) months, under the terms and for the purposes of article 300(3) of the Portuguese Labour Code. The adherence to this legal framework shall be evaluated monthly and individually, in order to identify whether it should be maintained, altered or terminated, in accordance with the company's needs. Should TAP's Board of Directors decide to terminate the adherence to the lay-off legal framework, that information shall be disclosed to the market and to the general public.

The adherence to the lay-off legal framework is autonomous from the entering into force of the Emergency Agreements or of the alternate framework, as the need to reduce labour costs and the oversize of the workforce remains critical and unaltered in any of those formats.

The adherence to this legal framework will not cause any cutback of the salaries, besides those resulting from the reductions contemplated in the applicable Emergency Agreements or, should it be the case, in the alternate frameworks approved by TAP previously referred to in this statement.

This information is also available in TAP's website at: <https://www.flytap.com/>.

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