



DETAILS

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The image shows the interior of a bus with rows of seats. The entire scene is overlaid with a semi-transparent blue filter. A large orange circle is positioned in the center-left, containing the text '2016 ANNUAL REPORT AND ACCOUNTS' in white, bold, sans-serif font. The seats are dark with a light-colored polka-dot pattern. The bus windows and interior structure are visible in the background.

**2016
ANNUAL REPORT
AND ACCOUNTS**

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MESSAGE FROM
THE CHAIRMAN

The year 2016 was one of significant change for STCP. Firstly, it was the year in which the company regained its customers' trust, by making notable improvements to the quality of service it offers communities.



MESSAGE FROM THE CHAIRMAN

The year 2016 was one of significant change for STCP. Firstly, it was the year in which the company regained its customers' trust, by making notable improvements to the quality of service it offers communities. In addition, the principles of the agreement between the State, the company's single shareholder, the Porto Metropolitan Area and the municipal councils in whose territory STCP operates were examined and developed over the financial year, with a view to concluding a management contract with these parties and establishing a system of decentralised corporate governance.


The decisions made during the previous term to proceed with the administrative cancellation of the awarding procedure and the STCP operation and maintenance subconcession contract at the beginning of the financial year made it possible to move forward with negotiations of a decentralised company management model, in line with State guidelines.

In June 2016, STCP, the Porto Metropolitan Area, the municipal councils of Porto, Vila Nova de Gaia, Matosinhos, Gondomar, Maia and Valongo, and the Government, represented by the Prime Minister António Costa and by the Minister of Environment João Pedro Matos Fernandes signed the Memorandum of Understanding establishing the strategic basis and the implementation schedule for assigning the company's management to these local authorities. The management contract, as well as all the documentation related to establishing the public service and delegating authority between State, Metropolitan Area and councils, took place on the first working day of 2017, and is currently pending approval by the Court of Auditors, which is the last necessary step.

In operational terms, the structural changes that were reinforced or introduced during the financial year, particularly with regard to the human resources policy, proved highly beneficial for the overall improvement in performance. In 2016, for the first time in six years, STCP reversed a downward trend and recorded a recovery in demand. More than 200 thousand new customers were gained, an increase of 0.3% compared to the previous year. This growth was especially noticeable during the second half of the year, a period in which STCP gained more than one million customers in comparison with the figures from the same period in 2015.

This growth in demand was largely due to the increased service made available, which was only possible through the recruitment of 108 new drivers, a decision that was successively postponed throughout previous years owing to constraints imposed by the shareholder. The STCP thus managed to complete the vast majority of scheduled journeys, which was not the case in the recent past given the all too regular cancellation of routes resulting from the clear and noticeable shortage of staff. The service performance rate was 94.8 per cent, with over 21 million commercial kilometres having been covered, 1.2 million and 5.7 per cent more than in 2015.



A man in a dark suit, white shirt, and striped tie stands with his arms crossed on a bridge. The background shows a city built on a hillside with a river in the foreground. The entire image has a warm, golden-brown color cast.

The trust of the community that STCP serves is an essential part of our mission. It is on the basis of this trust that STCP can and should envisage the future.

Moreover, the positive performance of the tram in this process of growth in demand is particularly noteworthy. Owing to the great appeal of trams for locals and tourists alike, an increase of 36 per cent was recorded in the number of customers using the three STCP tram lines, bringing the total to more than 620 thousand.

Also in 2016, the renewal of STCP's fleet of buses was planned. In line with the strategic vision to lower CO2 emissions in cities, STCP made preparations for a competition that would allow it, initially, to acquire 173 natural-gas-driven buses and 15 electric buses. To finance this acquisition, an application for POSEUR funds was submitted in 2017, before the launch of this international competition.

Together with the increase in demand, efforts to reduce operating expenses played a crucial role in the achievement of more positive financial results. In this respect, it is worth highlighting the 2.2-per-cent decrease in the company's operating expenses, to €47.7 million. This indicator combined with the one-per-cent increase in revenue (€42.7 million) results in a coverage rate of 89.6 per cent, 3.3 percentage points above the previous value. STCP closed 2016 with a 42-per-cent improvement in its operating results, which were recorded at approximately €-12 million.

Year after year, STCP has invested in quality and innovation, continuously seeking to improve the service it provides in the Porto Metropolitan Area. Particularly noteworthy in 2016 were the commitments made to strengthening operation during specific festivity periods in the city, when pressure on means of transport requires there to be effective alternatives, to lengthening the distance covered by some lines, depending on demand, to supporting cultural initiatives undertaken in the region and to extending the free Wi-Fi offered by STCP to its entire network.

By way of conclusion, I should like to say a word of thanks to all STCP's employees. The results achieved are the fruits of their dedication, their sense of responsibility and their professionalism, qualities which customers and the population in general have become used to recognising in them. The trust of the community that STCP serves is an essential part of our mission. It is on the basis of this trust that STCP can and should envisage the future..

Jorge Moreno Delgado
Chairman of the Board of Directors



The image shows the front of a Mercedes-Benz bus, model TP, with license plate 82-58-QC. The bus is white with a blue tint overlay. A large orange circle is positioned in the center, containing the text 'THE YEAR OF 2016'. The bus features a Mercedes-Benz logo on the grille, a wheelchair accessibility symbol on the front bumper, and a destination display above the windshield. The background shows a building with ornate architectural details.

THE YEAR OF 2016



THE YEAR OF 2016

2.1. INTRODUCTION TO THE COMPANY

- STCP is a joint-stock company with 100% public capital
- On 31 December 2016, STCP held capital shares in the following companies:

100,0%	STCP Serviços, Lda.	16,6%	Metro do Porto, S.A.
33,3%	TIP, ACE	8,3%	OPT, S.A.
20,0%	Transpublicidade, S.A.		
- It is the largest collective public passenger transport company in the Porto Metropolitan Area, transporting 69.4 million passengers per year
- It serves approximately 1 million citizens across 33 parishes and 6 municipalities: Matosinhos, Maia, Valongo, Gondomar, Vila Nova de Gaia and Porto

INDICATORS (31 DECEMBER)	2013	2014	2015	2016	16-15	16/15
Lines in operation	72	72	72	72	0	0,0%
Bus	69	69	69	69	0	0,0%
Tram	3	3	3	3	0	0,0%
Municipalities served	2.461	2.454	2.448	2.465	17	0,7%
Parishes served	480	480	481	482	1	0,2%
Stops	478	478	467	480	12	2,6%
Network size	9	9	9	9	0	0,0%

As at 31 December 2016, STCP had:



a network consisting of **72** lines



480 km bus network
9 km tram network



61 in the daytime network¹
58 for buses
3 for trams
11 in the night-time bus network



a fleet of **419** buses
and **6** trams



a network extension of **482 kms**
with **2.465** stops



a workforce of **1.232** employees,
of which **74%** are public service
drivers and brakemen, with
an average workforce of **1.197**
employees

In 2016, STCP:

- Travelled **21,8 million** kilometres
- Transported an average of **236 thousand** passengers per working day
- Generated a business volume of **45,1 million**
- Achieved a management² EBITDA of minus **2,6 million** and an operating result of minus **12,3 million**

¹ 36 of which have a late-night service.

² Results before depreciation, financing expenses, taxes, provisions, reversals, impairments, fair value changes, compensation for termination of employment contracts, and payments of approximately €1.1 million for the out-of-court settlement to recognise compensatory rest for staff, between 2003 and 2011 and taking into account the five best years (amount provisioned in the 2015 accounts); approximately €670 thousand for the impact of reinstating the retirement benefits cap, from €600 to €650, arising from State Budget Law 16 and the amount of approximately €10.1 million of non-current expenses associated with the Memorandum of Understanding with the Porto City Council and the Guardian Authority, relating to the company's property.

2.2 MAIN EVENTS

Date	Event
25 jan	Unanimous Written Company Decision appointing the Board of Directors (non-executive chairman and two executive voting members), the Board of the General Meeting and the STCP, S.A. Supervisory Board for a term of three years (2016-2018)
22 feb	Ceremony to welcome new drivers, attended by the Minister of Environment and the Assistant Secretary of State for the Environment
24 feb	Unanimous Written Company Decision appointing a non-executive voting member of the STCP, S.A. Board of Directors for a term of three years (2016-2018)
15 apr	Administrative cancellation of the awarding procedure and of the contract for sub-concession of the STCP, S.A. transport system.
18 apr	Operation on Line 903 extended to Quinta das Rosas
may and june	Provision of special services: Festivals of Queima das Fitas, NOS Primavera Sound, Serralves em Festa and S. João
21 may	Porto Tram Fest – Porto Tram Museum festival, ending in a traditional procession
30 may	Annual General Meeting of STCP, S.A., which voted in favour of appointing the Statutory Auditor for the 2016-2018 term
25 jun	Prime Minister announces an agreement for decentralising the STCP management model. Memorandum of Understanding is signed between the State and six municipalities in the Porto Metropolitan Area
sep	Special services for the Gondomar festivals
23 sep	Free Wi-Fi is extended to the whole STCP network
28 nov	Publication of Decree Law no. 82/2016, establishing the partial and temporary decentralisation of the powers of the transport authority, from the State to the Porto Metropolitan Area (PMA), relating to the public passenger transport service operated by STCP and the partial and temporary decentralisation of the operational management of the company
8-11 dec	STCP shuttle for the Comic Con in Matosinhos
10 dec	Christmas Circus promoted by the Cultural and Sports Centre for STCP Employees (CCDT-STCP)
14 dec	Ceremony to honour employees who have reached 25 years of service and company Christmas party
19 dec	Publication of Law no. 38/2016, which amends the STCP, S.A. Articles of Association, to prohibit the subconcession of the service to entities which are not governed by public law or which do not have exclusively public capital
31 dec	STCP deploys its biggest ever night-time service on New Year's Eve
	Recruitment of 108 drivers over the year

2.3. OPERATING ACTIVITY DEVELOPMENTS

2.3.1. Indicators

Main indicators of activity ^[1]

PASSENGERS AND REVENUE	UNIT	2013	2014	2015	2016	16-15	16/15
BUS							
Passengers	10 ³	80.035	74.043	68.700	68.738	38	0,1%
Passenger km	10 ³	293.476	270.632	251.871	252.484	613	0,2%
Average distance per passenger	km	3,67	3,66	3,67	3,67	0,01	0,2%
Revenue from transport service ^[2]	€10 ³	45.632	44.715	41.426	41.515	89	0,2%
TRAM							
Passengers	10 ³	387	414	457	622	165	36%
Passenger km	10 ³	605	666	745	1.027	282	38%
Average distance per passenger	km	1,56	1,61	1,63	1,65	0,02	1,4%
Revenue from transport service ^[2]	€10 ³	570	690	848	1.190	343	40%
TOTAL STCP							
Passengers	10 ³	80.421	74.457	69.157	69.360	202	0,3%
Passenger km	10 ³	294.081	271.298	252.617	253.512	895	0,4%
Average distance per passenger	km	3,66	3,64	3,65	3,66	0,002	0,1%
Revenue from transport service ^[2]	€10 ³	46.202	45.405	42.274	42.706	432	1,0%
SERVICE							
BUS							
Vehicle km of service	10 ³	23.341	21.713	20.460	21.622	1.162	5,7%
Seat km	10 ³	2.114.507	1.979.573	1.876.416	1.984.252	107.836	5,7%
Occupancy rate	%	13,9%	13,7%	13,4%	12,7%	-0,7 pp	-5,2%
TRAM							
Vehicle km of service	10 ³	116	111	111	130	20	18%
Seat km	10 ³	4.863	4.669	4.655	5.474	819	18%
Occupancy rate	%	12,4%	14,3%	16,0%	18,8%	2,8 pp	17%
TOTAL STCP							
Vehicle km of service	10 ³	23.457	21.824	20.571	21.752	1.181	5,7%
Seat km	10 ³	2.119.370	1.984.242	1.881.072	1.989.727	108.655	5,8%
Occupancy rate	%	13,9%	13,7%	13,4%	12,7%	-0,7 pp	-5,1%
OPERATING PERFORMANCE ^[1]							
Revenue from transport service ^[2]							
Revenue/passenger	€ cent.	57,5	61,0	61,1	61,6	0,4	0,7%
Revenue/passenger km	€ cent.	15,7	16,7	16,7	16,8	0,11	0,7%
Revenue/seat km	€ cent.	2,18	2,29	2,25	2,15	-0,1	-4,5%
Operating expenses ^[3]							
Operating expenses/passenger	€ cent.	69,1	69,3	70,5	68,8	-1,7	-2,5%
Operating expenses/passenger km	€ cent.	18,9	19,0	19,3	18,8	-0,49	-2,5%
Operating expenses/seat km	€ cent.	2,62	2,60	2,59	2,40	-0,2	-7,5%
Revenue coverage rate ^{[2]/[3]}	%	83,1%	88,0%	86,7%	89,6%	2,8 pp	3,3%
RESULTS							
Operating profit	€ 10 ³	-6.425	-7.858	-21.140	-12.325	8.815	42%
Financial results ^[4]	€ 10 ³	-8.758	-46.976	-10.465	-14.449	-3.983	-38%
Net profit ^[4]	€ 10 ³	-15.224	-54.847	-31.617	-26.788	4.830	15%
EBITDA (management) ^[5]	€ 10 ³	5.774	1.406	-3.823	-2.590	1.233	32%

^[1] With data from operating contracts (contracted production), non-existent from Oct. 13

^[2] Includes compensation from Andante social fare, amounts net of VAT

^[3] Operating expenses without depreciation, provisions, reversals, impairments, fair value changes, financial component of operating leases and compensation for termination of employment contract. The following amounts are deducted: 2015: approximately €600 thousand in payments to drivers for travel time between legs with intervals of over two hours, with respect to previous years until 2014 inclusive; 2016: approximately €1.1 million for the out-of-court settlement to recognise compensatory rest for staff, covering the period between 2003 and 2011 and taking into account the five best years (amount provisioned in the 2015 accounts) and approximately €670,000 for the impact of reinstating the retirement benefits cap, from €600 to €650, arising from State Budget Law 16, and the amount of approximately €10.1 million of non-current expenses in connection with the Memorandum of Understanding with the Porto City Council and the Guardian Authority in relation to the company's property.

^[4] Includes fair value changes and swap interest.

^[5] Results before depreciation, financing expenses, taxes, provisions, reversals, impairments, fair value changes, compensation for termination of employment contracts, financial component of operating leases. 2015: payment of approximately €600 thousand for the court ruling and out-of-court settlement in relation to paying drivers for travel time between legs with intervals of over two hours, until 2014; 2016: payment of approximately €1.1 million for the out-of-court settlement to recognise compensatory rest for staff, between 2003 and 2011, taking into account the five best years (amount provisioned in the 2015 accounts); approximately €670,000 for the impact of reinstating the retirement benefits cap, from €600 to €650, arising from State Budget Law 16, and the amount of approximately €10.1 million of non-current expenses in connection with the Memorandum of Understanding with the Porto City Council and the Guardian Authority in relation to the company's property.

2.3.2. Passengers and revenue

Passengers

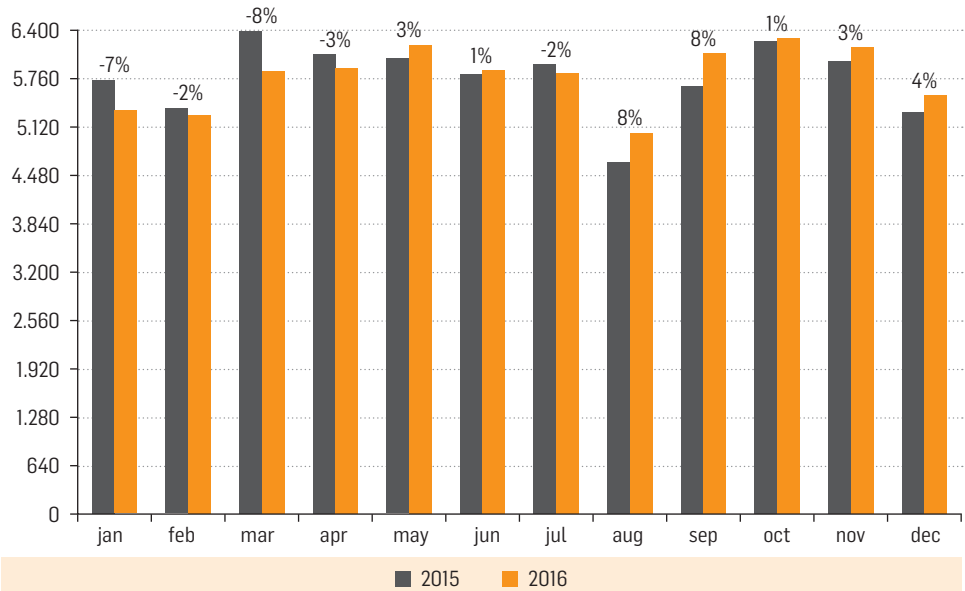
PASSENGERS	UNID	2013	2014	2015	2016	16-15	16/15
COMPANY'S BUS PRODUCTION							
Passengers	10 ³	78.288	74.043	68.700	68.738	38	0,1%
Passenger km	10 ³	284.278	270.632	251.871	252.484	613	0,2%
Average distance per passenger	km	3,63	3,66	3,67	3,67	0,01	0,2%
CONTRACTED BUS PRODUCTION							
Passengers	10 ³	1.746	0	0	0		
Passenger km	10 ³	9.198	0	0	0		
Average distance per passenger	km	5,27	0,00	0,00	0,00		
TRAM							
Passengers	10 ³	387	414	457	622	165	36%
Passenger km	10 ³	605	666	745	1.027	282	38%
Average distance per passenger	km	1,56	1,61	1,63	1,65	0,02	1,4%
TOTAL STCP							
Passengers	10 ³	80.421	74.457	69.157	69.360	202	0,3%
Passenger km	10 ³	294.081	271.298	252.617	253.512	895	0,4%
Average distance per passenger	km	3,66	3,64	3,65	3,66	0,002	0,1%

In 2016, 69.4 million passengers were transported, and for the first time since 2010 STCP recorded an increase in the number of passengers transported. There were 200 thousand more than in 2015 (+0.3%).

An additional 35 thousand passengers were transported by bus (+0.1%) and an additional 165 thousand (+36%) by tram.

This trend reversal was recorded in the second half of the year, when the operating measures that were implemented, namely the recruitment of drivers, began to have an effect.

Passengers per month (in thousands)



The above graph shows the monthly change in passenger numbers between 2015 and 2016. The first half of 2016 ended with approximately one million fewer transported passengers than in 2015. In the second half of the year, about 1.1 million more passengers were transported than in the same period in 2015. In total, 2016 saw approximately 200 thousand more passengers, as mentioned above.

Passengers by fare and ticket

PASSENGERS	UNIT	2013	2014	2015	2016	16-15	16/15
FARE							
Intermodal fare	10 ³	65.928	62.620	58.687	58.226	-461	-0,8%
Single mode fare	10 ³	14.493	11.837	10.470	11.133	663	6,3%
% intermodal fare	%	82%	84%	85%	84%	-0,9 pp	-1,1%
TICKET							
Season tickets	10 ³	63.695	58.841	54.278	54.325	47	0,1%
Occasional tickets ⁽¹⁾	10 ³	13.847	12.913	12.169	11.811	-358	-2,9%
Tickets sold on board	10 ³	2.879	2.703	2.710	3.223	513	19%
Passengers	10³	80.421	74.457	69.157	69.360	202	0,3%

⁽¹⁾ Includes daily and special tickets.

There was an increase of approximately 660 thousand (+6.3%) in passengers with single mode fare (16% of the total) in 2016.

Season tickets were used by approximately 78% of passengers, and for the tickets sold on board, a ticket purchased on board, used by 5% of passengers, an increase of approximately 500 thousand (+19%) was recorded.

Revenue from the transport service

REVENUE ⁽¹⁾	UNIT	2013	2014	2015	2016	16-15	16/15
Company's bus output	€10 ³	44.597	44.715	41.426	41.515	89	0,2%
Contracted bus output	€10 ³	1.036	0	0	0		
Tram	€10 ³	570	690	848	1.190	343	40%
Total STCP	€10³	46.202	45.405	42.274	42.706	432	1,0%

⁽¹⁾ Includes compensation from Andante social fare, amounts net of VAT.

The revenue in 2016 followed the increase in passengers, reaching €42.7 million, €432 thousand (+1.0%) more than in 2015.

Transport fares were not increased in 2016.

Revenue by fare and ticket

REVENUE ⁽¹⁾	UNIT	2013	2014	2015	2016	16-15	16/15
FARE							
Intermodal fare	€10 ³	36.048	36.126	33.331	32.865	-466	-1,4%
Single mode fare	€10 ³	10.154	9.280	8.943	9.841	898	10%
% intermodal fare	%	79,8%	79,6%	78,8%	77,0%	-1,9 pp	-2,4%
TICKET							
Season tickets	€10 ³	29.081	28.966	26.287	25.965	-322	-1,2%
Occasional tickets ⁽²⁾	€10 ³	12.233	11.723	11.257	11.115	-141	-1,3%
Tickets sold on board	€10 ³	4.888	4.716	4.730	5.626	896	19%
Revenue ⁽¹⁾	€10³	46.202	45.405	42.274	42.706	432	1,0%

⁽¹⁾ Includes compensation from Andante social fare, amounts net of VAT.

⁽²⁾ Includes daily and special tickets.

Season tickets represented approximately 61% of total revenue and the tickets sold on board represented 13%, while the remaining 26% were represented by occasional tickets.

Unimodal revenue constituted 77% of the total, approximately 1.9 p.p. less than in 2015.

Sales network

At the end of 2016, there were over one thousand locations for topping up Andante and STCP tickets. The network for selling valid STCP tickets is managed directly or indirectly by TIP, with the exception of tickets sold on board, which are managed directly by STCP. This network includes SIBS ATMs for topping up normal Andante season tickets.

SALES NETWORK	2013	2014	2015	2016	16-15	16/15
Authorised agents	527	597	596	748	152	25,5%
STCP points of sale	2	1	0	0	0	
Andante Shops ⁽¹⁾	10	10	10	10	0	0,0%
Andante Points of Sale ⁽²⁾	7	7	8	8	0	0,0%
CP Ticket Offices	5	5	5	7	2	40,0%
CP Ticket Vending Machines	31	80	80	82	2	2,5%
MP Ticket Vending Machines	201	198	198	198	0	0,0%
Total	783	898	897	1.053	156	17%

⁽¹⁾ 2014 and 2015 values amended.

⁽²⁾ Porto and northern Portugal tourism; Espírito Santo (2); Valpi; Resende; Maia Transportes; Gondomarense; Tram Museum.

Ticket inspection

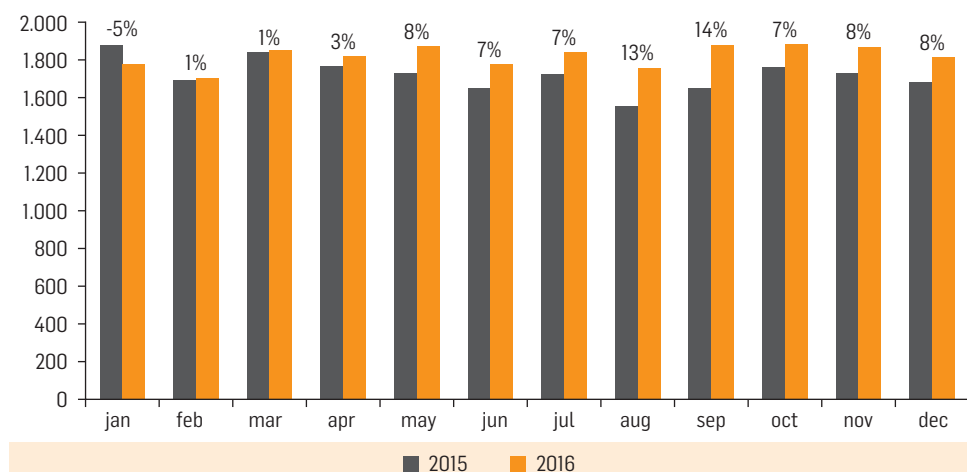
In 2016, the rate of ticket inspection on journeys, measured using the ratio of inspected journeys to journeys carried out, was 3.8%, and the passenger inspection rate, measured using the ratio of inspected passengers to total passengers, was 1.5%. The fraud rate detected by the inspectors, measured using the ratio between the amount of notices issued and the amount of passengers inspected, was 0.54%, and 5,510 notices were issued.

2.3.3. Service

SERVICE	UNIT	2013	2014	2015	2016	16-15	16/15
COMPANY'S BUS PRODUCTION							
Vehicle km of service	10 ³	22.539	21.713	20.460	21.622	1.162	5,7%
Seat km	10 ³	2.049.536	1.979.573	1.876.416	1.984.252	107.836	5,7%
Service hours	10 ³	1.430	1.381	1.294	1.367	73	5,6%
Average capacity	seats	90,9	91,2	91,7	91,8	0,1	0,1%
Average speed	km/h	15,8	15,7	15,8	15,8	0,0	0,1%
Occupancy rate	%	13,9%	13,7%	13,4%	12,7%	-0,7 pp	-5,2%
Maximum no. of vehicles	n ^o	382	384	384	382	-2	-0,5%
CONTRACTED BUS PRODUCTION							
Vehicle km of service	10 ³	802	0	0	0		
Seat km	10 ³	64.971	0	0	0		
Average capacity	seats	81	0	0	0		
Occupancy rate	%	14,2%	0	0	0		
TRAM							
Vehicle km of service	10 ³	116	111	111	130	20	18%
Seat km	10 ³	4.863	4.669	4.655	5.474	819	18%
Service hours	10 ³	16	16	15	16	1	8,8%
Average capacity	seats	42,0	42,0	42,0	42,0	0,0	0,0%
Average speed	km/h	7,3	7,1	7,4	8,0	0,6	8,1%
Occupancy rate	%	12,4%	14,3%	16,0%	18,8%	2,8 pp	17%
Maximum no. of vehicles	n ^o	4	4	4	5	1	25%
TOTAL STCP							
Vehicle km of service	10 ³	23.457	21.824	20.571	21.752	1.181	5,7%
Seat km	10 ³	2.119.370	1.984.242	1.881.072	1.989.727	108.655	5,8%
Average capacity	seats	90,4	90,9	91,4	91,5	0,0	0,0%
Occupancy rate	%	13,9%	13,7%	13,4%	12,7%	-0,7 pp	-5,1%

In 2016, approximately 21.6 million kilometres of service were provided, which is about 1.2 million kilometres more than in 2015. The gradual replenishment of the workforce throughout 2016 allowed completion levels of scheduled service to recover, which obviously had positive effects on in-service vehicle km.

Monthly vehicles km (thousands)



Journey compliance rate for STCP-produced journeys

JOURNEY COMPLIANCE RATE	2013	2014	2015	2016	16-15	16/15
Planned bus journeys ^[1]	2.083.561	2.056.633	2.036.178	2.029.081	-7.097	-0,3%
Lost bus journeys ^[2]	50.842	98.851	177.149	105.807	-71.341	-40,3%
Bus journey compliance rate	97,6%	95,2%	91,3%	94,8%	3,5 pp	3,8%
Planned tram journeys ^[3]	43.201	35.791	30.508	34.734	4.226	13,9%
Lost tram journeys ^[3]	1.477	1.927	3.501	2.179	-1.323	-37,8%
Tram journey compliance rate	96,6%	94,6%	88,5%	93,7%	5,2 pp	5,9%

^[1] Source: Operations Department (Information and Operating Support System).

^[2] Source: Operations Department (Integrated Incident Communication System), excluding strike days and/or plenaries).

^[3] Source: Tram Unit.

The rate of completion of bus journeys was 94.8%, a 3.5-p.p. increase compared to 2015. Approximately 71% of uncompleted journeys were due to a shortage of drivers on the roster, 18% due to a shortage of drivers on the day and 5.2% due to limited transit or road obstructions.

This trend reversal was recorded in the second half of the year, when the gradual replenishment of the workforce made it possible to improve the scheduled-journey completion rate.

For trams, the journey completion rate was 93.7%, 5.2 p.p. higher than the rate recorded in 2015. Approximately 51% of uncompleted journeys were due to a shortage of staff and 22% were due to unauthorised parking on the tracks.

Accidents due to collisions

In 2016, there were 58 accidents for every million kilometres travelled, and there was a 12.5% increase in the number of accidents recorded in 2016 compared to 2015.

ACCIDENTS DUE TO COLLISIONS	2013	2014	2015	2016	16-15	16/15
Accidents	813	818	1.114	1.253	139	12,5%
Accident rate ^[1]	36,1	37,7	54,4	58,0	3,5	6,4%

^[1] Per million vehicle km of service of company's bus production.



Network diversions

The 317 diversions put into operation on public service line routes were essentially due to events that occupied public roads and roadworks. The year 2016 saw a rise in the number of diversions (31 more than in 2015) and an increase in their average duration.

DIVERSIONS	2013	2014	2015	2016	16-15	16/15
Due to road work	169	144	169	173	4	2,4%
Due to events	97	103	117	144	27	23,1%
Total diversions	266	247	286	317	31	10,8%
Average duration of diversions (days)	12	7	5	8	3	60,0%

Via Livre Operation (Clear Roads Operation)

Through the *Via Livre* Operation, resulting from a protocol established with the Porto City Council and jointly enforced with the Porto City Police, STCP combats inappropriate parking with the aim of improving the flow of public transport and thereby increasing its efficiency.

Also under this protocol is a working group, involving the three entities, which is dedicated to finding quick solutions for improving the flow of traffic in general.

The results over the last few years were as follows:

OPERAÇÃO VIA LIVRE	2013	2014	2015	2016	16-15	16/15
Multas	4.433	3.918	3.812	3.255	-557	-15%
Bloqueamentos	286	86	43	18	-25	-58%
Reboques	284	83	48	82	34	71%
Medidas corretivas	5.003	4.087	3.903	3.355	-548	-14%

Bus Lanes

Bus lanes, available to traffic on STCP lines, make up only 5.3% of STCP's total road network coverage and are located mainly in Porto. In 2016, there were approximately 25.2 kilometres, 1.3 (5%) of which served only to mark bus stops.

	2013	2014	2015	2016	16-15	16/15
Bus lanes (km)	23,3	24,2	24,1	25,2	1,1	4,4%



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BEBÉ - CRIANÇA E JÚNIOR

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Que 2017 seja
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PROGRESS IN
THE SUSTAINABLE
DEVELOPMENT
VISION

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The commitments made by STCP, as the public transport operator in the Porto Metropolitan Area, were set out in its mission and the company's quality, environment and occupational health and safety policy.

PROGRESS IN THE SUSTAINABLE DEVELOPMENT VISION

It is common practice for STCP to incorporate the issue of sustainability in the annual report and accounts. This approach means that sustainability occupies a prominent place in the company report, and greater importance is attached to the social and environmental aspects of corporate performance.

This section on sustainable development includes economic indicators, which are detailed in section 4, Economic and Financial Performance, and social and environmental indicators, which were prepared using *Global Reporting Initiative* (GRI G3) guidelines. The company's performance and practices in the area of sustainability are set out, promoting transparency in relation to the sustainability of the company's activities and providing information which we consider relevant to the various stakeholders, namely Customers and Employees.

Also disclosed are the principles, practices and initiatives adopted by the company with the aim of improving its performance in terms of the economic, environmental and social effects of its activity.

STCP is also a Full Signatory Member of the UITP (*Union Internationale des Transports Publics*) Sustainability Charter. Adherence to this Charter is voluntary and aims to ensure that its members apply best practices in sustainable development and continuous improvement as they pursue their activities.



3.1. INTEGRATED MANAGEMENT SYSTEM: QUALITY, ENVIRONMENT AND OCCUPATIONAL HEALTH AND SAFETY

The commitments made by STCP, as the public transport operator in the Porto Metropolitan Area, were set out in its mission and the company's quality, environment and occupational health and safety policy.

3.1.1. Mission, vision, values and policy

Sociedade de Transportes Colectivos do Porto, S.A. is a joint-stock company with exclusively public capital, whose main objective is to operate collective public passenger road transport in the Porto Metropolitan Area (AMP) and in addition to operate complementary or subsidiary services to that end, in accordance with the provisions of Decree-Law no. 202/94, of 23 July.

As the main public service operator in the AMP, STCP takes an active role in supporting the sustainable development of the region and the communities it serves, in a socially responsible way.

Mission

To provide an urban public passenger transport service in the AMP while coordinating with the other road, rail and light rail operators, contributing towards the effective mobility of people, providing a competitive alternative to private personal transport and generating social and environmental benefits through its activity on an economically sound basis, while continuously seeking to improve its performance.

Vision

To be recognised as a reference company with some of the best practices in the public passenger transport sector, at both a national and a European level.

Values

The following values form the basis of STCP's stance towards society in general, customers, the shareholder, partners and suppliers, and in addition the basis of its relationship with all those who work at STCP or collaborate with it:

Legality, Responsibility, Rigour, Transparency and Impartiality, Cooperation, Quality, Public Service, Social Conscience, Modernity, Safety and Concern for the Environment.

The company's strategic policy:

- To assert itself as a dissuader of the use of personal transport by promoting high-quality, safe, modern and eco-efficient urban public passenger transport.
- To meet the physical and social mobility needs of customers by providing an adequate offer in terms of the transport network, its accessibility, schedules and products, within the limits permitted by concessions and by streamlining human and material resources.
- To promote permanent communication and cooperation with external entities, namely central and local government institutions, corporate associations, municipalities and the public in general.
- To guarantee the professional, healthy and social development of its employees, in particular by creating adequate conditions for the performance of their activities in order to prevent harm, injuries and damage to their health.
- To minimise the environmental impact of its supporting activity, by ensuring facilities and equipment have technologically efficient solutions that promote a gradual reduction in pollution levels and in the consumption of energy and natural resources.

- To develop all its activities, products and services within an integrated management system, in terms of quality, the environment and occupational health and safety, with the involvement of all its employees, suppliers, contractors, local authorities and customers.
- To seek to improve continuously and meet the requirements established in its Integrated Management System, including not only the legally and statutorily applicable requirements but also those for which compliance is voluntary, carrying out regular assessments of its performance through internal audits and ending with an annual review of the system.

For eight years, STCP has been ensuring that its Integrated Management System meets the conditions required for Certifications in Quality, the Environment and Occupational Health and Safety. It covers all STCP's facilities and activities, except those directly linked to museum-related activity at the Tram Museum and out-of-service facilities.

The following standards are currently in force:

- NP EN ISO 9001:2008 – Quality Management Systems
- NP EN ISO 14001:2012 – Environmental Management Systems.
- OHSAS 18001:2007 / NP 4397:2008 – Occupational Health and Safety Management Systems.

These certifications demonstrate STCP's intention to position itself as a benchmark among the best public passenger transport companies, promoting transport which is sustainable from an environmental perspective and from the point of view of employee safety, in all the municipalities in which it operates.





Quality management

The major theme during 2016 was the ability to restore performance levels for scheduled and published services by recruiting new drivers, which translated into an improvement in the rate of complaints lodged by customers.

Internal certification audit and annual renewal audit

There were several internal audits throughout the year. These are always performed using internal human resources from the company's pool of auditors.

The second follow-up audit took place at the end of the year in connection with the third three-year period of management system certifications, and was performed by the Certifying Body. The result of this audit confirmed that STCP's management system meets the certification standards.

STCP continues to participate in the Portuguese Technical Standardisation Committee – CT 148 (transport, logistics and services), a technical standardisation body whose purpose it is to prepare regulatory documents and issue opinions at a national level, in cooperation with the European standardisation body. Its activities fall within the areas of passenger transport, goods transport, logistics and parking areas. This Committee represents the main stakeholders in these areas at a national level, transport operators, logistics operators, consumer representatives, certifying bodies, professional associations and sector-related companies.

Environmental management

Aspects relating to environmental management are detailed in point 3.4.

Health and safety at work management.

Aspects relating to the management of health and safety at work are detailed in point 3.5

3.2. RESPONSIBILITY TOWARDS CUSTOMERS

The Portuguese State signed a contract with STCP, on 8 August 2014, under which it contracted the provision of a public passenger transport service by bus, in the Porto Metropolitan Area (AMP). This contract was first amended in December 2014.

The purpose of the contract is to define the conditions for STCP's provision of the public passenger transport service by bus, and to align its terms with the stipulations of Regulation (EC) No. 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road.

3.2.1. The public passenger transport service

STCP's public passenger transport network has 72 lines: 61 provide a day-time service, while 36 of these also have a late-night service (from 9 pm to midnight), and 11 lines operate during the night (from midnight to 6 am).

STCP operates 69 bus lines and 3 tram lines.

The service runs every day, all year round. On working days, service is provided on all the lines in the network.

The network spans approximately 482 km, serving 2,465 stops in the 6 municipalities covered: Gondomar, Maia, Matosinhos, Porto, Valongo and Vila Nova de Gaia.



Mapa da Rede da STCP

In 2016, 21.8 million km were travelled and customers were provided with 1,890 million seat km.

The service performance rate, measured by comparing completed journeys with scheduled journeys, was 94.8%. The performance rate of completed vehicle km, in relation to scheduled vehicle km, was 99.7%.

Approximately 1.96 million journeys were completed on STCP network lines, and 69.4 million passengers were transported. The average vehicle occupancy rate was 12.7%.

The public transport service was designed to meet the social needs of passengers, covering geographical areas and laid on at times which provided no commercial benefits. In fact, this was undertaken in the public passenger service contract mentioned above. The public service obligations require the company to respect continuity, sustainability, good-quality and efficiency standards, to ensure that prices are affordable for most citizens, to ensure that users are safeguarded, to promote economic, social and territorial cohesion and to respect the principles of non-discrimination, safety, transparency and environmental protection.

For compliance with public service obligations, in light of the contract signed with STCP, the State undertook to pay the company financial compensation in accordance with the criteria provided for in the Regulation and Decree-Law no. 167/2008 of 26 August. However, in 2016, this financial compensation was valued at zero by the State.

3.2.2. Customer satisfaction

Assessment of customer satisfaction

Considering the redefined company strategy, the visible results and effects of which became evident at the end of the year, the decision was made to deploy new satisfaction and company image surveys, to be carried out in 2017.

Customer satisfaction in 2016 was therefore measured based on contact with customers, in particular through the analysis of complaints, suggestions, positive feedback and comments.

Customer complaints

STCP received 1,793 complaints, less than half the number received in 2015.

Complaints regarding failure to keep to schedule constituted 67% of complaints overall, but fell by 62% compared to the previous year. This positive development is due mainly to the replenished service levels and the subsequently improved capacity to keep to schedule, as a result of the strengthened driver workforce.

Complaints regarding the behaviour of staff represented 23% of complaints overall, followed by those relating to the ticket systems and vehicles.

Most complaints were made through the blue line (customer service helpline) – 87%.

COMPLAINTS, BY TYPE	2013	2014	2015	2016	16-15	16/15
TYPE OF COMPLAINT						
Working hours	1.675	2.155	3.204	1.214	-1.990	-62%
Staff behaviour	414	367	312	404	92	29%
Ticketing system	132	52	63	66	3	5%
Vehicles	40	37	20	42	22	110%
Network and routes	35	19	28	34	6	21%
Others	81	33	21	14	-7	-33%
Information available to the public	33	18	9	12	3	33%
Stops and shelters	19	19	7	7	0	0%
Total complaints	2.429	2.700	3.664	1.793	-1.871	-51%

COMPLAINTS BY ENTRY CHANNEL	2013	2014	2015	2016	16-15	16/15
Blue line – Customer Service Helpline	2.103	2.403	3.096	1.552	-1.544	-50%
Other channels	195	202	386	110	-276	-72%
Complaints book	131	95	182	131	-51	-28%
Total complaints	2.429	2.700	3.664	1.793	-1.871	-51%

SUGGESTIONS AND POSITIVE FEEDBACK	2013	2014	2015	2016	16-15	16/15
Suggestions	98	46	21	42	21	100%
Positive feedback	6	3	0	5	5	-

Three surveys were carried out to assess satisfaction with specific services:

1. Assessment of satisfaction with the smell of buses on the 903 line

To mark the inauguration of the new 903 route, STCP put 12 fully fragranced buses into operation, to give users of the line a new experience.

This innovation was assessed through a Master's dissertation study on "the impact of olfactory stimuli on the perceived quality of services", which was supported by the company. Customers on board 903 buses equipped with air-fresheners were surveyed.

The study, which resulted in an average score of 2.73, on a scale of 1 to 5, provided various indicators about customer satisfaction in relation to smells on buses. Socio-demographic factors do not appear to influence perceptions of olfactory stimuli. The assessment also indicates that pleasant olfactory stimuli have a positive impact on customers' perceptions of the quality of the following variables:

- modernity and maintenance of equipment inside the bus,
- visual appearance inside the bus,
- appearance and availability of employees,
- temperature felt inside the buses,
- safety inside the buses,
- comfort inside the buses, and
- hygiene inside the buses.

The fragrance on buses continued for an experimental period of 6 months on other buses travelling on different lines. It could become the subject of a new study to support academic work in the field of experiential marketing, which is also useful for decision-making within companies.

2. Assessment of satisfaction with the Wi-Fi service

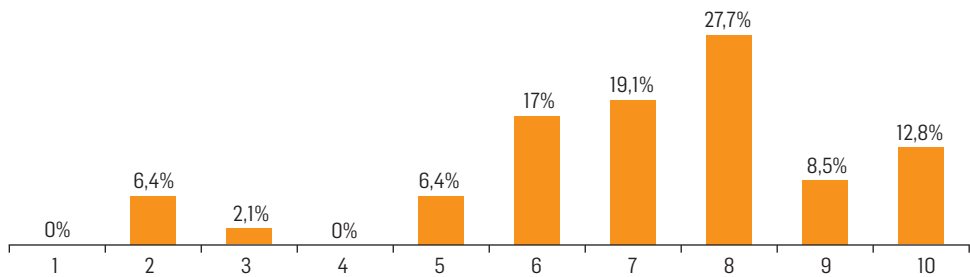
Following the extension of the free Wi-Fi service to the entire STCP network, a customer survey was carried out in November 2016 to evaluate this service.

It found that more than 60% of those interviewed had already used the Wi-Fi on the buses. Approximately 85% of the customers who used the service considered it to be of good or very good quality, and almost 90% would recommend using it to friends or people they knew.

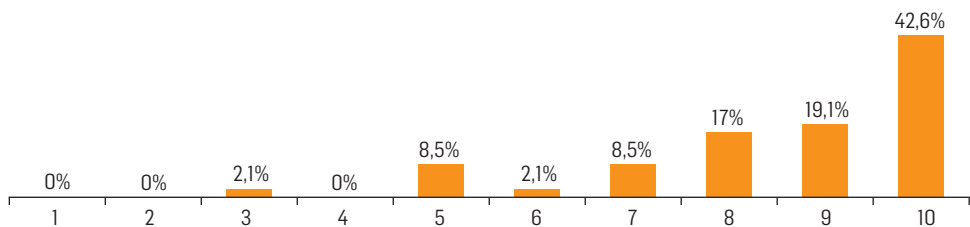
Among the perceived advantages of this service, the most common answers to an open question were: "Helps to pass the journey", "To start the working day by reading my emails", "I don't get bored if I'm alone", "Travelling on public transport is dead time but the Wi-Fi lets me read the news and stay up to date", "I can use the time to go on social media".

Those who did not regard this service as useful were not users of this type of telecommunication connection, and were unable to evaluate it.

STCP free Wi-Fi service rating
(1=not at all satisfied; 10=totally satisfied)



How likely are you to recommend the STCP free Wi-Fi service to colleagues, friends or family?
(1=very unlikely; 10=very likely)



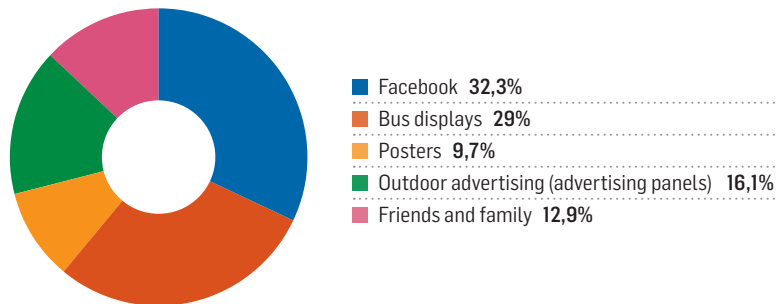
3. Assessment of satisfaction with the Porto Tram Fest

A study in the form of interviews was carried out to assess the event celebrating the Tram Museum's day, known as Porto Tram Fest.

This study found that the event was popular among those who attended.

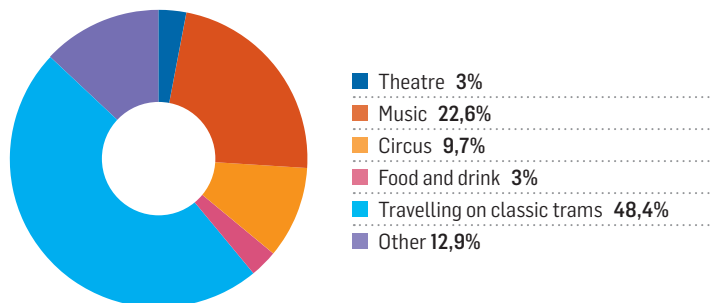
It was thought that the digital media was increasingly effective and could help to captivate new audiences:

How did you hear about the Porto Tram Fest?



The main attraction of this event continues to be the trips in our Museum's classic trams, although the additional activities have also contributed to the appeal of the event. All those interviewed said that they would recommend the festival.

What did you like most about this event?



3.2.3. Communication and information

STCP website

In 2016 the website received approximately 2.5 million visitors, which is over 200 thousand on average per month. Overall, the year saw a decrease in visitors of about 15%, which occurred mostly during the first six months. The date on which the website was most visited was 19 September 2016 (this also being the month in which demand was highest), with over 400 thousand visitors, probably owing to the start of the school year.

School timetables became known as Normal Timetables

To standardise timetables at stops and make them easier to read, STCP adopted the word NORMAL to refer to timetables which are in effect for most of the year.

Republication of the network map

In December 2016, a new edition of the STCP network map was produced in leaflet format, and more than 10,000 copies were printed. This map is an important source of information about intermodal public transport in Greater Porto.

MOVE-ME App

Use of the intermodal MOVE-ME app, which collates information from STCP, Porto Metro and CP in real time, as well as planned information from more than 13 road operators, continues to rise, with a large proportion of information searches involving STCP. Almost 90% of requests related to estimated arrival times for STCP lines and more than 74% of the routes included STCP in the result.

Social networks

The STCP Facebook page saw a 14% increase in the number of Likes it received in comparison to 2015, bringing the total to 14,500.

The most popular publications were those on the Porto Tram Fest, with more than 70,000 views, the extension of the Wi-Fi to the entire STCP network, the Comic Con event and the special New Year's Eve service.

STCP also distributed content on Twitter, Vimeo, YouTube, Slideshare and Flickr.

SMSBUS

Use of the SMSBUS service, which was requested 150,000 times in 2016, saw a 43% decrease compared to the previous year. There was a continuation of the downward trend in use which has been seen over the last few years, owing to the existence of alternative, free apps for accessing estimated arrival times in real time.

Other digital information means

The broadcasting of awareness-raising messages about the proper use of public transport was intensified, using electronic displays installed inside the buses. The GoBus screens remained in operation, with estimated bus arrival times around four metro stations: Trindade, São Bento, Campanhã and Casa da Música

Linha Azul (Customer Support line)

The Linha Azul handled 90,000 phone calls and approximately 5,200 emails over the year.

Lost and Found

The Linha Azul processed more than 4,700 lost and found items, managing to return 70% of lost property to customers.

3.2.4. Projects

STCP integrates ANDA pilot project

TIP - Transportes Intermodais do Porto initiated development of a new, paperless ticket project named "Anda". This involves the use of smartphones but only requires customers to validate their tickets at the start of each journey, based on a check-in, be-out (CIBO) system, in order to simplify use of the intermodal system.

The challenge, undertaken by TIP, FEUP and Transport Operators, including STCP, is now that of testing the mobile phone app "Anda" in 2017, with actual customers and real journeys. This app will allow customers to travel without having to worry about choosing the right type of ticket, and they can use public transport in the way that is most convenient for them. At the end of the month, they receive a balance of the journeys they made, and the most favourable existing fares are applied.

This pilot project, which is publically financed through the Environmental Fund, created under Decree-Law no. 42-A/2016 of 12 August, should be concluded in July 2017. The requirements for its application across the entire Andante network are expected to be established over the following months.

STCP once again has Public Information Panels (PIPs) at popular stops

The first half of 2016 saw 43 PIPs brought back into service. These were installed at popular stops in the six municipalities served by the STCP transport network, after the replacement of the hardware and software. This replacement was required owing to changes in the communications system as well as changes in electricity meters, which was necessary to comply with new legislation in force. These 43 fixtures are now in full operation.

STCP has installed another 12 PIPs which are currently pending the final steps for connection to the power grid, and 7 PIPs will be reinstalled at stops which have already been chosen. The purpose of these fixtures will be to achieve a total of 62 functioning PIPs in 2017.

PIPs are highly appreciated by customers as they supply information at bus stops about the actual waiting time until the next buses arrive. PIPs, along with the SMSBUS, GoBus and MOVE-ME services, thus help to ensure that passengers are more informed and that their journeys on public transport are more convenient and efficient.

Integration of Google Transit on the STCP network: open data policy

This project, initiated in 2016 by STCP, will allow the short-term publication of the company's services on Google Transit. The data structure will be available for all projects that allow the use of public transport to increase, following a prior analysis by STCP.

Users of the transport system will have easy and simple access to the information they need to plan and manage journeys in real time, which could lead to new journeys being made and provide a better experience, translating into higher customer satisfaction and loyalty.

The project is also expected to have a positive impact on local economies, since both the private initiative and other public entities have requested this type of data to develop apps, sites or integrated innovative solutions which contribute to the growth of tourism, the development of content-integrating companies, the increased use of public transport and an improved quality of life in cities.

3.3. RESPONSIBILITY TOWARDS THE COMMUNITY

Through its Policy, STCP commits to promoting permanent communication and cooperation with external entities, namely central and local government institutions, corporate associations, municipalities and the public in general, and to assert itself as a dissuader of the use of personal transport by promoting high-quality, safe, modern and eco-efficient urban public passenger transport.

Existing measures and actions taken to ensure this are detailed in this point.

3.3.1. Fleet

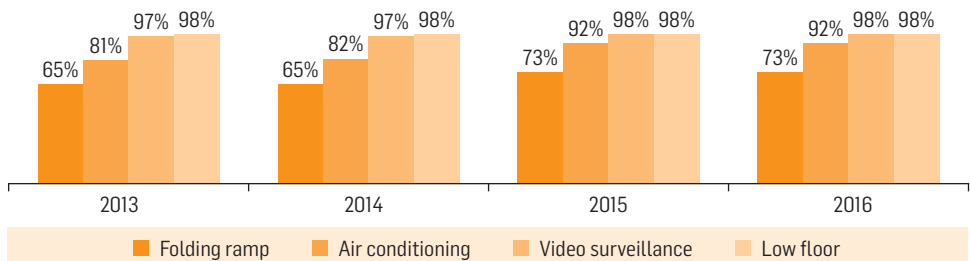
At the end of 2016, the STCP fleet consisted of 419 buses, which were 14 years old on average, and 6 historic trams providing public service. However, two buses were non-operational and had significant damage owing to accidents.

Therefore, when calculating the operational indicators these two vehicles were not taken into account, considering that they had been out of service for a long time.

FLEET	2013	2014	2015	2016	PESO 2016
Diesel vehicles	220	218	161	160	38%
Standard	172	170	118	117	28%
Articulated	20	20	20	20	5%
Minibuses	13	13	8	8	2%
Double-deckers	15	15	15	15	4%
Vehicles running on natural gas	254	256	258	257	62%
Standard	225	227	229	228	55%
Articulated	29	29	29	29	7%
Buses	474	474	419	417	100%
Trams	6	6	6	6	
Fleet	480	480	425	423	

AVERAGE AGE (YEARS)	2013	2014	2015	2016	16-15	16/15
Bus	11,0	12,0	12,6	13,6	1,0	8,0%
Diesel	11,7	12,7	12,7	13,7	1,0	7,9%
Natural gas	10,5	11,5	12,5	13,5	1,0	8,0%
Tram	75,6	76,6	77,6	78,6	1,0	1,3%

Approximately 29% of the vehicles in the fleet, the characteristics of which are set out in the graph below, are covered by EURO V and EEV standards.



The bus fleet's out-of-service rate was 10.8%, which is 0.8 p.p. higher than in 2015, and there were 1.36 breakdowns per thousand vehicle km in total, 11% more than in the previous year.

BUS MAINTENANCE INDICATORS	2013	2014	2015	2016	16-15	16/15
Immobilisation rate ⁽¹⁾	10,2%	9,1%	10,0%	10,8%	0,8 pp	7,8%
Breakdown rate (per 1,000 vehicle km overall)	1,17	1,22	1,22	1,36	0,14	11,4%

⁽¹⁾ 2013 values amended.

3.3.2. Participation in community life

Prime Minister announces agreement to decentralise the STCP management model

The Government, the Porto Metropolitan Area and the municipalities of Gondomar, Maia, Matosinhos, Porto, Valongo and Vila Nova de Gaia undertook to develop a new STCP management model by signing a Memorandum of Understanding.

The memorandum, signed on 25 June at the Tram Museum, included the commitment to increase current efficient and sustainability parameters for the public passenger transport service, promoting universal access, high-quality services and economic, social and territorial cohesion, as well as a steady financial trajectory for the company.

The State announced that it would decentralise its powers as a transport authority to benefit these municipalities, while remaining a shareholder of the company and transferring management responsibilities to local government institutions, which are key entities for a community-based system of public services management.

Minister of Environment takes part in the ceremony to welcome new drivers

The ceremony to welcome 15 new drivers took place on 22 February at the Francos collection station, and was attended by the Minister of Environment and the Assistant Secretary of State for the Environment.

This event symbolically marked the admission of new drivers into the STCP workforce after several consecutive years of decline in the number of drivers working for the company, a decline which was due not only to the retirement of a large number of employees but also to rigorous budget restrictions, which made it completely impossible to recruit new workers. These limitations had an effect on the quality of the service provided by the company.

Free Wi-Fi extended to the entire STCP network

Although it has been available since September 2014, the free Wi-Fi has only been accessible in the city of Porto, in an experimental stage. Over these 2 years, around half a million STCP customers have spent 5 million hours on the internet, at no cost.

From September, STCP extended this service to another 5 municipalities at the same time, Matosinhos, Maia, Valongo, Gondomar and Vila Nova de Gaia, to cover its entire transport network.

The presentation ceremony for this initiative took place on 23 September, and was attended by the Assistant Secretary of State for the Environment, the Presidents of the Municipal Councils of Vila Nova de Gaia and Gondomar, and the Mobility Councillor of Porto City Council.

STCP's free Wi-Fi was thus made available across more than 450 km of network in 411 buses, 24 hours a day. It is the largest operational



urban vehicle network, connecting all the STCP buses (except 8 minibuses and 6 electric buses), taxis and Porto City Council service vehicles. This moving internet lattice connects to access points on the fixed Porto Digital network as well as the mobile network when other pathways are not available, in a cost-efficient way. The innovative technology used and tested at STCP since 2014 was developed by a Portuguese company based in São Francisco, and is currently also in operation in the cities of New York and Singapore.

Line 903 extended to Quinta das Rosas

On 18 April, operation of line 903 was extended to Quinta das Rosas, in Gaia. The changes made to the route aimed to make it easier for residents of Quinta das Rosas to access central areas of Porto and Gaia. As a result it became easier to reach the Santo Ovídio and João de Deus metro stations, both of which are in the centre of Gaia, and the Casa da Música metro station. In addition to providing access to the Porto Metro network, the extension of the line brought residents closer to large commercial areas in Gaia, to the Campo Alegre University Centre and to Boavista.

To mark the inauguration of the new route, 12 fully fragranced buses were put into operation in order to provide users of this line with an all-round experience.

Transport services for large events

Queima das fitas special services

STCP and the Academic Federation of Porto (FAP) once again offered better mobility by increasing capacity and frequency, and providing bus shuttles between the city centre and the area around S. João Hospital and the *Queimódromo* every night from 1 to 8 May. The shuttles, which STCP hired to FAP, were free for students and had similar features to those introduced over the last few years.

This service, the main purpose of which is to ensure the safety of the students and to prevent accidents, was also supported by the PSP (Public Security Police).

Continued special STCP operation for the 40 hours of Serralves Fest

For Serralves Fest on 4 and 5 June STCP once again launched a large special transport operation. A new feature in 2016 was the connection between Serralves and downtown Porto throughout the night.

In addition to the normal service provided by lines 201, 203, 207, 502 and 504, STCP reinforced the Casa da Música-Serralves connection with a weekend shuttle.



STCP at NOS Primavera Sound

STCP, the official transport company for the *NOS Primavera Sound* festival, once again offered support and regular dedicated connections to and from the festival shows, which took place from 9 to 11 June. For the convenience of customers, a mobile sales point was made available in the area where buses entered, to support the Andante ticket sales service which was also present at the festival.

ZR line supports the Feira do Mundo Rural (Rural World Fair)

The 13th *Feira do Mundo Rural*, a family event, took place from 3 to 5 June in Quinta da Bonjóia, on the eastern side of Porto. Given that this area has fewer public transport links, STCP became a partner of the event, which is supported by the municipality of Porto, and offered extra journeys in addition to the normal ZR line services which involved a faster and more direct route.

Special services on lines 800 and 9M to the Gondomar festival

Festivities in the municipality of Gondomar, known as *Nossa Senhora do Rosário/Festa das Nozes*, took place in September and at the start of October. STCP saw a high level of demand on lines 800 and 9M, which provide public transport access to the main events of these festivities, in particular Noite Branca, the Tony Carreira concert and the Feira das Nozes.

Comic Con Shuttle

Comic Con Portugal is the largest Pop Culture convention to take place in our country, covering a variety of areas including cinema, television series, videogames, comic books, cosplay, anime and manga. The 2016 Comic Con took place from 8 to 11 December at Exponor, in Matosinhos

The available public transport to Exponor was supported by the STCP Comic Con Shuttle, which operated every day of the event and ran from outside the Casa da Música metro. The Shuttle-Metro combination was intended to provide more regular, more convenient and faster connections to Comic Con, from places like Campanhã station, downtown Porto or Gaia. STCP also provided connections to the shuttle via a number of bus lines which ran past the metro station.

New Year's Eve 2016/2017: STCP's longest night-time service

A joint operation between the Porto Council, local authorities, the Porto Metro and STCP saw the creation of novel integrated mobility solutions for the 2016 New Year. A special night-time STCP service, a 100% operational metro, parking at the rate of €0.95 for 12 hours in three city car parks and free parking for two-wheeled vehicles were some of the measures put in place for the longest night of the year.

Owing to the proximity of its service and ease of access to the centre of Porto, STCP provided the most thorough and intensive night-time transport service ever in the city, quadrupling the number of vehicles it normally operates during the night. Additional services were provided on the regular night-time bus lines that serve the area around downtown Porto (1M, 3M, 4M, 5M, 7M, 8M, 10M, 11M, 12M and 13M) and operated from 9 pm to 5:30 am. STCP transported around 15,000 passengers on these extra services.



3.3.3. Promoting security on transport

With the aim of reducing accidents involving its public service buses, STCP has been working on identifying the main causes of accidents, through an interdepartmental internal group, in order to implement measures for reducing the accident rate.

The company works actively with a number of security, criminal and traffic authorities, with which it interacts through protocol and working groups with the aim of seeking solutions to improve the flow of traffic, be it by providing support in criminal incidents or helping with issues relating to passenger inspections.

Replacement of part of the broken and obsolete video surveillance equipment installed on public service passenger vehicles made it possible during the year to double the number of cases of hits on stored images, requested by police investigators with a view to resolving incidents involving public passenger transport.

The PSP also supported STCP in its provision of special services, ensuring the safety of passengers boarding the buses and paying particular attention to bus routes.

In terms of civil protection, STCP took part in events and meetings on city services, as part of its city emergency plans.

3.3.4. The Tram Museum

The Tram Museum, founded in 1992, was reopened to the public in November 2015 after a long period of closure for renovation works on the Massarelos building, where it is based.

In 2016, the Museum established itself as a must-see in the city of Porto, with the addition of a new asset to the permanent tram exhibition: the restored Engine Room of the old Massarelos Thermal Power Plant, a space which proves extremely popular with all its visitors and which has also been requested for numerous events.

Approximately 24,500 people visited the Tram Museum in 2016. Pupils visiting the museum on school trips continued to represent the largest visitor group, totalling around 14 thousand (approximately 57%). Foreign tourists, of which there were around 7 thousand, constituted 28% of visitors overall.

The Museum building was also used various times for filming and reports, including for the Porto City Council Parishes programme, the *Jornal de Notícias* report with historian Germano Silva, and for the programme "What's Up – Olhar a Moda" hosted by RTP.

The Museum was also transformed into a source of profit when the space was rented on a number of occasions, in particular for corporate dinners and the New Year's Eve party, held for the second time in a row.



Major Events

Semana das camélias (Camellia Week)

Porto once again transformed into the City of Camellias between 5 and 12 March, laying on a week full of activities, at which it is considered by many to be the “Queen of flowers”. STCP took part in the celebrations. The windows of three running trams were decorated with flowers made out of a wide range of materials (plastic, paper, wire, fabric, buttons and more), an initiative which involved the collaboration of an institution for the elderly in the city.

Portugal Fashion at the Tram Museum

Portugal Fashion sparkled in 2016 as well-known stylist Luís Buchinho’s collection was presented in the Engine Room of the old Massarelos Thermal Power Plant.

Markets at the Museum

At the end of Easter week, on 25 and 26 March, Portugal Market promoted traditional Portuguese products in the spaces inside the Tram Museum. In October, on the weekend of 15 and 16, it was Sensations Market’s turn to enliven this space.

Museum at Qualifica

The Qualifica fair took place at Exponor from 14 to 17 April. STCP and the Tram Museum were represented at the fair with one of the trams from the Museum’s collection, which set the stage and tone for publicising the Museum’s Educational Services programmes and the public service that STCP provides to the community.

Porto Tram Fest

On 21 May, the Museum celebrated its Tram day with a large event known as Porto Tram Fest. The concept of the traditional annual tram parade was altered slightly in 2016, with the introduction of a new format involving journeys in 13 trams from the Museum’s collection, each with a theme. The trams covered the existing routes, and the great novelty this year was that they went through downtown Porto.



On board the trams were chocolate samples, wine from Porto, theatre, circus and fado performances, commentaries on the architecture of Porto and even a guest DJ.

The entertainment continued inside the Museum, with live art by visual artists, talks by historian Joel Cleto, who is from Porto, and guided tours around the Museum to unveil the Thermal Power Plant, with the participation of Maria da Luz Sampaio, a specialist in the field. Outside the Museum, the festivities were supplemented with a special version of Portugal Market and various performances to enliven the festival.

European Museum Night

On the night of 21 May, the Museum introduced the "Museum Night" programme, with a journey and night-time visit to the Tram Museum, including theatrical performances. This is a special programme which is highly popular and has been taking place for several years.

Outdoor Cinema

During the summer, the Museum took part in the Porto City Council's Outdoor Cinema project, projecting a film outside the Museum's premises.

ICOHTEC (International Committee for the History of Technology) Meeting

On 29 and 30 July, the Museum welcomed participants of the 43rd ICOHTEC meeting. As well as a dinner-time concert in the Engine Room, a conference was held on the topic "Tramcar's role in the evolution of Porto – a vehicle for pleasure and labour".

Celebration of 25 years at STCP and Christmas party

The traditional celebration for employees who have worked at STCP for 25 years and the Christmas party took place on 14 December at the Tram Museum.

3.3.5. Associations and Partnerships

STCP is a member of the following bodies:

Union Internationale des Transports Publics (UITP)

Portuguese Technical Standardisation Committee for Transport, Logistics and Services (CT 148)

STCP is a partner of the following bodies:

AEP – Portuguese Entrepreneurial Association

Porto Trade Association

ADEPORTO – Porto Energy Agency

APVGN – Portuguese Association of Vehicles running on Natural Gas

CODIPOR – Portuguese Association for Product Identification and Codification

ISQ – Welding and Quality Institute

ATP – Porto Tourism Association ^[1]

INEGI – Mechanical Engineering and Industrial Management Institute

AMTC – Association for the Transport and Communication Museum

Association for Friends of the Porto District Archive

"Friends of the Porto Coliseum" Association

Porto Information Provision on Consumption and Arbitration Centre

Serralves Foundation

^[1] On 17 September 2015, an extraordinary general meeting of ATP Porto Tours included the associate STCP and a project to fuse the Entrepreneurs Association for Cultural Tourism Development in Porto and the Regional Association of Tourism of Porto was approved. Therefore, from that date on the STCP is associated with the ATP.



3.4. ENVIRONMENTAL RESPONSIBILITY

"To minimise the environmental impact of its supporting activity, by ensuring facilities and equipment have technologically efficient solutions that promote a gradual reduction in pollution levels and in the consumption of energy and natural resources", is one of the objectives of the company's Quality, Environment and Occupational Health and Safety Policy.

Through its collective road transport activity, STCP plays an important role in ensuring the environmental quality of the urban space in which it operates. The commitment to work towards a better future drives the company to engage in continuous improvement, always seeking the most efficient and least harmful technological solutions and thus contributing towards social and environmental sustainability.

In 2016, STCP's Environmental Certification was renewed by the certifying body.

Changes in some indicators:

Proportion of natural-gas buses in fleet	2016	62%
	2015	62%
Variation in total water consumption	2016	+7%
	2015	-0,1%
Variation in electricity consumption of facilities	2016	+8%
	2015	-8%

In 2016, STCP consolidated its communication with regulatory bodies, in accordance with the legislation that governs its activity in terms of environmental impact, namely through the monitoring of emission sources, control of the use of fluorinated greenhouse and ozone-depleting gases, analysis and monitoring of effluent and management of any waste produced.

Training and awareness-raising

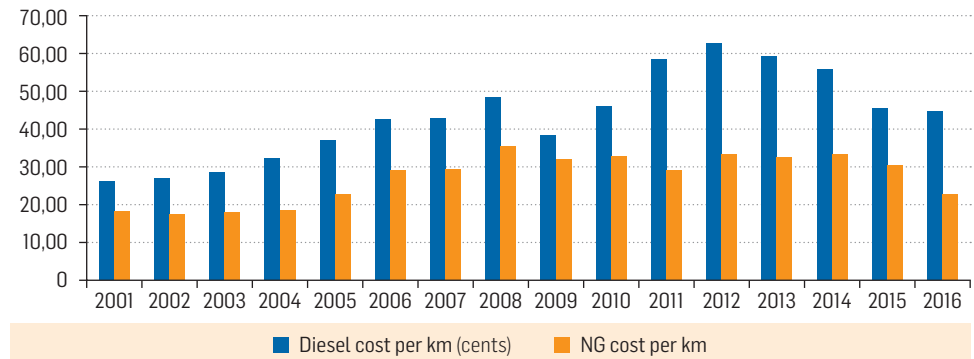
Training in the area of the environment was based on raising awareness among drivers about how to drive in an eco-friendly and efficient way.

Fleet: savings made by using natural gas

The use of a natural-gas-powered fleet in 2016 instead of a diesel-powered one saved approximately €3.2 million in fuel and prevented around 863 tonnes of CO₂ from entering the atmosphere.

Since 2001, when the company replaced diesel-powered vehicles with gas-powered ones, savings of approximately €34 million and 8,632 tonnes of CO₂ have been made over a period of 16 years, representing an average saving per year of around €2.1 million and 540 tonnes of CO₂.

Changes in the diesel cost/km vs the NG cost/km at STCP 2001-2016



Fleet: emissions of air pollutants

CO ₂ EMISSIONS ⁽¹⁾	UNIT	2013	2014	2015	2016	16-15	16/15
Diesel	ton	14.751	13.763	12.819	13.244	425	3,3%
Natural gas	ton	23.646	22.766	21.649	23.198	1.549	7,2%
CO₂ emissions	ton	38.397	36.529	34.468	36.442	1.974	5,7%
CO₂ emissions/total vehicle km	kg	1,664	1,643	1,646	1,647	0,001	0,1%

⁽¹⁾ CO₂ conversion reference data restated from 2013. Source: Directorate General for Energy and Portuguese Environment Agency.

In 2016, CO₂ emissions from the bus fleet increased by 5.7% in line with the increase in vehicle km travelled, and CO₂ emissions per vehicle km overall remained practically unchanged, at 1.647 kg per vehicle km.

Distribution of the fleet in 2016 by EURO standards

The STCP fleet comprises vehicles that meet the following standards: EURO II (46%), EURO III (25%), EURO V (7%) and EEV (22%). In other words, about 29% of the fleet already complies with the most demanding standards in force in the European Union from an environmental point of view.

Consumption of energy in tonnes of oil equivalent (toe)

(calculated in accordance with Order no. 228/90 of 27 March)

ENERGY IN TOE	UNIT	2013	2014	2015	2016	16-15	16/15
Tram electricity	tep	118	116	109	115	6	5,3%
Fixed installations electricity	tep	1.148	1.136	1.042	1.126	84	8,0%
Diesel	tep	4.152	3.874	3.608	3.728	120	3,3%
Natural gas	tep	8.254	7.947	7.557	8.098	541	7,2%
Energy consumption	tep	13.673	13.073	12.317	13.067	750	6,1%

Energy consumption, in toe, increased by 6.1% compared to 2015, due mainly to the rise in production.

Water

Water consumption from the public network decreased by around 5% in comparison with 2015.

There was a slight increase in water consumption from catchments, owing to a fault at the Via Norte collection station, which was resolved during the first quarter of the year.

WATER	UNIT	2013	2014	2015	2016	16-15	16/15
Water consumption from public network	m ³	7.270	7.630	6.629	6.317	-312	-4,7%
Water consumption from underground reservoirs	m ³	15.142	14.096	15.080	16.819	1.739	11,5%
Total water consumption	m³	22.412	21.726	21.709	23.136	1.427	6,6%

Waste management

STCP selectively collects waste and transports it to the most suitable destination, opting for recovery sites wherever possible.

In 2016, there was an increase in hazardous waste in the form of batteries and fluorescent lamps and a decrease in used oils in comparison with 2015.

In relation to non-hazardous industrial waste, there was a decrease in both ordinary waste and wood, and a slight increase in metal waste.

Changes in the most significant waste

WASTE	UNID.	2013	2014	2015	2016	16-15	16/15
HAZARDOUS INDUSTRIAL WASTE							
Used oils	litres	14.650	13.100	11.505	10.005	-1.500	-13%
Used batteries	unit	167	175	73	119	46	63%
Fluorescent lamps	kg	271	202	238	321	83	35%
NON-HAZARDOUS INDUSTRIAL WASTE							
Wood	kg	3.920	7.560	4.120	3.380	-740	-18%
Miscellaneous industrial waste	kg	35.720	25.520	24.420	19.104	-5.316	-22%
Metal waste	kg	27.041	83.804	34.804	36.434	1.630	5%
OTHER WASTE							
Paper and cardboard	kg	5.250	5.555	6.135	3.090	-3.045	-50%
Demolition and construction waste	kg	48.760	52.680	6.540	50.640	44.100	674%
Hospital waste group III and IV	kg	59	55	39	53	14	36%

3.5. RESPONSIBILITIES TOWARDS EMPLOYEES

In its quality, environment and occupational health and safety policy, the company undertakes to "guarantee the professional, healthy and social development of its employees, in particular by creating adequate conditions for the performance of their activities in order to prevent harm, injuries and damage to their health".

3.5.1. Permanent staff

On 31 December 2016, STCP had 1,232 employees, 61 more than the year before. This change was the result of 111 arrivals and 50 departures. The arrivals were almost exclusively in the area of crew members. This entailed an increase in the proportion of crew members in the company's workforce to 74%.

All the employees were on permanent employment contracts.

In 2016, the company accepted 19 interns: 11 student interns and 8 professional interns.

PERMANENT STAFF ⁽¹⁾	2013	2014	2015	2016	16-15	16/15
Permanent staff at 31 December	1.231	1.173	1.171	1.232	61	5,2%
Vehicle crew at 31 December ⁽²⁾	860	826	854	912	58	6,8%
% of vehicle crew	70%	70%	73%	74%	1 pp	1,5%
Average number of permanent staff	1.245	1.206	1.152	1.197	45	3,9%

⁽¹⁾ Excluding governing bodies, seconded employees and unpaid leave. Includes transferees.

⁽²⁾ Bus and Tram drivers

Rate of absenteeism

RATE OF ABSENTEEISM	2013	2014	2015	2016	16-15	16/15
Company total	6,7%	7,4%	8,6%	8,3%	-0,2 pp	-2,9%
Vehicle crew	7,2%	8,4%	9,2%	8,8%	-0,4 pp	-4,4%

In 2016, the overall rate of absenteeism was 8.3%, and the rate of absenteeism among crew members was 8.8%, which is -0.2 p.p. and -0.4 p.p. respectively in comparison with 2015 figures.

Until August, there continued to be stoppages at weekends and on public holidays.

Additional work

SUPPLEMENTARY WORK ⁽¹⁾	2013	2014	2015	2016	16-15	16/15
Total overtime	101.882	96.701	78.164	56.351	-21.813	-28%
Vehicle crew overtime	99.123	94.620	75.247	49.229	-26.018	-35%
Total cost (euros) ⁽²⁾	587.243	546.769	448.474	324.491	-123.983	-28%
Vehicle crew cost (euros) ⁽²⁾	568.273	532.649	428.489	276.922	-151.567	-35%

⁽¹⁾ From a payment perspective: work paid over the year.

⁽²⁾ Taxes on remuneration are not included.

The number of hours of additional work decreased in 2016 by about 28% compared to 2015, this decrease continuing to be predominantly attributable to crew members (approximately 75% of the total). This change was essentially due to the replenishment of the driver workforce in 2016.

Characterisation of the workforce

The average length of service at the end of 2016 was approximately 20 years. This is a reduction compared to 2015, owing to the termination of older employees' contracts and the recruitment of new employees.

In terms of the average age, this is slightly lower than 48, with only 16% of the workforce belonging to the under-40 age group.

AGE STRUCTURE (PERCENTAGE)	2013	2014	2015	2016	16-15	16/15
18-39 years	20%	16%	15%	16%	0,9 pp	6,1%
40-49 years	35%	39%	42%	44%	2,6 pp	6,1%
>50 years	45%	46%	43%	39%	-3,5 pp	-8,2%
Total	100%	100%	100%	100%		

The workforce's level of education has seen an upward trend over the last few years. In 2016 the proportion of employees with secondary education (approximately 30%) continued to grow and the percentage of employees with basic education fell from 67% in 2015 to 64% in 2016. The percentage of employees with higher education remained at 6%, owing to the departure without replacement of senior managers.

Workforce by gender

Women made up 8% of the workforce in 2016, a 17% increase compared to 2015.

PERMANENT STAFF BY GENDER	2013	2014	2015	2016	16-15	16/15
Women	87	81	82	96	14	17,1%
Men	1.144	1.092	1.089	1.136	47	4,3%
Permanent staff on 31 Dec.	1.231	1.173	1.171	1.232	61	5,2%

The number of female drivers out of total permanent female staff rose to 43%, from 34% in 2015. The remaining 57% of the total female workforce occupy positions in technical and administrative areas. Unfortunately the percentage of women in management roles decreased in 2016.

PERMANENT STAFF ON 31 DECEMBER 2016					
POSITION	TOTAL	WOMEN (W)	MEN (M)	% OF W PER POSITION	% OF POSITION PER W
Managerial	10	2	8	20%	2%
Vehicle crew	912	41	871	4%	43%
Others	310	53	257	17%	55%
Total	1.232	96	1.136	8%	100%

Promotion of equality in labour and employment

With regard to the principle of gender equality, and in accordance with the provisions of no. 1 of Resolution of the Council of Ministers (RCM) no. 19/2012, of 8 March, STCP completed STCP's Gender Equality Plan, which can be found on the company's intranet and is accessible to all employees.

The 2016 Report on Remuneration by Gender, regarding the salaries paid to men and women, was also prepared and published, pursuant to no. 2 of Resolution of the Council of Ministers (RCM) no. 18/2014, of 7 March.

There are periodic reports, when requested, of information gathered in connection with the Legal Regime of the State Business Sector, in accordance with the provisions of the 2014-2017 V national Plan for Gender Equality, Citizenship and Non-Discrimination, approved by RCM no. 103/2013, of 31 December.

STCP practises a human resources policy which is based equal opportunities, respect for human rights and non-discrimination, promoting the appreciation of human capital and implementing systems to ensure the well-being of its employees.

At STCP the male-female payment ratio is 1, since no distinction is made between genders in any of the professional categories.

Workers have the right to freedom of association at STCP, and approximately 88% of the company's employees are members of trade unions.

The principles and good procedural rules regarding interpersonal relationships within the company are enshrined in the Code of Ethics and Conduct, published at the end of 2008.

The "Plan to Prevent the Risk of Corruption and Related Offences" was approved in 2009, in accordance with the guidelines issued by the Council for the Prevention of Corruption.

The rules, codes and regulations in force within the company can be viewed by all employees on the intranet.

3.5.2. Professional development

Training

In 2016, there were 16,450 hours of training, involving 257 employees.

Hours dedicated to training crew members represented approximately 97% of the total hours of training, corresponding to 15,885 hours. A significant part of this training was spent preparing new drivers who started at the company from October 2016.

HOURS OF TRAINING	2013	2014	2015	2016	16-15	16/15
Total	12.022	5.920	9.424	16.450	7.026	75%
Vehicle crew	8.548	3.600	8.385	15.885	7.500	89%
Continuous training	8.548	3.600	1.295	3.269	1.974	152%

NUMBER OF EMPLOYEES IN TRAINING	2013	2014	2015	2016	16-15	16/15
Total	402	318	177	257	80	45%
Vehicle crew	237	164	99	195	96	97%
Continuous training	237	164	37	72	35	95%

Premiums

In 2016, no premiums were awarded, in accordance with the State Budget Law in force during the year.

Performance assessment

In accordance with company policy, a performance assessment was carried out.

3.5.3. Social benefits

Promotion of a work-life balance

STCP has a policy of promoting a balance between personal life, family life and professional life; it has adopted specific measures including the provision of logistical and financial support for the Cultural and Sports Centre for STCP Employees (CCDT-STCP). This body is run by company employees who voluntarily organise a range of sports and cultural activities for all the employees and their family members. These activities include the Christmas party, for all the employees and their family members, and the summer camp, attended by the children of employees.

STCP offers fixed contributions to employees who have children under the age of 6 in nurseries.

With regard to collective employment agreements, the company offers to pay the non-financed part, relating to medical contributions. The STCP clinic offers curative medical assistance.

All employees can access the cafeteria located in the company's facilities in Francos, which offers a meal service at the cost of supply. In the last quarter of 2016, CCDT-STCP took over the management of the cafeteria, which saw the average daily number of meals served increase by more than 300%.

The company also provides food and drink vending machines at all its facilities.

Pensions Fund (post-employment benefits)

Details of employee benefits are given in Note 30.1 of the financial statements.

In accordance with the actuarial report prepared, as at 31 December 2016, the current value of obligations involving retirement and invalidity pension contribution liabilities was €2,385,762, and the value of the fund was €1,820,026, while the liabilities coverage rate was approximately 76%.

In January 2016, €209,546 of contributions were paid into the fund, to cover the minimum level of funding required by the Portuguese Insurance and Pension Funds Supervisory Authority (ASF) as at 31 December 2015, and in the course of 2016 the contributions were increased by a further €830,572, to cover the minimum level of funding required as at 31 December 2016.

It should be noted that Law no. 11/2016, on the reinstatement of the payment of all pension contributions in business public sector companies for active employees and for retired staff and other pensioners, was published on 4 April 2016 with effect from April 2016. Thus, the calculation of responsibilities undertaken by the company with the defined benefits plan, as at 31 December 2016, was adjusted based on the changes imposed by Law no. 11/2016.

	UNID.	2013	2014	2015	2016	16-15	16/15
Pensions paid	€10 ³	478	346	315	373	58	18%
Number of beneficiaries	n ²	219	199	189	197	8	4,2%

3.5.4. Health and safety of employees

Employee health

In 2016, the clinic, located at the Francos facilities, continued to make significant contributions in terms of healthcare: there were 3,539 general and specialist clinic appointments, a significant part of which (951) related to the speciality of stomatology. Nursing care was also provided either at the Francos facilities or at the clinic in the Via Norte facilities.

There were 1,581 occupational health appointments, of which approximately 40% were periodic examinations, and 479 specialist support appointments. There were also 1,742 sensory, sight and hearing examinations during the year for all the employees, these having been incorporated into the protocol for periodic reviews and admission examinations.

Alcohol management, part of occupational health, carried out 5,152 tests, three of which gave positive results.

Safety training and awareness-raising

Throughout 2016, a number of training and awareness-raising activities were carried out on the topic of safety, in which 203 employees took part. In particular, these activities focused on continuous training, training new drivers, safe driving, working with lubricants and working at a height.

Employee safety

Workplaces were visited on a number of occasions to properly assess working conditions.

Over 2016, 44 hygiene and occupational safety inspections were carried out at the facilities, at work stations and on equipment.

Occupational accidents indicators

As shown in the table below, the occupational accident indicators reflect an improvement compared with the previous year.

OCCUPATIONAL ACCIDENTS INDICATORS		2014	2015	2016	VAR. % 16 /15	
Frequency rate (Fr)	= (No. of occupational accidents resulting in absence/no. of hours actually worked) x 1,000,000 =	30,0	43,4	45,6	37,7	-17%
Severity rate (Sr)	= (No. of days missed/no. of hours actually worked) x 1,000,000 =	705	1.409	1.136	942	-17%
Incidence rate (Ir)	= (Total no. of accidents/total no. of employees) x 1,000 =	60,1	87,6	85,6	73,3	-14%

Employee consultations

As part of the Occupational Health and Safety Management System, in accordance with the provisions of Law 3/2014 and Decree-Law 50/2005, and with a view to involving all employees in matters of health and safety, the company carried out two employee consultations in 2016, in July and December, the results of which are currently being processed to generate statistics.

3.5.5. Internal communication and relations with corporate partners

In 2016, a ceremony was once again held at the Tram Museum for employees who have worked at STCP for 25 years, and Christmas, at which 53 employees were honoured. It is standard for employees who have dedicated 25 years to the company to be honoured, and in 2016 STCP decided to pay tribute to all those who retired in 2016 as well (43 employees in total), by way of recognition for all the service they have provided in the interest of the company. STCP supported the organisation of a Christmas lunch/gathering for former, retired employees of the company who belonged to the Association for Retirees and Pensioners, which took place in the Francos cafeteria on 17 December. Approximately 150 former employees attended this event. This Association plays an important role by representing former employees who dedicated their whole working lives to STCP and who therefore form part of the company's history.

There were no new developments in internal communication; the intranet continued to be a useful tool accessible to all employees, providing news, daily up-to-date information, databases, manuals and access to relevant services, and allowing users to input their holiday dates and clinical appointments, and to check their payslips and daily crew member service roster.

Service orders, notices and other information relevant to most employees are also published.

Meetings between the Board of Directors and the Employees' Council were held monthly and attended by officials from a range of departments within the company.

There were also meetings throughout the year between the Board of Directors and the various trade unions that represent the employees.



The background image shows the entrance to the 'MUSEU DO TRAFICO ECONOMICO' (Economic Traffic Museum). The entrance is a large, light-colored stone archway. In the foreground, a man and a woman are walking away from the camera towards the entrance. The man is wearing a light-colored shirt and trousers, and the woman is wearing a dark dress. The scene is set outdoors with trees and a building in the background. A large, semi-transparent orange circle is overlaid on the left side of the image, containing the text 'ECONOMIC AND FINANCIAL PERFORMANCE'.

ECONOMIC
AND FINANCIAL
PERFORMANCE

The year 2016 saw a reversal of the trend in demand, which reached 69.4 million passengers, representing a growth of 0.3% (200,000 passengers more) in comparison with the previous year. STCP was therefore able to retain its title as largest transport operator in the Porto Metropolitan Area.



ECONOMIC AND FINANCIAL PERFORMANCE

4.1. BALANCE STATEMENT OF THE YEAR

Further to Parliamentary Resolution no. 145/2015, published on 28 December, which recommends that the Government revoke and reverse subconcessions for Metro do Porto, S.A. and STCP, S.A. transport systems, in April the Board of Directors proceeded with the administrative cancellation of the awarding procedure and the STCP, S.A. transport system subconcession contract.

In June, a Memorandum of Understanding was signed between the State and six municipalities in the Porto Metropolitan Area (AMP), regarding the hand-over, from 2017, of STCP's operational management to the municipalities of Porto, Matosinhos, Maia, Valongo, Gondomar and Vila Nova de Gaia, which are served by the company's transport network. Under this agreement, the municipalities will manage the company, undertaking to fulfil the public service obligations, while the State will remain its owner. This was the first stage of a process that was developed over the remaining months of the year, involving coordination between STCP and the AMP.

The year 2016 saw a reversal of the trend in demand, which reached 69.4 million passengers, representing a growth of 0.3% (200,000 passengers more) in comparison with the previous year. STCP was therefore able to retain its title as largest transport operator in the Porto Metropolitan Area.

Revenue from the transport service reached €42.7 million in the year, growing by 1% (a further €432 thousand) compared to 2015 in line with the growth in demand, despite there being no increases in transport fares in 2016.

Public passenger transport service production, measured in vehicle km, was 21.6 million, 5.7% (a further 1.2 million kilometres) more than in 2015.



4.2. ASSET DEVELOPMENTS

Assets in 2016 reached the amount of €84.5 million, €7.8 million less (-8.4%) than 2015. Current assets decreased by €7.1 million, due essentially to changes in the available assets in the account opened with the Treasury and Public Debt Management Agency (IGCP) and non-current assets decreased by approximately €600 thousand.

Liabilities in 2016, in the amount of €548 million, decreased by €46 million (-7.7%) compared to the previous year. This change is essentially due to the decrease of about €55 million in funding obtained, as a result of the amortisation of the debt owed to the State.

On 31 December 2016, equity was minus €463.6 million, representing an upturn of €38.1 million (+7.6%) compared to the end of 2015 as a result of the capital endowments received during the financial year, which are detailed in the following point.

BALANCE SHEET STRUCTURE	UNIT	2013	2014	2015	2016	16-15	16/15
Non-current assets	€10 ³	80.541	76.388	73.151	72.554	-597	-0.8%
Current Assets	€10 ³	10.408	16.178	19.078	11.896	-7.182	-38%
Assets	€10³	90.949	92.566	92.230	84.450	-7.780	-8,4%
Equity	€10 ³	-422.997	-477.720	-501.722	-463.574	38.148	7,6%
Liabilities	€10 ³	513.946	570.285	593.951	548.024	-45.928	-7,7%
Equity and liabilities	€10³	90.949	92.566	92.230	84.450	-7.780	-8,4%

No outstanding debts are owed to the State or to other public bodies, including Social Security.

4.3. CAPITAL ENDOWMENTS

In 2016, there were two capital increases which were part of the regular operations of public companies for reinforcing social capital by reducing the credits granted by the Portuguese State.

On 12 October, at the express wish of the single shareholder, the Portuguese State, as stated in the Unanimous Written Company Decision, the decision was taken to increase the company's share capital by €30,282,535 by issuing 6,056,507 new shares, each with a nominal value of €5, subscribed by the single shareholder, as follows:

€30,282,532.45 through the conversion of credits due, held by the State/Directorate General of the Treasury and Finance (DGTF), in share capital;

€2.55, in cash, on the date of the decision, using the respective State Budget allocation for 2016.

As provided for in Article 28 of the Commercial Companies Code, a report was prepared by an independent statutory auditor, to confirm the value of these credits.

As a result of this change in share capital, the Board of Directors was mandated to change the company's Articles of Association in accordance with the abovementioned Decision, and to ensure that the new capital was registered in the Commercial Registry. There was strict compliance with regulations on the capacity of issuers of transferrable securities with duties to provide information, for example reporting to the Securities Market Commission, market disclosure by means of announcements, and requesting registration of the new shares in the Central Securities Depository – Interbolsa.



On 22 December, at the express wish of the single shareholder, the Portuguese State, as stipulated in the Unanimous Written Company Decision, the decision was taken to increase the company's share capital once again, by €27,501,830, by issuing 5,500,366 new shares, each with a nominal value of €5, subscribed by the single shareholder, as follows:

- €27,501,829.27 through the conversion of credits due, held by the State/DGTF; and
- €0.73, in cash, on the date of the decision, using the respective State Budget allocation for 2016.

As provided for in Article 28 of the Commercial Companies Code, a report was prepared by an independent statutory auditor, and the company complied with the associated regulations, for example changing the Articles of Association, registering the new capital in the Commercial Registry, reporting to the Securities Market Commission, and disclosing the information to the market by means of an official announcement, in the capacity of issuer of transferrable securities with duties to provide information, arising from this further change to the share capital. The new shares were registered in the Central Securities Depository – Interbolsa.

However, given that the last Unanimous Written Company Decision of the State relating to the increase in capital was on 22 December 2016, the increase in capital was not registered in the Commercial Registry until 1 February 2017.

4.4. INVESTMENT

The amount invested in 2016 was €377 million.

In particular, an investment of €65 thousand was made in supplying and assembling video surveillance cameras for buses, to complete the contract which began in 2015 for replacing obsolete equipment and reinstalling and upgrading public information panels (PIPs), amounting to €23 thousand in total. The remaining amount was invested mainly in replacing IT and office equipment.

INVESTMENT	UNIT	2013	2014	2015	2016	16-15	16/15
Rolling stock	€10 ³	0	8	92	75	-17	-18%
Infrastructures	€10 ³	0	150	765	22	-743	-97%
Others	€10 ³	67	219	468	280	-188	-40%
Investment	€10³	67	376	1.324	377	-947	-72%

4.5. FINANCIAL CONTRIBUTION FROM THE STATE

FINANCIAL CONTRIBUTION FROM THE STATE	UNIT	2013	2014	2015	2016	16-15	16/15
Capital endowments	€10 ³	0	0	5.856	57.784	51.928	887%
Compensatory payments	€10 ³	10.211	4.717	0	0	0	
PIDDAC ^[1]	€10 ³	0	0	1.678	1.016	-662	-39%
Andante social fare compensation ^[2]	€10 ³	3.073	4.852	3.644	3.711	67	1,8%
PAll subsidy ^[3]	€10 ³	1.621	145	0	0	0	
Financial contribution from the State	€10³	14.905	9.714	11.177	62.511	51.334	459%

^[1] 2015: €1.587 million for investment and €90.3 thousand for other subsidies.

^[2] Recorded amounts net of VAT.

^[3] Senior citizens integrated support programme.

In 2016, STCP was assigned approximately €1 million by PIDDAC (Central Administration Investment and Development Expenditure Programme) to finance the bus fleet, through the amortisation of capital under existing leases.

4.6. FINANCING

4.6.1. Financing operations during the year

There were no new financing operations in 2016.

4.6.2. Borrowing

STCP ended 2016 with a total interest-bearing debt of approximately €370 million, marking a 13% decrease compared to 2015.

The variation in adjusted borrowing (capital-endowments-weighted borrowing) was 0.58%, 2.4 percentage points lower than the 3% borrowing limit stipulated in no. 2 of Article 31 of Law no. 7-A/2016, of 30 March, with Amendment no. 10/2016, of 25 May (State Budget Law for 2016), established in accordance with the formula set out in point 3 of Annex 1 to official letter no. 1269, of 27 February 2017 from the DGTF.

	UNIT	2013	2014	2015	2016	16-15	16/15
Non-current interest-bearing debt	€10 ³	113.461	410.341	369.939	315.820	-54.119	-14,6%
Current interest-bearing debt	€10 ³	282.474	4.868	55.649	54.504	-1.144	-2,1%
Interest-bearing debt	€10³	395.935	415.208	425.588	370.325	-55.263	-13,0%
Increases in capital from endowments	€10 ³	0	0	3.007	0	-3.007	-100%
Increases in capital from credit conversion	€10 ³	0	0	2.849	57.784	54.935	1.928%
Increases in capital	€10³	0	0	5.856	57.784	51.928	887%
Adjusted borrowing	%						0,58%

4.6.3. Account with the Treasury and Public Debt Management Agency (IGCP, E.P.E.)

Further to the guidelines received in Circular Letter no. 844, of 3 February 2011, in 2011 STCP opened an account with the Treasury and Public Debt Management Agency (IGCP, E.P.E.), where it received contributions and funds from Public Bodies.

Under Article 86 of Law no. 7-A/2016, of 30 March, all funds must be transferred using the banking services provided by IGCP, E.P.E., unless otherwise stated by law and except in recognised and exceptional circumstances.

In 2016, STCP sent a new request for the treasury unit principle exemption regime to the Secretariat of State for the Treasury and Finance (SEATF), based on existing contracts with the commercial bank relating to medium-/long-term transactions, operating leases, hedging interest rate risk, issuing bank guarantees, amounts being held, and requesting amounts in cash, among other issues. Pursuant to Order no. 1140/2016 of the SEATF, of 10 November, the partial exemption regime was authorised for the years 2016 and 2017.

4.6.4. Financial risks management instruments

Since 2007, the company has been hedging interest rate risk, corresponding to 25% of the nominal value of the debenture loan of €100 million, issued the same year, concluded with Banco Santander Totta, the maturity date of which is in June 2022.

On 31 December 2015, the mark-to-market value was established by the Treasury and Public Debt Management Agency (IGCP, E.P.E.) and according to the information sent by said entity it was €-115,961,315.70. The Treasury and Public Debt Management Agency (IGCP, E.P.E.) also established the value on 31 December 2016, at €-113,494,520.37

This transaction is still pending the outcome of legal proceedings, an action brought by the credit institution through the Commercial Court of London, on 10 May 2013, to request recognition of the legality of the derivative contract signed with STCP, S.A.; after a decision in favour of the Bank, the Portuguese State filed an appeal with the English High Court.

Based on the legal grounds that the contract is invalid, the Board of Directors, authorised by the responsible ministry, decided to disengage from the obligations arising from the contract. Thus, STCP, S.A. suspended payments relating to all the obligations arising from the disputed contract, although these contractual obligations are reflected in the company's accounts.

4.7. RESULTS OF THE FINANCIAL YEAR

Net profit

The net result of the 2016 financial was minus €26.8 million; this marks an upturn of €4.8 million compared to 2015, an improvement of 15%. This change is the result of the €8.8-million improvement in operating results and the downturn in financial results of approximately €4 million.

The net result without the swap effect (interest and fair value changes) was minus €17.6 million, representing a positive change of €9.2 million (+34%) compared to the previous year.

RESULTS	UNIT	2013	2014	2015	2016	16-15	16/15
Operating income	€10 ³	61.374	53.004	46.036	45.139	-897	-1.9%
Operating expenses	€10 ³	67.799	60.863	67.176	57.464	-9.712	-14%
Operating profit	€10³	-6.425	-7.858	-21.140	-12.325	8.815	42%
Financial income	€10 ³	12.592	1	4.296	2.746	-1.551	-36%
Financial expenses	€10 ³	21.350	46.977	14.761	17.194	2.433	16%
Financial results	€10³	-8.758	-46.976	-10.465	-14.449	-3.983	-38%
Tax for the financial year	€10 ³	41	13	12	14	2	16%
Net profit (NP)	€10³	-15.224	-54.847	-31.617	-26.788	4.830	15%
NP without swaps (interest and fair value changes) and CP*	€10³	-33.575	-25.558	-26.755	-17.564	9.191	34%

* CP – Compensatory payments

Financial results

The financial results of 2016 were minus €14.5 million, representing a €3.9 million downturn compared to 2015.

Interest and financing charges decreased by €372 thousand to €5.2 million.

The swap fair value change was positive, at €2.7 million, but €1.6 million lower than the change recorded in 2015, while swap interest, which amounted to approximately €12 million, increased by €2.48 million.

FINANCIAL RESULTS	UNIT	2013	2014	2015	2016	16-15	16/15
Financing interest	€10 ³	14.442	11.987	5.396	5.025	-371	-6.9%
Financing charges	€10 ³	2.456	984	211	209	-1	-0.6%
Interest on other financial instruments	€10 ³	4.452	6.682	9.155	11.960	2.805	31%
Financial charges	€10³	21.350	19.653	14.761	17.194	2.433	16%
Swap fair value loss⁽¹⁾	€10³	-12.592	27.324	-4.293	-2.736	1.557	36%

⁽¹⁾ Loss with positive signal / gain with negative signal

Operating profit

The operating results were minus €12.3 million, marking an €8.8-million improvement compared to 2015 (+42%). Operating expenses decreased by €9.7 million (-14%) and operating income fell by €900 thousand (-1.9%).

Operating income

Operating income in 2016 was €45.1 million, representing a decrease of approximately €900 thousand (-1.9%) compared to 2015. This can be explained by the reversals in 2015 caption.³

OPERATING INCOME	UNIT	2013	2014	2015	2016	16-15	16/15
Service provision	€10 ³	46.321	45.511	42.375	42.797	423	1.0%
Operating subsidies	€10 ³	11.832	4.862	0	0		
Other operating income	€10 ³	3.220	2.616	2.557	2.301	-255	-10%
Reversals	€10 ³	0	16	1.105	40	-1.064	-96%
Operating income	€10³	61.374	53.004	46.036	45.139	-897	-1.9%

Income from the provision of services, which constitutes 95% of operating income, increased by approximately €400 thousand (+1.0%), in line with the recovery in demand. Revenue from transport (99.8% of the provision of services), which totalled approximately €42.7 million, can be broken down into €39.0 million from ticket office revenue and €3.7 million from Andante social fare compensation.

Operating subsidies were not awarded in 2015 and 2016. Operating income from other sources fell by approximately €255 thousand (-10%), owing mainly to the reduction in income from maintenance services, to income from advertising, to the reduction in the value of compensation for accidents, and income from the provision of other services. Notwithstanding the reduction in the total amount of this account, it should be mentioned that there are increases in the following captions included therein: Museum sales and services, the letting and provision of premises and income and gains in non-financial investments. Museum sales and services reached €95 thousand in 2016, which is €80 thousand more than in 2015, after activity at the Tram Museum was reinitiated in November last year. Income from the letting and provision of premises and gains in non-financial investments reached €735 thousand, €92 thousand more than the year before. In 2016, property and land in Avenida da Boavista, in Porto, was sold for €705 thousand, generating added value of €160.2 thousand. Also in relation to the profitability of assets, in 2016 STCP signed two leases on facilities, one with the Municipality of Porto, for provision of the old S. Roque Collection Station, and the other with the company NParking, S.A., to let the old Areosa Collection Station for use as a car park and any other related or unrelated activities.

³ The total amount of reversals of impairment losses was €11 million. An allowance of €205 thousand relates to a reversal for scrapping obsolete inventories. The other value, of €893 thousand relates mainly to compensation debited to the Municipality of Porto for the direct costs suffered by STCP upon the removal of the electric traction railroad in the stretches between Praça Cidade S. Salvador and Praça Gonçalves Zarco, which was reversed when the Memorandum of Understanding was signed on 31 July 2015 between the Portuguese State, represented by the Secretariat of State for the Treasury, the Secretariat of State for Infrastructure, Transport and Communications and the Secretariat of State for Land Use Planning and Nature Conservation, and the Municipality of Porto.

Operating expenses

Operating expenses, which amounted to €57.5 million, fell by €9.7 million (-14%) compared to 2015.

OPERATING EXPENSES	UNIT	2013	2014	2015	2016	16-15	16/15
ESS+CGSMC	€10 ³	26.188	23.174	20.129	18.535	-1.594	-7,9%
Personnel expenditure	€10 ³	31.638	30.647	29.713	30.296	583	2,0%
Amortisation	€10 ³	5.791	4.393	4.204	4.315	110	2,6%
Other expenses and losses	€10 ³	906	966	1.115	10.751	9.636	864%
Provisions	€10 ³	2.564	1.338	11.674	-9.293	-20.967	-180%
Impairments and operating fair value changes	€10 ³	711	344	341	2.861	2.520	740%
Operating expenses	€10³	67.799	60.863	67.176	57.464	-9.712	-14%



CGSMC and ESS captions fell by approximately €1.6 million (-7.9%), due mainly to the decrease in expenses with natural gas fuel and the completion of operating leases on buses.

Staff expenses increased by around €600 thousand, due mainly to extraordinary expenses in the year, in relation to:

- the out-of-court settlement to recognise compensatory rest for staff from 2003 to 2011, taking into account the five best years, which amounted to €1.1 million (amount provisioned in the 2015 accounts), and
- the reinstatement of the retirement benefits cap, from €600 to €650, arising from State Budget Law 16, which amounted to €670 thousand.

In 2015, the approximate amount of €10 million was provisioned, with STCP acknowledging that it owes this amount to the Municipality of Porto, and in 2016 it was recorded on the accounts as an expense during the financial year, against the reversal of the provision.

In 2016, impairments of approximately €1.6 million were recorded, along with an overall fair value reduction of around €1.2 million.

EBITDA (management)

EBITDA (management) without extraordinary events was minus €2.6 million, representing a positive change of €1.2 million (+32%) in comparison with 2015.

EBITDA (MANAGEMENT)	UNIT	2013	2014	2015	2016	16-15	16/15
Operating profit	€10 ³	-6.425	-7.858	-21.140	-12.325	8.815	42%
+ Amortisation + impairments + fair value changes - reversals	€10 ³	9.067	6.059	15.114	-2.158	-17.272	-114%
+ financial component of leases	€10 ³	2.921	1.872	690	0	-690	-100%
+ Compensation (ICCT)	€10 ³	211	1.333	918	27	-891	-97%
EBITDA	€10 ³	5.774	1.406	-4.419	-14.457	-10.038	-227%
+ Extraordinary staff expenses ^[1]	€10 ³	0	0	595	1.780	1.185	199%
+ Memorandum of Understanding with the CMP ^[2]	€10 ³	0	0	0	10.086	10.086	
EBITDA (management) without extraordinary events	€10 ³	5.774	1.406	-3.823	-2.590	1.233	32%
Compensatory payments (CP)	€10 ³	10.211	4.717	0	0		
EBITDA (management) without extraordinary events and CP	€10 ³	-4.438	-3.311	-3.823	-2.590	1.233	32%

^[1] 2015 approximately €600,000 for the court ruling and out-of-court settlement in relation to paying drivers for travel time between legs with intervals of over two hours, until 2014. 2016: approximately €1.1 million for the out-of-court settlement to recognise compensatory rest for staff, between 2003 and 2011, taking into account the five best years (amount provisioned in the 2015 accounts); approximately €670,000 for the impact of reinstating the retirement benefits cap, from €600 to €650, arising from State Budget Law 16.

^[2] Amount of approximately €10.1 million of non-current expenses in connection with the Memorandum of Understanding with the Porto City Council and the Guardian Authority in relation to the company's property.

⁴ Corresponding to the market/accounting value of the fixed assets, as at 30 June 2015, which are still currently owned by the company (i.e. the fixed assets acquired by 1949 and the fixed assets acquired between 1950 and 1975), in accordance with the Memorandum of Understanding signed on 31 June 2015 between the Portuguese State, represented by the Secretariat of State for the Treasury, the Secretariat of State for Infrastructure, Transport and Communications and the Secretariat of State for Land Use Planning and Nature Conservation, and the Municipality of Porto, and determined in Resolution of the Council of Ministers no. 85/2015, published in the Official Gazette of the Portuguese Republic, 1st series – No. 193 – 2 October 2015.





CORPORATE
GOVERNANCE



CORPORATE GOVERNANCE

Since 2013, STCP has individually published an annual Corporate Governance Report on corporate governance best practices.

This section contains all the information relevant to STCP's corporate governance in the 2016 financial year, prepared in accordance with the provisions of Decree-Law no. 133/2013, of 3 October, approving the new Legal Regime of the Public Business Sector (RJSPE).

5.1. GOVERNANCE MODEL AND GOVERNING BODIES

As at 31 December 2016, STCP's social capital was €143,289,490.00, represented by 28,657,898 shares of €5.00 each. The Portuguese State holds 100% of the capital, and the role of the shareholder is performed by the Government official responsible for finance, in cooperation with the Government official responsible for the business sector.

STCP has a one-tier Latin model, comprising a Board of Directors and in accordance with the company's Articles of Association two supervisory bodies, the Supervisory Board and an Audit Firm (SROC).

Governing bodies

2016-2018

POSITION	ÓRGÃOS SOCIAIS	ELEIÇÃO
	BOARD OF THE GENERAL MEETING	
Chairman	José António Ferreira de Barros	25/jan/16
Vice-Chairman:	Maria Teresa Vasconcelos Abreu Flor Morais	25/jan/16
Secretary	Carlos Maria Pinheiro Torres	25/jan/16
	BOARD OF DIRECTORS	
Non-Executive Chairman	Jorge Moreno Delgado	25/jan/16
Executive Voting Member	Tiago Filipe da Costa Braga	25/jan/16
Executive Voting Member	Pedro José Ferreira Morais	25/jan/16
Non-Executive Voting Member	Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	24/feb/16
	SUPERVISORY BOARD	
Chairman	Pedro Romano Martinez	25/jan/16
Full voting member	Ana Alexandra Filipe Freitas	25/jan/16
Full voting member	Paulo Jorge Rodrigues Mateus	25/jan/16
Deputy voting member	Dino Jorge Ramos Santos	25/jan/16
	STATUTORY AUDITOR	
	Baker Tilly, PG & Associados, SROC, S.A. Represented by partner Fernando Manuel de Sousa Pires de Matos, Statutory Auditor no. 757	30/may/16

The Governing Bodies, Board of the General Meeting, Board of Directors and Supervisory Board were appointed by Unanimous Written Company Decisions, of 25 January and 24 February 2016, made pursuant to the first part of no. 1 of Article 54 of the Commercial Companies Code.

STCP's General Meeting of 30 May 2016 approved the proposal of the Supervisory Board for the term corresponding to the 2016-2018 three-year period to appoint Baker Tilly, PG & Associados, SROC, S.A., represented by partner Fernando Manuel de Sousa Pires de Matos, as the Audit Firm.

2012 - 2014 Term

POSITION	GOVERNING BODIES	ELECTION
BOARD OF THE GENERAL MEETING		
Chairman	José António Ferreira de Barros	06/jun/14
Vice-Chairman:	Maria Teresa Vasconcelos Abreu Flor Morais	06/jun/14
Secretary	Carlos Maria Rocha Pinheiro Torres	06/jun/14
BOARD OF DIRECTORS		
Non-Executive Chairman	João Velez Carvalho	10/aug/12
Executive Voting Member	André da Costa Figueiredo e Silva Sequeira	29/jun/12
Executive Voting Member	Alfredo César Vasconcellos Navio	29/jun/12
Non-Executive Voting Member	António José Lopes	10/aug/12
SUPERVISORY BOARD		
Chairman	Pedro Romano Martinez	06/jun/14
Full voting member	Ana Alexandra Filipe Freitas	06/jun/14
Full voting member	Paulo Jorge Rodrigues Mateus	06/jun/14
Deputy voting member	Dino Jorge Ramos Santos	06/jun/14
STATUTORY AUDITOR		
	António Magalhães & Carlos Santos, Audit Firm Represented by Carlos Alberto Freitas dos Santos, Statutory Auditor no. 177	09/sep/09

The members of the governing bodies elected for the 2012-2014 three-year period were under a management regime since the end of 2014.

The following members were elected to the STCP Board of Directors, through a Unanimous Written Company Decision of 29 June 2012, made pursuant to the provisions of no. 1 of Article 54 of the Commercial Companies Code:

Executive Voting Member: André da Costa Figueiredo e Silva Sequeira

Executive Voting Member: Alfredo César Vasconcellos Navio

The following members were elected for inclusion in the STCP Board of Directors, through a Unanimous Written Company Decision of 10 August 2012, made pursuant to the provisions of no. 1 of Article 54 of the Commercial Companies Code:

Non-Executive Chairman: Dr João Velez Carvalho

Non-Executive Voting Member: Dr António José Lopes

Two of the four members of the Board of Directors had executive roles and the other two had non-executive roles, and none received additional remuneration for duties performed in affiliate companies.

The following members were elected to the Board of the General Meeting and the Supervisory Board to monitor the term of the STCP Board of Directors (2012-2014), through a Unanimous Written Company Decision of 6 June 2014, made pursuant to the provisions of no. 1 of Article 54 of the Commercial Companies Code:

Board of the General Meeting

Chairman: Eng. José António Ferreira de Barros

Vice-Chairman: Dr Maria Teresa Vasconcelos Abreu Flor Morais

Secretary: Dr Carlos Maria Pinheiro Torres

Supervisory Board

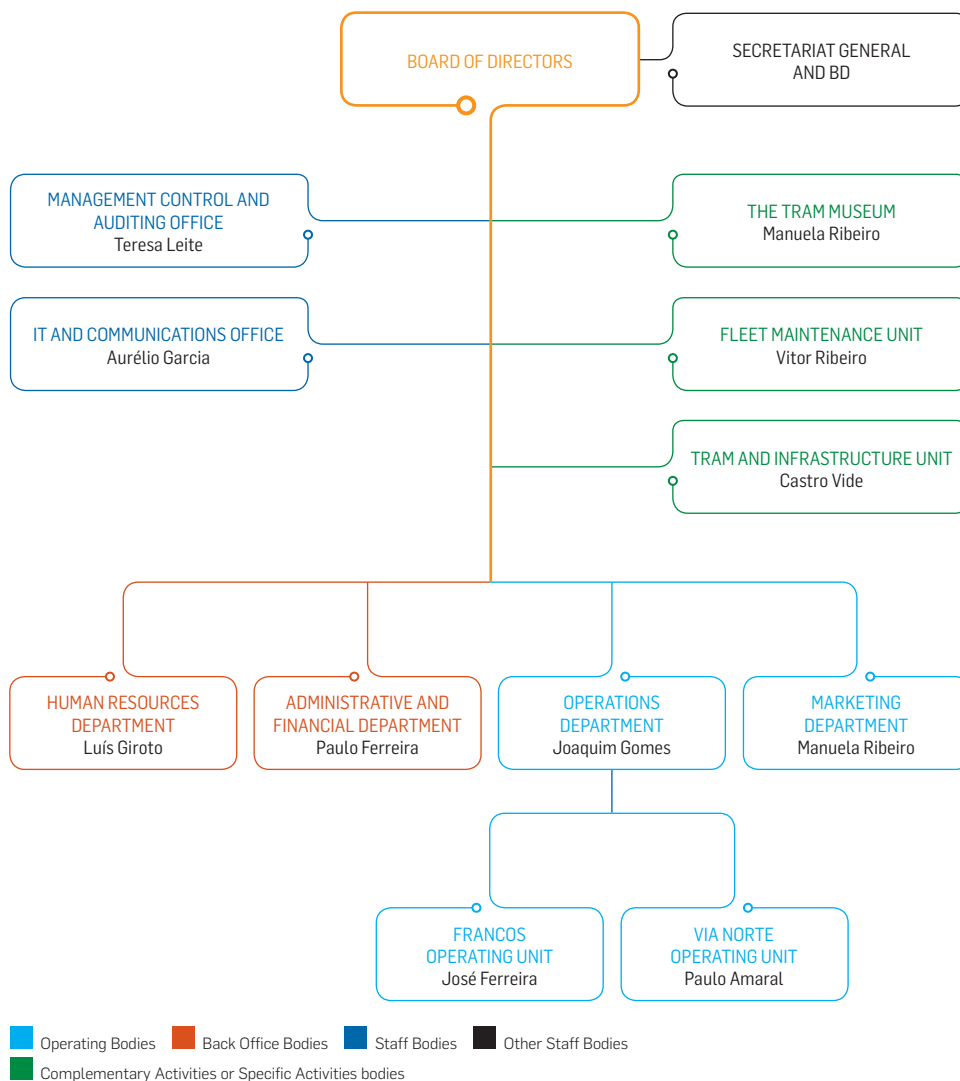
Chairman: Pedro Romano Martinez

Full voting member: Dr Ana Alexandra Filipe Freitas

Full voting member: Dr Paulo Jorge Rodrigues Mateus

Deputy voting member: Dr Dino Jorge Ramos Santos

The Statutory Auditor governing body was elected in the 2009-2011 term and remains active.



5.1.1. Roles and responsibilities

General Meeting

The powers of the General Meeting are defined in Article 8 of the company's Articles of Association.

Board of Directors

The powers of the Board of Directors are defined in Article 11 of the company's Articles of Association.

Specific authority of each member on the Board of Directors in 2016:

Non-Executive Chairman – Jorge Moreno Delgado

- Performs non-executive duties. Continuously monitors and assesses the management of the company on the part of the other managers, with a view to ensuring that the company's strategic objectives are achieved, its activity is efficient, and the interests of the shareholders are in line with the general interests of the company.
- Assumes additional duties as Executive Chairman of the Board of Directors and Chairman of the Executive Committee of Metro do Porto, S.A., and as Chairman of the Board of Directors at TIP - Transportes Intermodais do Porto, ACE.

Executive Voting Member – Tiago Filipe da Costa Braga

- Performs executive duties, and is responsible for directly coordinating the Marketing Department, the Operations Department, the Fleet Maintenance Unit, the Tram Unit and the Tram Museum.
- Representative of the Board of Directors for the Integrated Management and Quality System.
- Represents STCP on the Board of Directors in affiliate companies OPT – Optimização e Planeamento de Transportes, S.A. and Transpublicidade – Publicidade em Transportes, S.A.
- Performs additional duties as Non-Executive Director on the Board of Directors of Metro do Porto, S.A.

Executive Voting Member – Pedro José Ferreira Morais

- Performs executive duties, and is responsible for directly coordinating the Secretariat General and Board of Directors Support Service, Management Control and Auditing Office, Human Resources Department, Administrative and Financial Department and Communications and IT Office.
- Appointed by the Board of Directors as Representative for relations with the Market and with the Securities Market Commission (CMVM).
- Represents STCP on the Board of Directors of affiliate company Transportes Intermodais do Porto, ACE (TIP-ACE) and is the manager of STCP Serviços – Transportes Urbanos, Consultoria e Participações, Unipessoal, Lda..

Non-Executive Voting Member – Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto

- Performs non-executive duties. Continuously monitors and assesses the management of the company on the part of the other managers, with a view to ensuring that the company's strategic objectives are achieved, its activity is efficient, and the interests of the shareholders are in line with the general interests of the company.

Supervisory Board

The powers of the Supervisory Board are defined in Article 14 of the Company's Articles of Association.

5.1.2. Curricula vitae of the members of the Board of Directors

Non-Executive Chairman – Jorge Moreno Delgado

→ **Date of birth:** Lisbon, 02 April 1967

→ **Education:**

2002 PhD in Civil Engineering from the University of Porto Faculty of Engineering (FEUP-UP).

1993 Masters in Civil Engineering Structures from FEUP-UP.

1990 Undergraduate degree in Civil Engineering from FEUP-UP.

→ **Professional experience:**

Since February 1995 Associate Professor at the Higher School of Technology and Management of the Polytechnic Institute of Viana do Castelo (ESTG/IPVC)

Scientific Area: Technology and Engineering Sciences

Discipline Group: Civil Engineering

Main Teaching and Research Areas:

Structural Analysis, Earthquake Engineering, Reinforced Concrete Structures and Metal Structures, Project Management, Transport Studies and Projects (particularly in the area of Light Rail Transit (LRT))

2017 – ... : Vice-Chairman of the General Meeting Casa da Arquitetura Association

2016 – ... : Chairman of the Board of Directors of TIP - Transportes Intermodais do Porto, ACE

2016 – ... : Chairman of the Board of Directors of Metro do Porto, S.A.

2016 – ... : Chairman of the Board of Directors of STCP, S.A.

2008 – 2012: Executive Director of Metro do Porto, S.A.

2004 – 2005: Vice-Chairman of the Board of Directors and Manager of the Higher School of Technology and Management (ESTG) of the Polytechnic Institute of Viana (IPVC)

2000 - 2003: Consultant at the company NEWTON - Consultores de Engenharia, Lda.

1990 – 1995: Senior Engineer in the field of Structures and Geotechnics at the company: NEWTON - Consultores de Engenharia, Lda. (e.g.)

→ **Publications (e.g.):**

→ Jorge M. Delgado, Antonio Abel R. Henriques, Raimundo M. Delgado; "Structural Non-Linear Models and Simulation Techniques: An Efficient Combination for Safety Evaluation of RC Structures"; Handbook of Research on Computational Simulation and Modelling in Engineering, pp. 540 – 584; Release Date: September, 2015. Copyright © 2016. (ISBN13: 9781466688230|ISBN10: 1466688238|ISBN13: 9781466688247)

→ HENRIQUES, A.A.; VEIGA, J.M.C.; MATOS, J.A.C.; DELGADO, J.M.; "Uncertainty Analysis of Structural Systems by Perturbation Techniques"; Structural and Multidisciplinary Optimization, Vol. 35, N. 3, Springer; pp. 201-212; 2008.

→ VEIGA, J.M.G.C.; HENRIQUES, A.A.; DELGADO, J.M.; "An efficient evaluation of structural safety applying perturbation techniques"; III European Conference on Computational Mechanics, Solids, Structures and Coupled Problems in Engineering, Ed. C.A. Mota Soares et.al.; Springer; pp. 126 (Ed. CD-ROM: 9 p.); 2006.

→ VEIGA, J.M.G.C.; HENRIQUES, A.A.R.; DELGADO, J.M.; "Avaliação da incerteza em estruturas de betão pela técnica das perturbações"; CIMNE/CILAMCE 2007 - Métodos Numéricos e Computacionais em Engenharia, Ed. J.C. Sá, R. Delgado, A.D. Santos, A. Rodríguez-Ferran, J. Oliver, P.R.M. Lyra, J.L.D. Alves; APMTAC/FEUP – Associação Portuguesa de Mecânica Teórica, Aplicada e Computacional / Faculdade de Engenharia da Universidade do Porto (Ed. CD-ROM: 12 p.), pp. 286; 2007.

- VEIGA, J.M.; HENRIQUES, A.A.; DELGADO, J.M.; "Aplicação de técnicas de perturbação na análise da incerteza estrutural"; 4as Jornadas Portuguesas de Engenharia de Estruturas, LNEC; pp. 92-93 (Ed. CD-ROM: 13 p.); 2006.
- HENRIQUES, A.A.R.; VEIGA, J.M.; DELGADO, J.M.; "Aplicação da técnica das perturbações na avaliação da incerteza em estruturas de engenharia civil"; II Encontro Nacional de Riscos, Segurança e Fiabilidade – Riscos Públicos e Industriais, Ed. C. Guedes Soares, A.P. Teixeira e P. Antão, Instituto Superior Técnico; Edições Salamandra; Vol. 1; pp. 659 - 673; 2007.
- Delgado, J. M.; Delgado R. M., Second order effects design of reinforced concrete framed structures according to EC2 - Reliability analysis, published on RISK ANALYSIS III, pp. 105-114, Editor C.A. Brebbia, Wit Press, Southampton, Boston, 2002.

Executive Voting Member – Tiago Filipe da Costa Braga

- **Date of birth:** 17 November 1974
- **Education:**
 - Undergraduate degree in Environmental Engineering from the Higher School of Biotechnology of the Catholic University of Portugal.
 - Post-graduate degree in Environmental Policy and Management from the University of Aveiro.
- **Professional experience:**
 - Since 21.01.2016 - Non-Executive Voting Member on the Board of Directors of Metro do Porto, S.A.
 - Since 25.01.2016 - Executive Voting Member on the Board of Directors of STCP, S.A.
 - Since 02.2016 - Voting Member on the Board of Directors of OPT - Otimização e Planeamento de Transportes, S.A.
 - Since 02.2016 - Voting Member on the Board of Directors of Transpublicidade – Publicidade em Transportes, S.A..
 - From 19.12.2013 to 21.01.2016 - Executive Voting Member on the Board of Directors of the municipal company Águas e Parque Biológico de Gaia, EEM, S.A.
 - From 16.10.2013 to 19.12.2013 - Head of Office of the Chairman of the Vila de Nova de Gaia Council.
 - From 01.10.2005 to 16.10.2013 - Operations Manager/JOT, Operational and Technical Manager and Coordinating Auditor (more than 1000 days of audits performed) at LUSAENOR – Portuguese Branch of the Spanish Standardisation and Certification Association.
 - From 06.11.2002 to 01.10.2005 - Development and Product Manager APCER – Portuguese Certification Association.
 - From 01.02.2000 to 06.11.2002 - Technician at the Department of Technical Assistance for Companies belonging to the AEP – Portuguese Companies Association, Chamber of Commerce and Industry.

Executive Voting Member – Pedro José Ferreira Morais

- **Date of birth:** 26 October 1977
- **Education:**
 - 2014 Training in Management of operations in public passenger transport, FEUP.
 - 2002 – 2004 Post-graduate degree in Finance, from attending the curricular section of the Masters in Business Science with a specialisation in Finance.
 - 1995 – 2000 Undergraduate degree in Economics, Faculty of Economics (FEP)
- **Professional experience:**
 - Since Jan 2016 - Director at STCP, S.A.
 - Oct 2014 to Jan 2016 - Director at Card 4B, S.A.
 - Feb 2010 to Sep 2014 - General Director at Beware - Consultadoria e Serviços, S.A.

June 2008 to Jan. 2010 - Project Management - OCTAL-Sistemas de Engenharia, S.A. of the Novabase group.

July 2007 to Mar. 2008 - CEO of Aveifeira – Carnes e Aves da Feira, S.A.

Feb. 2002 to June 2007 - Senior Manager at TIP – Transportes Intermodais do Porto, ACE.

Oct. 2000 to Jan. 2002 - Middle Manager at Metro do Porto, S.A.

Non-Executive Voting Member – Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto

→ **Date of birth:** 04 September 1970

→ **Education:**

PhD in Business Studies, Warwick Business School. Dissertation: Pinto, H. S. (2005) – Understanding Service Specifications. University of Warwick, U.K.

Masters in Commercial Operations Management (2002) - Católica Porto Business School - Catholic University of Portugal - Dissertation on Measuring Service Quality - Final Grade: 18/20.

MBA - 1998 - Catholic University of Portugal.

Undergraduate degree - 1993 - Company Management and Administration - Catholic University of Portugal

→ **Other training:**

IDP - 2014-2015 - International Deans Programme - EFMD, Brussels, Hong Kong, London, Copenhagen and Lund.

Executive Training - October 2012 High Potentials Leadership Program - Harvard Business School.

→ **Professional experience:**

Since February 2016 - Non-Executive Director at STCP, S.A.

Member of the Advisory Board at GIMPA Business School (Ghana Institute of Management and Public Administration).

Since August 2013 - Director of Católica Porto Business School - Catholic University of Portugal

August 2013 - December 2014 - Deputy Director of the CRP - Responsible for the areas of quality and accreditation and inter-university relations.

2011-2013 - Associate Dean - Católica Porto Business School (at the time, Faculdade de Economia e Gestão). Associate Dean for Executive Training and MBA courses.

2008 - 2013 - Católica Porto Business School (at the time, Faculdade de Economia e Gestão). Associate Dean for Masters.

2008 - 2010 - Partner and Non-Executive Member of the B. of D. - SOMOLO - Soluções de Mobilidade e Localização.

1995 - 1997 - Commercial and Marketing Director of Póvoa Casino, at Sopete - Sociedade Poveira de Empreendimentos Turísticos, S.A.

1993 - 1995 - Advisor to the Board of Directors for new hotel and leisure projects at Sopete - Sociedade Poveira de Empreendimentos Turísticos, S.A.

Since 1997 - Member of the teaching staff at the Católica Porto Business School and member of the Scientific Faculty Board since 2006.

2007 - 2008 - Participation and Coordination of Studies - Coordination of consultancy projects in the area of service accessibility and location.

Since 1997 - Participation in various applied research and consultancy projects at the Centre for Applied Economics and Management Studies (CEGEA) - Catholic University of Portugal.

→ **Publications:**

Author of the book "Gestão dos Serviços – A Avaliação da Qualidade" ("Managing Services – Quality Assessment").

5.2. REMUNERATION STATUS OF MEMBERS OF GOVERNING BODIES

For the purposes of fixing the remuneration of governing bodies, the company STCP, S.A. was allocated the rating "C" by Resolution of the Council of Ministers no. 36/2012, of 26 March, amended by Resolutions of the Council of Ministers no. 97/2012, of 21 November, no. 45/2013, of 19 July, and no. 48/2013, of 29 July.

2016/2018 Term

Board of the General Meeting

The Unanimous Written Company Decision, of 25 January 2016, set the following attendance fee values for members of the Board of the General Meeting:

- **Chairman:** gross amount of €500.00
- **Vice-Chairman:** gross amount of €425.00
- **Secretary:** gross amount of €350.00.

It was decided that the legally applicable remuneration reductions and reversals would be applied to the gross amounts fixed. Other provisions that may be legally established are also applicable to all these remunerations.

Board of Directors

The Unanimous Written Company Decisions of 25 January and of 24 February 2016 fixed the remunerations of members of the Board of Directors pursuant to the Public Manager Statute, approved by Decree-Law no. 71/2007, of 27 March, as amended by Decree-Law no. 8/2012, of 18 January, at:

- **Non-Executive Chairman:** gross amount of €1144.55, paid 14 times per year.
The Non-Executive Chairman receives no remuneration as he is paid for his duties as Executive Chairman at the company Metro do Porto, S.A.
- **Executive Voting Member:** gross amount of €3,662.56, paid 14 times per year, to which a monthly allowance for representation costs is added in the amount of €1,465.02, paid 12 times per year.
- **Non-Executive Voting Member:** gross amount of €915.64, paid 14 times per year.

In accordance with the provisions of no. 3 of Article 32 of the Public Manager Statute, approved by Decree-Law no. 71/2017, of 27 March, as amended by Decree-Law no. 8/2012, of 18 January, and based on the deliberations in point 8 of the General Meeting minute no. 56, of 18 June 2013, the maximum overall monthly value for communications costs, including mobile phone, landline and internet costs, for members of the Board of Directors may not exceed €80.00.

Pursuant to the provisions of no. 3 of Article 33 of the Public Manager Statute, approved by Decree-Law no. 71/2017, of 27 March, as amended by Decree-Law no. 8/2012, of 18 January, the maximum monthly amount permissible for fuel and tolls for service vehicles is fixed at one quarter of the monthly allowance for representation costs.

The following is not permitted:

- The use of credit cards and other payment means for the purpose of spending money while serving the company, in accordance with the provisions of no. 1 of Article 32 of the Public Manager Statute; and
- The reimbursement of any costs that may be considered to be staff representation costs in accordance with the provisions of no. 2 of Article 32 of the Public Manager Statute.

It was decided that the legally applicable remuneration reductions and reversals would be applied to the gross amounts fixed. Other provisions that may be legally established are also applicable to all these remunerations.

Supervisory Board

The Unanimous Written Company Decision, of 25 January 2016, fixed the following remuneration status for members of the Supervisory Board:

- **Chairman:** gross amount of €1281.90, paid 14 times per year.
- **Voting Members:** gross amount of €961.42, paid 14 times per year.

It was decided that the legally applicable remuneration reductions and reversals would be applied to the gross amounts fixed. Other provisions that may be legally established are also applicable to all these remunerations.

Statutory Auditor

The following was decided by means of the Unanimous Written Company Decision of 30 November 2016:

- The annual gross remuneration for the Statutory Auditor will be that contained in the service provision contract to be signed between STCP and the Statutory Auditor, with the maximum limit equivalent to 22.5% of the amount corresponding to twelve months of the overall gross remuneration received, as stipulated by law, by the Chairman of the Board of Directors of the company with a C rating.
- Under Article 101 of Decree-Law no. 18/2016, of 13 April, which promulgated the effects of the Economic and Financial Assistance Programme, the application of the values in the point immediately above cannot result in an increase in the remuneration received by the Statutory Auditor, considering the amounts allocated at the date of entry into force of the Resolutions of the Council of Ministers no. 16/2012 and no. 18/2012.
- Current legal remuneration reductions apply to the monthly amount, along with other provisions that may be approved.
- VAT is added to the service provision amount, paid twelve months a year, at the current legal rate.
- The entity should reimburse the Statutory Auditor for transport and accommodation costs, and for any other costs incurred while performing his or her duties.

At its meeting of 5 December, minute no. 40/16, the Board of Directors approved the monthly amount of €1,442.13 (one thousand four hundred and forty-two euros, thirteen cents), plus VAT at the current legal rate, to be paid twelve months per year to the firm Baker Tilly, PG & Asociados, SROC, S.A. for preparing the legal certification of individual accounts.

The approved amount is subject to the content of the Unanimous Written Company Decision of 30 November 2016.

5.3. INTERNAL AND EXTERNAL REGULATIONS

STCP is governed by its Articles of Association, approved by Decree-Law no. 202/94 of 23 July, amended by Declaration no. 101/94 of 30 July, supplemented and clarified in relation to the trolleybus or tram lines operated by STCP by Decree-Law no. 379/98 of 27 November and amended by Law no. 38/2016 of 19 December which re-words Article 3 and adds Article 2-A, to prohibit the subconcession of the service to entities which are not governed by public law or do not have exclusively public capital.

The Company is also governed by the Commercial Companies Code.

Owing to the fact that the State is the Company's sole shareholder, the company is subject, where applicable, to the principles and rules of the Public Business Sector, of the State, contained in Decree-Law no. 133/2013 of 3 October (RJSPE), amended by Law no. 75-A/2014 of 30 September, in Law no. 42/2016 of 28 December, in Constitutional Court Judgment no. 413/2014 of 26 June and in Law no. 75/2014 of 12 September.

STCP also complies with the stipulations of Order no. 14.277/2008 of 23 May, relating to special reporting duties: it regularly reports to the Directorate General of the Treasury and Finance (DGTF), the Inspectorate General of Finance (IGF) and the Technical Unit for Monitoring the Public Business Sector (UTAM) through Economic and Financial Information Collection Systems (SIRIEF), annual and multi-annual business plans, annual budgets, including estimates of financial transactions with the State, annual and multi-annual investment plans and the respective sources of financing, quarterly reports on budget implementation accompanied by reports by the supervisory body, and copies of the minutes of General Meetings (GM).

The company calculates the average supplier payment period according to RCM no. 34/2008 of 22 February (Pay on Time Programme), with the amendment introduced by Order no. 9870/2009 of 13 April.

The SEE legislative framework also includes the following legal instruments: the Public Manager Statute, Decree-Law no. 71/2007 of 27 March, re-published by Decree-Law no. 8/2012 of 18 January, amended by amendment no. 2/2012 of 25 January and by DL no. 39/2016 of 28 July, RCM no. 16/2012 of 14 February, which establishes the salary criteria for public managers, Article 12 of Law no. 12-A/2010 and Law no. 59/2013 of 23 August, which establishes a regime for providing information on remuneration, supplements and other remuneration components for employees of public entities, for the purpose of analysing and characterising these and determining suitable remuneration policy measures.

RCM no. 8/2011 of 25 January – orthographic agreement – established that the orthographic agreement would apply from 1 January 2012 to the Government and all the services, organisms and entities managed, overseen and guided by the Government.

Decree-Law no. 82/2016 of 28 November, which establishes the partial and temporary decentralisation of powers of the State transport authority to the Porto Metropolitan Area, in relation to the public passenger transport service operated by STCP, and the partial and temporary decentralisation of the operational management of STCP.

As a public passenger road transport sector company, STCP must comply with the following instruments, among others:

- Law no. 52/2015 of 9 June, amended by Law no. 7-A/2016 of 30 March, approving the Public Passenger Transport Service Regime.
- DL no. 60/2016 of 8 September, establishing the applicable rules for the provision of flexible public passenger transport services and regulating Article 34 et seq. of the Public Passenger Transport Service Legal Regime, approved by Law no. 52/2015 of 9 June.
- Decree-Law no. 3/2001 of 10 January, amended by Decree-Law no. 90/2002 of 11 April and by DLR no. 6/2006/A of 21 February, which establishes the legal Regime for access to the business of road-based passenger transport by means of vehicles with more than nine seats.
- Law. no. 28/2006 of 4 July, sanctions regime applicable to infringements in the area of collective passenger transport, with the amendments introduced by Decree-Laws no. 14/2009 of 14 January, no. 114/2011 of 30 November and no. 83-C/2013 of 31 December.
- State Budget Law and Budget implementation rules.
- RCM no. 45/2011 approving the Strategic Transport Plan (PET) for the 2011-2015 period, updated by the 2014-2020 Strategic Transport and Infrastructure Plan (PETI3+), of April 2014.

This is also covered by a variety of instruments relating to specific regimes:

- Highway Code, approved by Law no. 114/94 of 16 March, with the amendments that were made to it.
- Decree-Law no. 18/2008 of 29 January, Public Procurement Code for the acquisition of goods, services and contracts, with the amendments that were made to it.
- In terms of labour, the company is governed essentially by the company Agreements entered into with the various trade unions, the Orders issued by the Board of Directors and the internal company Notices. The rules set out in the Labour Code, Law no. 7/2009 of 12 February, with the amendments that were made to it, and the respective regulations also apply in this area.

For any other matters, the company undertakes to comply with existing legislation and regulations.

The company follows its Quality Environment and Occupational Health and Safety Manual, and the respective series of processes and corresponding procedures and internal procedures, it is governed by the Code of Ethics and Conduct and it complies with the Plan to Prevent the Risk of Corruption and Related Offences.

5.4. COMPLIANCE WITH LEGAL GUIDELINES

This section details STCP's compliance with legal guidelines, as set out in official letter no. 1269 of 27 February 2017, from the Directorate General of the Treasury and Finance (DGTF), in the template in Annex I and the respective appendices 1 and 2.

5.4.1. Management targets and activities and budget plan

Article 38 of Decree-Law no. 133/2013 of 3 October describes the content and performance of the shareholder's role, including a definition of the guidelines to be applied while carrying out the business activities that are reported every three-year period, and a definition of the targets and results to be achieved every year and every three-year period, particularly economic and financial targets and results.

Objectives of the Management Contract and Activities and Budget Plan

In April 2016, a proposal for the management contract for the 2016-2018 term was sent to the financial Guardian Authority; however, a management contract has not yet been established and the objectives thereof have not been defined for the 2016 financial year.

Given that the Management Contract has not been approved for 2016, the objectives are included in the Activities and Budget Plan (PAO) for 2016, along with its degree of implementation.

INDICADOR	UNID.	2016		DIFFERENCE	
		TARGET	ACTUAL	AMOUNT	%
EBITDA (management) w.o. CP	€10 ³	-4.211	-2.590	1.621	38,5%
Business volume (w. fare contribution)	€10 ³	44.866	45.099	233	0,5%
Operating expenses/business volume	%	107,6	108,2	0,6 p.p.	0,6%
Passenger km transported	€10 ³	254.851	253.512	-1.339	-0,5%
Seat km offered	€10 ³	1.984.528	1.989.727	5.199	0,3%
Revenue per passenger	€ cent.	61,1	61,6	0,5	0,8%

Glossary:

EBITDA (management) w.o. CP (Compensatory Payments) Results before depreciation, financing expenses, tax, provisions, reversals, impairments, fair value changes and compensation for termination of employment contracts. Payment of: approximately €1.1 million for the out-of-court settlement to recognise compensatory rest for staff, between 2003 and 2011 and taking into account the five best years (amount provisioned in the 2015 accounts); approximately €670,000 for the impact of reinstating the retirement benefits cap, from €600 to €650, arising from State Budget Law 16 and the amount of approximately €10.1 million of non-current expenses in connection with the Memorandum of Understanding signed between the Guardian Authority, the Porto City Council and STCP in relation to STCP's property.

Business volume (w. fare contribution): Sales and services provided + other income and gains

Operating expenses: CGSMC + ESS + staff expenses without compensation for termination of contracts, including non-recurring expenses

Passenger km transported: passengers x average distance per passenger

Seat km offered: vehicle km x average capacity

Revenue per passenger: revenue/passenger

5.4.2. Financial risk management

Details of the policy for managing the debt portfolio and the financial risk associated with it is set out in Note 29 of the financial statements.

In 2016, STCP, S.A. was only financed for the purpose of performing the debt service granted by the State. These operations took the form of two capital increases through conversion of debt, in the total amount of €57,784,361.72, and €3.28 in cash. The capital increases are formalised and substantiated by Orders of the Joint Guardian Authority and fall within the regular transactions of public companies for strengthening social capital through the reduction of credits granted by the State.

On 31 December, the process for the first capital increase, in the amount of €30,282,535 was completed, and the duties to provide information to the CMVM and related entities were fulfilled. On the same date, a preparatory phase was under way to register the second capital increase, in the amount of €27,501,830, which was completed in February 2017.

Operating activity was financed by the company itself.

YEARS	2016	2015	2014	2013	2012
Financial charges (€) ⁽¹⁾	17.194.169	14.761.383	19.653.131	21.350.025	20.951.696
Average Financing Rate (%)	1,69%	1,72%	3,55%	4,48%	4,75%

⁽¹⁾ Interest on financing and other financial instruments (swap) and financing charges.

5.4.3. Borrowing growth limit

STCP ended 2016 with a total interest-bearing debt of approximately €370 million, marking a 13% decrease compared to 2015.

The variation in adjusted borrowing was 0.58%, 2.4 percentage points below the borrowing limit of 3% stipulated in no. 2 of Article 31 of Law no. 7-A/2016, of 30 March, with Amendment no. 10/2016 of 25 May (State Budget Law for 2016), established in accordance with the formula in point 3 of Annex 1 of official letter no. 1269, of 27 February 2017, from the DGTF.

INTEREST-BEARING LIABILITIES (€)	2016	2015	2014	2013	16-15	16/15
Financing obtained (current and non-current)	370.324.692	425.588.098	415.208.460	395.935.043	-55.263.406	-13%
which are granted by the DGTF ⁽¹⁾	263.160.049	313.368.424	301.250.249	0	-50.208.375	-16%
Increases in capital from endowments	3,28	3.006.762	0	0	-3.006.759	
Increases in capital from credit conversion	57.784.362	2.849.363	0	0	54.935.002	1928%
Adjusted borrowing	433.965.182	431.444.223	415.208.460	395.935.043	2.520.962	0,58%

⁽¹⁾ Nominal value of loans.

5.4.4. Changes in the average payment period and arrears

5.4.4.1. Changes in the average payment period (APP) for suppliers

In 2016, the APP was 51 days, representing a decrease of 14 days compared to 2015, that is, approximately -22%. The company achieved the degree of fulfilment of the targets set out in no. 9 of RCM no. 34/2008, which establishes that when the APP of the previous year is greater than or equal to 45 days, a reduction of at least 15% must be achieved.

APP [1]	2016	2015	VAR. 16/15	
			AMOUNT	%
Period (days)	51	66	-14	-22%

⁽¹⁾ In accordance with RCM no. 34/2008, of 22 February, with the amendment introduced by Order no. 9870/2009, of 13 April.

The change in the APP was established in accordance with RCM no. 34/2008 of 22 February, as amended by Order no. 9870/2009 of 13 April, that is, based on the ratio of debt owed to suppliers and sundry creditors to the acquisition of goods and services, which in 2016 saw changes of -31% and -11% respectively, compared to 2015.

The amount of debt owed to sundry creditors that is taken into account to calculate the APP does not include debt owed to the Municipality of Porto as a result of the Memorandum of Understanding signed between the Guardian Authority, the Porto City Council and STCP, to put an end to the dispute about the ownership of the company's property, since this type of debt is not covered by this legislation.

5.4.4.2. Arrears

Arrears are disclosed in accordance with the provisions of Decree-Law no. 65-A/2011 of 17 May:

OVERDUE DEBTS (EUROS)	0-90 DAYS	OVERDUE DEBTS IN ACCORDANCE WITH ART. 1 OF DL 65-A/2011			
		90-120 DAYS	120-240 DAYS	240-360 DAYS	> 360 DAYS
Acquisition of Goods and Services	148.166	9.962	43.651	103.797	21.440
Acquisition of Capital	10.553	19.803	20.571	0	0
Total	158.720	29.765	64.222	103.797	21.440



Overdue debts in 2016 amounted to €219 thousand, representing an increase of approximately €112.4 thousand in relation to last year.

Approximately €69 thousand (31%) of the amount in debt relates to transactions between STCP affiliate companies, TIP and Metro do Porto, which are simultaneously debtors and creditors of the company. Part of the remaining amount relates to invoices being verified and/or settled, which contributed to the increase in debt.

Over 2016, STCP disclosed its debts of more than 30 days by the end of the month following the end of each quarter, on a quarterly basis. The debts were published on its website (www.stcp.pt), in accordance with no. 2 of Article 14 of Decree-Law no. 18/2016 of 13 April, amended by Decree-Law no. 35-A/2016 of 30 June (DLEO 2016).

5.4.5. Shareholder recommendations

At the STCP General Meeting on 30 May 2016, the shareholder's representative recommended the following steps to the Board of Directors when approving the 2015 accounts:

→ *Reduce the Average Payment Period for Suppliers under the terms set out in Resolution of the Council of Ministers no. 34/2008 of 22 February, as amended by Order no. 9870/2009 of 13 April.*
The change in the Average Payment Period for Suppliers is detailed in point 5.4.4. of this report. In 2016, the APP was 51 days (reduction of 22% compared to 2015) and STCP achieved the degree of fulfilment of the target set out in no. 9 of RCM no. 34/2008, which established a reduction of between 15% and 25% for APPs in the previous year which are greater than or equal to 45 days.

→ *Submit the report on men's and women's remuneration, taking into account specific objectives to diagnose and prevent unjustified differences and to adopt specific corrective measures as envisaged in Resolution of the Council of Ministers no. 18/2014, of 7 March.*

The 2016 Report on Remuneration by Gender was drafted, as stated in point 5.4.9. of this report.

→ *Submit the report on the prevention of corruption, in accordance with the provisions of the Legal Regime of the Public Business Sector.*

The 2016 annual report on the prevention of corruption was drafted, as stated in point 5.4.10. of this report.

→ *Ensure that communications expenses and expense allowances in 2016 remain at the same level as the expenses listed for the said captions in 2014, in compliance with the provisions of subparagraph a) of no. 3 of Article 96 of Decree-Law no. 18/2016, of 13 April.*

Changes in communications expenses and expense allowances are detailed in point 5.4.14. of this report. In 2016, there was a 14% decrease in communications expenses and expense allowances compared to 2014, and an increase of 32% compared to 2015.

5.4.6. Remunerations

Wages of governing bodies members

Board of the General Meeting

Term (Start-End)	Cargo	Nome	Fixed fee value (€)	Remuneração Anual 2016 (€)			
				Gross (1)	Remuneration reductions (2)	Remuneration reversal (3)	Final Value (4) = (1)-(2)+(3)
2016-2018	Chairman	José António Ferreira de Barros	500	500	40	20	480
2016-2018	Vice-Chairman:	Maria Teresa Vasconcelos Abreu Flor Morais	425	425	34	17	408
2016-2018	Secretary	Carlos Maria Pinheiro Torres ⁽¹⁾	350	334	27	13	321
			1.275	1.259	101	50	1.209

⁽¹⁾ The fixed fee value does not match the gross value, since pursuant to Order no. 1212/15-SET, of 4 August 2015, remuneration cannot exceed amounts allocated at 1 March 2012, in accordance with no. 21 of RCM no. 16/2012, no. 3 of RCM no. 36/2012 and no. 1 of Art. 101 of DL 18/2016.

Board of Directors

Term 2012-2014

Term (Start-End)	Position	Name	Designation	
			Form	Date
2012-2014	Non-Executive Chairman	João Velez Carvalho	Unanimous Written Company Decision	10-aug-12
2012-2014	Executive Voting Member	André da Costa Figueiredo e Silva Sequeira	Unanimous Written Company Decision	29-jun-12
2012-2014	Executive Voting Member	Alfredo César Vasconcellos Navio	Unanimous Written Company Decision	29-jun-12
2012-2014	Non-Executive Voting Member	António José Lopes	Unanimous Written Company Decision	10-aug-12

Term 2016-2018

Term (Start-End)	Position	Name	Designation	
			Form	Date
2016-2018	Non-Executive Chairman	Jorge Moreno Delgado	Unanimous Written Company Decision	25-jan-16
2016-2018	Executive Voting Member	Tiago Filipe da Costa Braga	Unanimous Written Company Decision	25-jan-16
2016-2018	Executive Voting Member	Pedro José Ferreira Morais	Unanimous Written Company Decision	25-jan-16
2016-2018	Non-Executive Voting Member	Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	Unanimous Written Company Decision	24-feb-16

Term 2012-2014

Member of the BD	Accumulation of Tasks		
	Entity	Task	Regime
João Velez Carvalho	Metro do Porto, S.A.	Chairman of the Board of Directors	Private
	Metro do Porto, S.A.	Chairman of the Executive Committee	Private
	TIP - Transportes Intermodais do Porto, A.C.E.	Voting member of the Board of Directors, representing Metro do Porto, S.A.	Private
André da Costa Figueiredo e Silva Sequeira	TIP - Transportes Intermodais do Porto, A.C.E.	Voting Member on the Board of Directors	Private
	STCP SERVIÇOS - Transportes Urbanos, Consultoria e Participações, Unipessoal, Lda.	Manager	Private
Alfredo César Vasconcellos Navio	OPT - Optimização e Planeamento de Transportes, S.A.	Voting Member on the Board of Directors	Private
	TRANSPUBLICIDADE - Publicidade em Transportes, S.A.	Voting Member on the Board of Directors	Private
	Metro do Porto, S.A.	Voting Member on the Board of Directors	Private
António José Lopes	Metro do Porto, S.A.	Voting member of the Executive Committee	Private
	TRANSPUBLICIDADE - Publicidade em Transportes, S.A.	Chairman of the Board of Directors, representing Metro do Porto, S.A.	Private
	Metro do Porto, Consultoria - Consultoria em Transportes Urbanos e Participações, Unipessoal, Lda.	Manager	Private
	TIP - Transportes Intermodais do Porto, A.C.E.	Voting member of the Board of Directors elected by the General Meeting	Private
	Nortrem - Aluguer de Material Ferroviário, A.C.E.	Voting Member on the Board of Directors	Private

Term 2016-2018

Member of the BD	Accumulation of Tasks		
	Entity	Task	Regime
Jorge Moreno Delgado	Metro do Porto, S.A	Executive Chairman of the Board of Directors	Private
	Metro do Porto, S.A	Chairman of the Executive Committee	Private
	TIP - Transportes Intermodais do Porto, ACE	Chairman of the Board of Directors	Private
Tiago Filipe da Costa Braga	Metro do Porto, S.A	Non-Executive Director of the Board of Directors	Private
	OPT - Optimização e Planeamento de Transportes, S.A.	Voting Member on the Board of Directors	Private
	TRANSPUBLICIDADE - Publicidade em Transportes, S.A.	Voting Member on the Board of Directors	Private
Pedro José Ferreira Morais	TIP - Transportes Intermodais do Porto, ACE	Voting Member on the Board of Directors	Private
	STCP SERVIÇOS - Transportes Urbanos, Consultoria e Participações, Unipessoal, Lda.	Manager	Private
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	GIMPA Business School (Ghana Institute of Management and Public Administration)	Member of the Advisory Board	Private
	Universidade Católica Portuguesa	Director of Católica Porto Business School	Private

Term 2012-2014

Member of the BD	Public Manager Statute				
	Fixed	Classification	Gross monthly remuneration (€)		
			Monthly Salary	Representation Costs	
João Velez Carvalho ⁽¹⁾	Yes	C	1.145	0	
André da Costa Figueiredo e Silva Sequeira	Yes	C	3.663	1.465	
Alfredo César Vasconcellos Navio	Yes	C	3.663	1.465	
António José Lopes ⁽¹⁾	Yes	C	916	0	

⁽¹⁾ Receive no remuneration given that they are paid at Metro do Porto, S.A. as Executive Administrators.

Term 2016-2018

Member of the BD	Public Manager Statute				
	Fixed	Classification	Gross monthly remuneration (€)		
			Monthly Salary	Representation Costs	
Jorge Moreno Delgado ⁽¹⁾	Yes	C	1.145	0	
Tiago Filipe da Costa Braga	Yes	C	3.663	1.465	
Pedro José Ferreira Morais	Yes	C	3.663	1.465	
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	Yes	C	916	0	

⁽¹⁾ Receives no remuneration given that he is paid at Metro do Porto, S.A. as Executive Chairman.

Term 2012-2014

Member of the BD	Annual Remuneration – 2016 (€)					
	Fixed ⁽¹⁾	Variable ⁽²⁾	Gross Amount ^{(3) = (1)+(2)}	Remuneration Reductions ⁽⁴⁾	Remuneration Reversals ⁽⁵⁾	Gross Final Amount ^{(6) = (3)-(4)+(5)}
André da Costa Figueiredo e Silva Sequeira	15.080	0	15.080	1.900	644	13.823
Alfredo César Vasconcellos Navio	14.415	0	14.415	1.816	600	13.199
			29.495	3.716	1.244	27.022

⁽¹⁾ The amount of fixed remuneration corresponds to the salary + representation costs (without remuneration reductions/reversals).

⁽⁴⁾ e ⁽⁵⁾ Remuneration reductions and reversals provided for in Article 12 of Law 12-A/2010, of 30 June, in Law no. 75/2014, of 12 September and in Law no. 159-A/2015, of 30 December.

Term 2016-2018

Member of the BD	Annual Remuneration – 2016 (€)					
	Fixed ⁽¹⁾	Variable ⁽²⁾	Gross Amount ^{(3) = (1)+(2)}	Remuneration Reductions ⁽⁴⁾	Remuneration Reversals ⁽⁵⁾	Gross Final Amount ^{(6) = (3)-(4)+(5)}
Tiago Filipe da Costa Braga	64.592	0	64.592	8.139	3.303	59.756
Pedro José Ferreira Morais	64.592	0	64.592	8.139	3.303	59.756
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	11.042	0	11.042	561	0	10.481
			140.226	16.838	6.606	129.993

⁽¹⁾ The amount of fixed remuneration corresponds to the salary + representation costs (without remuneration reductions/reversals).

⁽⁴⁾ e ⁽⁵⁾ Remuneration reductions and reversals provided for in Article 12 of Law 12-A/2010, of 30 June, in Law no. 75/2014, of 12 September and in Law no. 159-A/2015, of 30 December.

Term 2012-2014

Member of the BD	Social Benefits (€)						
	Meal Allowance		Regime de Proteção Social		Health Insurance Annual Fee	Life Insurance Annual Fee	Personal Accident Insurance Annual Fee
	Amount/Day	Amount paid year	Identify	Annual Fee			
André da Costa Figueiredo e Silva Sequeira	4,27	149	Social Security	3.374	0	0	43
Alfredo César Vasconcellos Navio	4,27	73	CGA	3.164	0	0	43
		222		6.538	0	0	86

Term 2016-2018

Member of the BD	Social Benefits (€)						
	Meal Allowance		Regime de Proteção Social		Health Insurance Annual Fee	Life Insurance Annual Fee	Personal Accident Insurance Annual Fee
	Amount/Day	Amount paid year	Identify	Annual Fee			
Tiago Filipe da Costa Braga	4,27	867	Social Security	15.327	0	0	351
Pedro José Ferreira Morais	4,27	854	Social Security	14.994	0	0	351
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	0,00	0	Social Security	2.489	0	0	0
		1.721		32.810	0	0	702

Term 2012-2014

Member of the BD	Vehicle Charges									
	Allocated Vehicle		Vehicle Reference Value (€)	Type	Year Start	Year End	Monthly Lease Amount (€)	Annual Lease Expenditure (€)	Remaining Contractual Instalments (N ^o)	
	Contract	Contract								
André da Costa Figueiredo e Silva Sequeira	Yes	Yes	38.513	ALD	2009	2016	800	800	0	
Alfredo César Vasconcellos Navio	Yes	Yes	44.332	ALD	2010	2016	875	875	0	

Term 2016-2018

Member of the BD	Vehicle Charges									
	Allocated Vehicle		Vehicle Reference Value (€)	Type	Year Start	Year End	Monthly Lease Amount (€)	Annual Lease Expenditure (€)	Remaining Contractual Instalments (N ^o)	
	Contract	Contract								
Tiago Filipe da Costa Braga	Yes	Yes	34.716	ALD	2016	2020	537	8.693	44	
Pedro José Ferreira Morais	Yes	Yes	32.683	ALD	2016	2017	789	8.680	9	
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	No	No	-	-	-	-	-	-	-	

Term 2012-2014

Member of the BD	Annual Mission Expenses (€)						
	Missions	Cost of Accommodation	Expense Allowances	Other		Total Travel Expenses (Σ)	
				Identify	Amount		
André da Costa Figueiredo e Silva Sequeira	0	0	0		0	0	
Alfredo César Vasconcellos Navio	0	0	0		0	0	
						0	

Term 2016-2018

Member of the BD	Annual Mission Expenses (€)						
	Missions	Cost of Accommodation	Expense Allowances	Other		Total Travel Expenses (Σ)	
				Identify	Amount		
Tiago Filipe da Costa Braga	471	0	21		0	492	
Pedro José Ferreira Morais	57	98	134		0	289	
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	0	0	0		0	0	
						0	

Supervision

Supervisory Board

Term (Início-Fim)	Position	Name	Designation		Fixed Remuneration Statute (monthly) (€)	Nº of Terms
			Forma	Data		
2012-2014	Presidente	Pedro Romano Martinez	Unanimous Written Company Decision	06/jun/14	1.282	3
2012-2014	Vogal Executivo	Ana Alexandra Filipe Freitas	Unanimous Written Company Decision	06/jun/14	961	3
2012-2014	Vogal Executivo	Paulo Jorge Rodrigues Mateus	Unanimous Written Company Decision	06/jun/14	961	1
2012-2014	Vogal Suplente	Dino Jorge Ramos Santos	Unanimous Written Company Decision	06/jun/14	0	3

Term (Início-Fim)	Position	Name	Designation		Fixed Remuneration Statute (monthly) (€)	Nº of Terms
			Forma	Data		
2016-2018	Presidente	Pedro Romano Martinez	Unanimous Written Company Decision	25/jan/16	1.282	4
2016-2018	Vogal Executivo	Ana Alexandra Filipe Freitas	Unanimous Written Company Decision	25/jan/16	961	4
2016-2018	Vogal Executivo	Paulo Jorge Rodrigues Mateus	Unanimous Written Company Decision	25/jan/16	961	2
2016-2018	Vogal Suplente	Dino Jorge Ramos Santos	Unanimous Written Company Decision	25/jan/16	0	4

Term 2012-2014

Name	Gross (1)	Remuneração Anual (€)			Final Amount (4) = (1)-(2)+(3)
		Remuneration Reductions (2)	Remuneration Reversal (3)		
Pedro Romano Martinez	1.132	143	55	1.044	
Ana Alexandra Filipe Freitas	849	107	41	783	
Paulo Jorge Rodrigues Mateus	849	107	41	783	
				2.610	

Term 2016-2018

Name	Gross (1)	Remuneração Anual (€)			Final Amount (4) = (1)-(2)+(3)
		Remuneration Reductions (2)	Remuneration Reversal (3)		
Pedro Romano Martinez	16.815	2.119	810	15.506	
Ana Alexandra Filipe Freitas	12.611	1.589	608	11.630	
Paulo Jorge Rodrigues Mateus	12.611	1.589	608	11.630	
				38.766	

Statutory Auditor

Term (Start-End) (1) (2)	Position	Audit Firm/Auditor No. Identification			Designação			No. of years worked in the firm
		Name	OROC Registration No.	CMVM Registration No.	Type (3)	Date	Monthly Contract Remuneration (€)	
nov-dez 2008	Statutory Auditor	António Magalhães & Carlos Santos, S.R.O.C.	53	20161396	UWD	25/nov/08	1.300	1
2009-2011	Statutory Auditor	António Magalhães & Carlos Santos, S.R.O.C.	53	20161396	UWD	09/sep/09	1.300	8

(1) Elected for the 2006-2008 Term

(2) Elected for the 2009-2011 Term, remaining in post until May 2016

(3) UWD - Unanimous Written Company Decision

Term (Start-End)	Position	Audit Firm/Auditor No. Identification			Designação			No. of years worked in the firm
		Name	OROC Registration No.	CMVM Registration No.	Type (3)	Date	Monthly Contract Remuneration (€)	
2016-2018	Statutory Auditor	Sociedade Baker Tilly, PG & Associados, SROC, S.A.	235	20161528	AG	30/may/16	1.442	1

Term 2012-2014

Name	Annual remuneration 2016 (€)			
	Gross (1)	Remuneration reductions (2)	Remuneration reversal (3)	Final Amount (4)=(1)-(2)+(3)
António Magalhães & Carlos Santos, S.R.O.C.	6.500	520	182	6.162

Also compensated €4,468 for consolidated accounts auditing; this amount includes remuneration reductions imposed under the applicable legislation.

Term 2016-2018

Name	Annual remuneration 2016 (€)			
	Gross (1)	Remuneration reductions (2)	Remuneration reversal (3)	Final Amount (4)=(1)-(2)+(3)
Baker Tilly, PG & Associados, SROC, S.A.	9.100	728	598	8.970

The gross remuneration amount does not correspond to that stipulated in the UWD of 30 November 2016, since pursuant to Order no. 1212/15-SET, of 4 August 2015, remuneration cannot exceed the amounts allocated at 1 March 2012, in accordance with no. 21 of RCM no. 16/2012, no. 3 of RCM no. 36/2012 and no. 1 of Art. 101 of DL 18/2016.

Remuneration of the External Auditor

Not applicable, given that STCP has no External Auditor.

Remuneration of other employees

In relation to compliance with legal obligations, with regard to remuneration of other employees, the regime in force in the 2016 financial year is set out in point 5.4.18. of this report, "Table summarising compliance with legal obligations".

5.4.7. Articles 32 and 33 of the public manager statute (EGP)

In 2016, the provisions of Articles 32 and 33 of the EGP were complied with in the following aspects:

- No credit cards or other payment means were used by public managers for the purpose of spending money while serving the company;
- Public managers were not reimbursed for any expenses considered to be staff representation costs;
- Communications expenses, including mobile phone, landline and internet expenses, are set out in the following tables.

Term 2012-2014

Member of the BD	Mobile Communications Expenses (€)		
	Established Monthly Ceiling	Annual Amount	Remarks
André da Costa Figueiredo e Silva Sequeira	80	23	
Alfredo César Vasconcellos Navio	80	70	
		93	

Term 2016-2018

Member of the BD	Mobile Communications Expenses (€)		
	Established Monthly Ceiling	Annual Amount	Remarks
Tiago Filipe da Costa Braga	80	211	
Pedro José Ferreira Morais	80	192	
		403	

- The monthly amount of fuel and tolls for service vehicles, as set out in the following table.

Term 2012-2014

Member of the BD	Monthly Ceiling Fuel and Tolls	Annual expenses linked to Vehicles (€)			
		Fuel	Tolls	Total	Remarks
André da Costa Figueiredo e Silva Sequeira	366	110	0	110	
Alfredo César Vasconcellos Navio	366	185	13	198	
				308	

Term 2016-2018

Member of the BD	Annual expenses linked to Vehicles (€)				Remarks
	Monthly Ceiling Fuel and Tolls	Fuel	Tolls	Total	
Tiago Filipe da Costa Braga	366	2.019	627	2.647	
Pedro José Ferreira Morais	366	1.897	421	2.318	
				<u>4.965</u>	

5.4.8. Undocumented or confidential expenses

The company complied with the provisions of no. 2 of Article 16 of the RJSPE and Article 11 of the EGP, prohibiting undocumented spending.

5.4.9. Report on remuneration (no. 2 RCM no. 18/2014)

The "2016 Report on Remuneration by Gender", on the remuneration of men and women, was drafted, pursuant to no. 2 of Resolution of the Council of Ministers (RCM) no. 18/2014, of 7 March.

This report was published internally on the intranet for all the employees to view, and was made available on the company's website.

"STCP's Plan for Gender Equality" was concluded, pursuant to no. 1 of RCM no. 19/2012 of 8 March. It was published on the company's website and thus made available to employees and the public in general.

5.4.10. Annual report on the prevention of corruption

The annual report on the prevention of corruption was prepared, in accordance with no. 1 of Article 46 of Decree-Law no.133/2013, of 3 October.

STCP's Plan to Prevent the Risk of Corruption and Related Offences was fully updated.

The two documents were published internally on the intranet for all the employees to view, and on the company's website.

5.4.11. Public Procurement

a) In 2016, STCP applied the Public Procurement Code (CCP), approved by Decree-Law no. 18/2008 of 29 January to the public procurement subject to this regime.

During the year, the following public tenders were launched:

- Public Tender no. 01/2016 – international public tender for the Supply of Fuel (Diesel) – awarded.
- Public Tender no. 02/2016 – international public tender for the Continuous Supply of Natural Gas for the STCP Fleet and Maintenance of Filling Station Equipment – awarded.
- Public Tender no. 3/2016 – international public tender for the Procurement of Insurance Services and Policies – awarded.

b) STCP has established procedures for acquiring goods and services, which involve consulting at least three suppliers. For specific technical matters, which are always duly substantiated, no-bid contracts may be used on an exceptional basis. In accordance with the abovementioned procedures, and where established by Law, public tenders are opened.

Since 2010, STCP has had Regulations for Suppliers in place. These specify minimum legal and best-practice requirements that must be met by service providers and suppliers of goods to the company, in the areas of safety and hygiene at work. The process of selecting, assessing and rating suppliers is established in internal procedure and is based on criteria which make it possible to objectively gauge the degree of fulfilment of the proposed commitments, which were last updated in November 2014.

The procedures in place at the company for the acquisition of goods and services are laid down in the integrated process framework in the Integrated Management System Manual, which was last reviewed in August 2016, and is reviewed whenever necessary.

c) In 2016, two contracts worth over €5 million were signed:

- the contract for the supply of fuel (diesel) for STCP's fleet, the maximum value of which is predicted to be €12.6 million (including extension). Prior inspection of the contract was requested from the Court of Auditors, to comply with the stipulations of Article 47 of the Law on Organisation and Procedure of the Court of Auditors (TC), which it did.
- the contract for the continuous supply of natural gas for the STCP fleet and maintenance of filling station equipment, the value of which, including extension, is predicted to be €7.3 million – exempt from TC approval pursuant to the provisions of no. 1, subparagraph c) of Article 47 of Law no. 98/97, as amended.

Prior approval was also requested from the TC for the extension of the terms of the contract for the maintenance of 77 standard buses, of the MAN brand (Compressed Natural Gas), worth €1.7 million. This was authorised.

5.4.12. National Public Purchasing System (SNCP)

STCP joined the SNCP in March 2011 when it signed an agreement with the Agência Nacional de Compras Públicas (National Public Purchasing Agency) E.P.E. (ANCP).

In the 2016 financial year, no contracts were awarded under this system.

5.4.13. Vehicle Fleet

Measures adopted in relation to the guidelines laid down in subparagraphs a) and b) of no. 3 of Article 96 of DLEO 2016, supplemented by Orders no. 1182/13-SET of 12 June, communicated through Circular Letter no. 4238 of 1 July, and Order no. 1668/13-SET of 6 September, communicated through Circular Letter no. 7408 of 2 December:

AT 31 DECEMBER	UNIT	2016	2015	2014	2013	VAR. 2016/2015		VAR. 2016/2014	
						ABS.	%	ABS.	%
Vehicle fleet expenses	€	153.690	160.111	172.336	218.010	-6.421	-4,0%	-18.646	-10,8%
No. of vehicles	unit	52	52	52	55	0	0%	0	0%

In 2016, vehicle fleet expenses fell by 4% (€-6.4 thousand) compared to 2015, and 10.8% (€-18.6 thousand) compared to 2014.

On 31 December, the company's support vehicle fleet comprised the following types:

TYPE OF VEHICLES (AT 31 DECEMBER)	UNIT	2016	2015	2014	2013
Light vehicles ^[a]	unit	33	32	32	35
Commercial vehicles	unit	17	17	17	17
Heavy vehicles	unit	2	3	3	3
Total		52	52	52	55

^[a] in 2016, 2 in relation to executive administrators and 10 in relation to managerial posts

In 2016, a new STCP Board of Directors (B. of D.) was appointed for the 2016-2018 term. According to Article 33 of the Public Manager Statute (EGP), executive voting members must be allocated service vehicles. In relation to the completion of rental contracts for the two vehicles for use by the outgoing Board of Directors, new operating leases were signed for two vehicles, in one of which STCP transferred its contractual position thereto.

In 2016, the group of vehicles for managerial posts included a vehicle transferred to STCP by Porto Metro under a lease, given that there was no service vehicle to allocate to a new manager in the area who was appointed at STCP and who came from Porto Metro.

The vehicles to support the company's various activities include three vehicles transferred to Porto Metro under leases. These transfers took place in previous years.

In December 2016 a heavy vehicle, a 23-year-old tow truck, was decommissioned.

5.4.14. Measures for reducing operating costs

Circular Letter no. 5536 of 23 December 2015 from the Directorate General of the Treasury and Finance, relating to instructions on preparing Management Forecasting Instruments (MFI) for 2016, established the following financial principles for 2016 by way of reference, in accordance with the provisions of Article 96 of Decree-Law no. 18/2016 of 13 April (DLEO 2016):

- EBITDA at least equal to the forecast for the 2015 financial year, and in any case always greater than that recorded in the 2014 financial year, in order to ensure economic and financial sustainability;
- Overall reduction of operating costs (CGSMC + ESS + Staff Expenses, excluding severance pay) of 15% compared to 2010;
- Each share of expenditure on communications, travel, expense allowances and accommodation and costs associated with the vehicle fleet, less than or equal to the cost incurred in the 2014 or 2015 financial years (whichever is lower).

STCP's performance in the 2016 financial year is set out in the following Cost Reduction Plan (PRC) table:

PRC	unid.	Meta	2016	2015	2014	2010	2016/2015		2016/2010	
							Δ Abs.	Var%	Δ Abs.	Var%
(0) EBITDA ^(a)	10 ³ €		-2.590	-3.823	1.406	1.489	1.233	32%	-4.079	-274%
(1) CGSMC	10 ³ €		1.255	859	1.078	1.421	396	46%	-166	-12%
(2) ESS	10 ³ €		17.280	19.270	22.096	32.611	-1.990	-10%	-15.331	-47%
(3) Staff expenses	10 ³ €		30.296	29.713	30.647	39.999	583	2,0%	-9.703	-24%
(4) Compensation paid for termination	10 ³ €		27	918	1.333	954	-891	-97%	-927	-97%
(5) Impact of remuneration reductions reversal	10 ³ €		133	0	0	0				
(6) Operating Expenses = (1)+(2)+(3)-(4)-(5)	10 ³ €	15% reduction compared to 2010	48.671	48.925	52.488	73.077	-254	-0,5%	-24.407	-33%
(7) Business volume (BV) ^(b)	10 ³ €		45.099	44.931	48.127	52.778	167	0,4%	-7.680	-15%
(8) Proportion of Expenses/BV = (6)/(7)	%	reduction compared to 2015	108%	109%	109%	138%	-1 pp	-0,9%	-31 pp	-22%
Communications Expenses (FSE) ^(c)	10 ³ €		134	104	161	441	30	29%	-307	-70%
Travel/Accommodation Expenses (FSE) ^(d)	10 ³ €	'= at 2014 or 2015 (whichever is lowest)	5,8	2,0	1,7	15,6	3,8	195%	-10	-63%
Expense allowances (Staff Expenses) ^(e)	10 ³ €		4,1	1,1	0,4	2,7	3,0	286%	1	51%
Total no. of HR (GB + SB + employees) ^(f)	n ^o		1.245	1.184	1.186	1.516	61	5,2%	-271	-18%
No. Governing Bodies (GB) ^(g)	n ^o		12	12	12	13	0	0,0%	-1	-7,7%
No. of managerial posts (MP) ^(h)	n ^o		10	7	8	19	3	43%	-9	-47%
No. of Employees (without GB and MP) ^(f)	n ^o		1.223	1.165	1.166	1.484	58	5,0%	-261	-18%
No. of Employees/No. MP	n ^o		122	166	146	78	-44	-27%	44	57%
No. of vehicles	n ^o	reduction compared to the previous year	52	52	52	70	0	0,0%	-18	-26%
Vehicle expenses	10 ³ €	= at 2014 or 2015 (whichever is lowest)	154	160	172	353	-6	-4,0%	-200	-57%

(a) Results before depreciation, financing expenses, taxes, provisions, reversals, impairments, fair value changes, compensation for termination of employment contracts, financial component of operating leases. 2015: payment of approximately €600 thousand for the court ruling and out-of-court settlement in relation to paying drivers for travel time between legs with intervals of over two hours, until 2014. 2016 payment of: approximately €1.1 million for the out-of-court settlement to recognise compensatory rest for staff, from 2003 to 2011 and taking into account the five best years (amount provisioned in the 2015 accounts); approximately €670,000 for the impact of reinstating the retirement benefits cap, from €600 to €650, arising from State Budget Law 16 and the amount of approximately €10.1 million of non-current expenses in connection with the Memorandum of Understanding signed with the Porto City Council and the Guardian Authority in relation to the company's property.

(b) Business volume = sales and services provided + other income and gains + work for the actual company.

(c) Account 6262 SNC.

(d) Account 625 SNC.

(e) Accounts 63127 and 63227 SNC.

(f) At 31 December. Includes governing bodies, seconded and transferred employees. Does not include unpaid leave.

(g) At 31 December. From 2012: 4 Board of Directors, 3 General Meeting Boars, 4 Supervisory Board (including alternate) and 1 Statutory Auditor. In 2010, 5 Board of Directors, 3 General Meeting Board, 4 Supervisory Board (including alternate) and 1 Statutory Auditor.

(h) At 31 December.

It may be seen that the following guidelines were adhered to:

- Reduction of operating costs (CGSMC + ESS + Staff Expenses, excluding severance pay), which fell by 33% overall (€-24.4 million) compared to 2010, exceeding the planned 15% reduction target (€-7.3 million);
- Reduction of 0.9% (1 percentage point) in the proportion of the business volume represented by operating costs compared to 2015;
- Reduction of 4% (€-6 thousand) in support vehicle expenses compared to 2015;
- The business volume was €45.1 million, representing a 0.4% increase (€167 thousand) compared to 2015.

It may be seen that the following guidelines were not adhered to:

- The EBITDA (management) was minus €2.6 million, representing an improvement of 32% (€1.2 million) compared to the 2015 value. Compared to 2014, there was a 274% downturn (approximately €4.1 million);
- It should be noted that in 2016 and 2015 no compensatory payments were awarded, while in 2014 compensatory payments amounted to €4.7 million;
- Communications expenses were €134 thousand, representing an increase of 29% (€+30 thousand) compared to 2015. This increase is due to the contract signed with the company

Veniam for the supply of the Wi-Fi service on board the buses from August 2016, provided on an experimental basis for approximately a year and a half at no cost for STCP;

- Travel/accommodation expenses were €5.8 thousand in 2016. While this represents an increase of €3.8 thousand compared to 2015 and €4.1 thousand compared to 2014, the full value is essentially the very least that the company needs to spend on travel and stays in order to function, in particular, travel for meetings with the Guardian Authorities or other institutions, or travel for training purposes;
- Expense allowances amounted to €4.1 thousand in 2016, which is greater than the amount recorded in 2015, of €1.1 thousand, and in 2014, of €400. This amount is related to staff travel at the service of the company.
- The number of support vehicles was 52, the same number as in 2015, owing to the fact that a heavy vehicle (tow truck) was decommissioned in December and a light vehicle was rented from Porto Metro to support a seconded STCP managerial post.

Human Resources (HR)

Circular Letter no. 5536 of 23 December 2015 from the DGTF established the following principles for 2016, by way of reference, in relation to Human Resources:

During the 2016 financial year, SPEs must continue to streamline their staff, ensuring they meet the actual requirements of an efficient organisation. The total workforce shall be limited to the number registered at 31 December 2014, or to the number that may have been authorised during the 2015 financial year.

When during the 2015 financial year authorisation has been given for a total number of staff which is higher than that registered on 31 December 2014, the said permissions must have been obtained.

The STCP workforce, without governing bodies, from 2014 to 2016 as at 31 December and its changes each year are shown below:

31 DECEMBER	2016	2015	2014
Total permanent staff (without GB)	1.232	1.171	1.173
Variation year n - (n-1)	61	-2	

PERMANENT STAFF TURNOVER	2016	2015
ADMISSION	113	67
Admission	110	66
return from unpaid leave	2	0
reinstatement (by Court decision)	1	1
DEPARTURES	52	69
unpaid leave	3	0
others	49	69
ARRIVALS - DEPARTURES	61	-2

	2016	2015	NOTES
ADMISSION	110	66	
Drivers	108	60	Requests were sent to the Guardian Authority for all these cases
Tram drivers	1	5	
Technical Staff (responsible for IT Syst.)	1	0	
Ancillary	0	1	

In January 2015, a request was submitted to the Guardian Authority for the authorisation of the recruitment of 1 maintenance assistant for the tram service, authorised by means of Official Letter no. 1247, dated 23-03-2015, from the Secretariat of State for Infrastructure, Transport and Communications.

In July 2015, a request was submitted to the Guardian Authority for the authorisation of the recruitment of 139 new drivers/brakemen, for the public passenger transport service, authorised by means of Official Letter no. 3539, dated 14-08-2015, from the Secretariat of State for Infrastructure, Transport and Communications.

In August 2016, a request was submitted to the Guardian Authority for the authorisation of the recruitment of 37 new drivers/brakemen, for the public passenger transport service, authorised by means of Official Letter no. 1437, dated 04-10-2016, from the Assistant Secretary of State for the Environment.

With respect to these last two authorisations (139 + 37 = 176), 174 drivers and brakemen were recruited in:

- 2015: 60 new drivers and 5 brakemen and
- 2016: 108 drivers and 1 brakeman

In August 2016, a request was submitted to the Guardian Authority for the authorisation of the recruitment of an engineer for the Communications and IT Office, authorised by means of Official Letter no. 1440, dated 04-10-2016, from the Assistant Secretary of State for the Environment.

In the recruitment of new employees, there was no increase in staff expenses in 2015 and 2016, since the staff who were recruited had lower salaries than the staff who left their jobs at the end of their careers.

5.4.15. State Treasury Unit Principle

Pursuant to Article 86 of Law no. 7-A/2016 of 30 March, STCP, S.A. submitted an application for the State Treasury Unit (UTE) Principle exemption regime to the Secretariat of State for the Treasury and Finance (SEATF), for the year 2016, for a two-year period.

In accordance with Order no. 1140/16 of the SEATF, of 10 November, the UTE partial exemption regime was authorised in relation to financing operations, owing to a lack of a legal framework, bank guarantees, securities being held, the purchase and sale of foreign currency and cash orders.

Over the year, the company closed the short-term deposit accounts with banks where financing operations were contracted once their debt servicing had ended.

During the year, the company concentrated most of its available assets in the Short-term Deposit Account with the Treasury and Public Debt Management Agency (IGCP, E.P.E.) and managed day-to-day bank services in the same way, using the services provided by the IGCP.

If should be noted that during the year the company made no financial investments and earned no interest on the available financial assets in Short-term Deposits outside the IGCP, as shown below:

BANK (AMOUNTS IN EUROS)	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
Novo Banco	9.202	9.030	8.858	8.685
Banco BPI	36.556	24.870	29.461	31.809
Banco Santander Totta	145.469	253.602	593.328	75.371
Banco BVA	40.079	40.079	40.079	0
Banco Bankinter	8.663	16.910	26.804	0
Banco Millenniumbcp	526.729	1.182.552	879.878	73.585
Caixa Geral de Depósitos	73.548	73.273	105.011	20.011
Montepio Geral	78.742	52.471	42.460	19.764
Portuguese Treasury and Debt Management Agency – IGCP	6.962.813	3.766.783	4.278.061	2.566.322
Total	7.881.801	5.419.570	6.003.941	2.795.546
Interest Earned	0	0	0	0

5.4.16. Audits performed by the Court of Auditors in the last three years

The 2014 Annual Report and Accounts contained a full list of the recommendations for STCP following the audits performed by the Court of Auditors (TC), as well as the measures taken to implement them.

This report also set out the recommendations which have yet to be implemented, in relation to the audit indicated below, and which were deemed by said Court to be partially adopted.

Audit on “Public Urban Transport in the City of Porto”

In 2009, the Court of Auditors finished the audit on public urban transport in the city of Porto, which began in 2008. The report (23/09) can be obtained at http://www.tcontas.pt/pt/actos/rel_auditoria/2009/2s/audit-dgpc-rel023-2009-2s.pdf.

In 2014, the Court of Auditors finished the audit to follow up on the recommendations set out in the report (23/09), resulting in the final report (14/2014) which can be viewed at http://www.tcontas.pt/pt/actos/rel_auditoria/2014/2s/audit-dgpc-rel014-2014-2s.shtm.

Summary of the recommendations and measures taken to adopt these:

Recommendation 10 adopted partially: “*The Board of Directors of STCP, S.A. should encourage the design of a common business communication model which is shared with the other operator companies that form part of the intermodality system in the Porto Metropolitan Area, in relation to the intermodal service they provide.*”



Business communication is shared among the various companies that make up the Andante intermodal system, although each company deals with specific areas. Some examples of shared communication:

- The *itinerarium.net* module, which integrates the service on the STCP, Metro and CP networks;
- The MOVE-ME app, developed by the company OPT in partnership with STCP, Metro do Porto, CP Porto and some private operators belonging to the ANTRON association, with the aim of improving the quality and accessibility of the integrated information about public transport in Porto;
- Integrated communication on the sales network with operators through campaigns developed by TIP, since the intermodal sales network is shared by various operators;
- The network maps which are printed by STCP and/or available at its stops include services provided by the operators Porto Metro and CP Porto;
- STCP's participation in integrated public transport service campaigns, which are coordinated by the above operators, for example the special New Year's Eve service, which was developed, executed and promoted in close collaboration with other operators and coordinated by the municipality of Porto;
- Large events that take place in the municipalities served by the transport networks are often organised in terms of service, sales network, and means of communication with the public, with the municipalities and various operators, including STCP, Porto Metro, TIP and the institutions involved. Examples of these events are Queima das Fitas, S. João in Porto, Serralves em Festa, and Nos Primavera Sound;
- STCP has a working team with TIP and other operators to develop shared projects, such as the "Anda" app to pay for public transport using a mobile phone. Metro Porto, CP and the operator J. Espírito Santo took part in the experimental project for this app;
- In addition, lines for communicating with the public – the Andante Customer Service Line and the STCP Linha Azul – are located in the same physical space, in order to ensure that the information to be provided to customers is properly shared and coordinated.

Recommendation 14 partially adopted: *"The Board of Directors of STCP, S.A. should endeavour to significantly reduce the number of services that are not performed by the Company and thus increase the rate of adherence to scheduled frequency".*

In July 2015, a request was submitted to the Guardian Authority for the authorisation of the recruitment of 139 new drivers/brakemen, for the public passenger transport service. This authorisation was obtained in August 2015. The process of recruiting these drivers was then initiated, and came to an end in June 2016.

In August 2016, another request was submitted to the Guardian Authority for the authorisation of the recruitment of 37 new drivers/brakemen, to replenish the staff that would retire in the meantime, either as a result of reaching retirement age or owing to invalidity. Following the authorisation thereof, which was obtained in October 2016, the process of recruiting the drivers was initiated, and 36 drivers/brakemen were recruited by the end of 2016.

In 2016, STCP also entered into negotiations about the company's Collective Employment Agreements. These negotiations took place between the Board of Directors and the various trade unions, and enabled the strike notice period that was in place in 2016 to be withdrawn from August onwards.

The combination of all these measures led to an increase in the rate of completion of scheduled journeys and to greater service reliability, which translated into a growth in demand.

Recommendation 17 partially adopted: *"The Board of Directors of STCP, S.A. should look into the possibility of developing the SAEIP – Passenger Information and Operation Support System, with a view to making more and better information available to passengers."*

There are currently 55 functioning Public Information Panels (PIPs) installed at STCP-related stops which supply real-time information. STCP plans to put another 7 PIPs into operation by the end of the first six months of 2017.

The migration of the STCP communications system, based on a TETRA network, to a network based on GSM/GPRS made it necessary to change the hardware in the PIPs, in order to ensure that they continued to function in full. In addition, there were changes in legislation relating to the security of equipment on public roads, which made it necessary to make technological and structural alterations in all the PIPs, meaning they were out of service for a long period of time.

In addition to the PIPs, STCP has also implemented other solutions that help to provide more and better information to passengers, based on information from the Operation Support System (SAE), namely:

7 Gobus screens fed by a web service, making it possible to display expected bus arrival times for groups of stops, determined according to proximity to metro stations;

- Information system known as Infoboard, which displays the arrival times of various operators in real time on large screens and in graphic format. STCP has installed two, one at São João Hospital and the other at the Porto Airport Arrivals area.
- SMSBUS service, a text-message service which allows customers to find out when the next bus will arrive at a bus stop, in a matter of seconds;
- MOVE-ME project, developed in the CIVITAS project, which consults the SAEI in order to supply the times of the "Next Departures" and plan intermodal routes with STCP schedules in real time. Available on 2 platforms, on the move-me.mobi website and on the Move-me app, available on Android and iPhone. It will soon be launched for Windows Phone;
- The STCP website also includes a web service to view "Next Arrivals" in real time on a computer, using the free SMSBUS widget (desktop app);
- STCP has collaborated with the Porto City Council with a view to making expected bus arrival times available on street furniture equipment;
- In the near future, it should be possible to view the STCP transport network on Google maps, based on information extracted from the SAEI about routes and stops.

STCP is preparing a Tender Dossier for a future tender to implement a new Information and Operation Support System that will allow greater flexibility and coordination between operation and the provision of information to the public, in particular real-time information.

5.4.17. Disclosure of information

STCP complied with disclosure of information requirements, pursuant to the provisions of Article 53 of Decree-Law no. 133/2013, of 3 October:

INFORMATION DISCLOSED AS AT 31 DECEMBER 2016, SEE WEBSITE, DGTf PORTAL	DISCLOSURE		
		UPDATE DATE	REMARKS
Articles of Association	S	02/feb/17	
Company Profile	N	30/jul/15	
Role of guardian authority and shareholder	S	12/jan/16	
Governance Model/Members of Governing Bodies			
Identification of governing bodies	S	07/sep/16	
Fixed remuneration statute	S	07/sep/16	
Disclosure of remuneration earned by governing bodies	S	07/sep/16	
Identification of duties and responsibilities of governing body members	S	07/sep/16	
Public financial contribution	S	13/apr/16	
Summary sheet	S	28/jun/16	
Past and present financial information	S	09/jun/16	
Principles of good governance			
Internal and external regulations governing the company	S	09/jun/16	
Relevant transactions with related companies	S	09/jun/16	
Other transactions	S	09/jun/16	
Company sustainability analysis in the following areas:			
Economic	S	09/jun/16	
Social	S	09/jun/16	
Environmental	S	09/jun/16	
Evaluation of compliance with the principles of good governance	S	09/jun/16	
Ethics code	S	09/jun/16	

5.4.18. Table summarising compliance with legal obligations

CUMPRIMENTO DAS ORIENTAÇÕES LEGAIS - 2016

Management Objectives

Financial Risk Management

Borrowing Growth Limits

Changes in APP for suppliers

Disclosure of Payment Arrears

Shareholder recommendations in accounts approval

"(...) further reduce the Average Payment Period for Suppliers (...)"

"(...) submitted the report on the remuneration received by female and male employees (...)"

"(...) submitted the report on the prevention of corruption (...)"

"(...) communication expenses and expense allowances (...) in terms of verified expenses (...) 2014 (...)"

Remunerations

Non-awarding of bonuses

BD – remuneration reductions and reversals effective in 2016

Inspection (SB/ROC) – remuneration reductions and reversals effective in 2016

External Auditor – remuneration reductions and reversals effective in 2016

Remaining employees – remuneration reductions and reversals effective in 2016

Remaining employees – prohibition of remuneration increases, under Article 38 of Law 83-B-2014, extended to 2016 by no. 1 of Article 18 of Law no. 7-A/2016

EGP – Articles 32 and 33

Non-use of credit cards

Non-reimbursement of staff representation costs

Maximum amount of communications costs

Maximum amount of monthly fuel and tolls for service vehicles

Undocumented or confidential expenses – no. 2 of Article 16 of the RJSPE and Article 11 of the EGP

Prohibition on undocumented or confidential expenses

Promotion of equal pay between men and women – no. 2 of RCM no. 18/2014

Drafting and disclosure of the report on remuneration received by men and women

Drafting and disclosure of the annual report on the prevention of corruption

Public Procurement

Public Procurement Rules applied by the company

Public Procurement Rules applied by the subsidiaries

Contracts approved in advance by the TC

Court of Auditors Audits

Vehicle fleet

No. of vehicles

Vehicle expenses

Public Companies Operating Expenses

Treasury Unit Principle (Article 28 of DL 133/2013)

Available assets centralised in the IGCP

Available assets and investments in the Commercial Bank

Interest earned for UTE non-compliance and delivered in State Revenue

	COMPLIANCE S/N/N.A.	QUANTIFICATION/IDENTIFICATION	EXPLANATION/REFERENCE TO THE REPORT
	N		Item 5.4.1.
	S	Average financing rate of 1.69%	Item 5.4.2.
	S	Variation in adjusted borrowing of +0.58%	Item 5.4.3.
	S	-14 days	Item 5.4.4.1.
	S	219 thousand euros	Item 5.4.4.2.
	S	-14 days	Item 5.4.5.
	S		Item 5.4.4.1.
	S		Item 5.4.9.
	S		Item 5.4.10.
	S		Item 5.4.14.
	S		Item 5.4.6.
	S	7.849 euros	Item 5.2.
	S	2.942 euros	Item 5.4.6.
	N.A.		Item 5.4.6.
	S	123.074 euros	Item 5.4.6.
6, of 30 March	S		Although STCP suspended the application of the professional development system published in the BTE and the application of the progression of seniority payments from 1 January 2011 as an effect of the application of State Budget Laws, it is not possible to quantify this remuneration reduction given the complexity of assessing its value.
	S		Item 5.4.7.
	S		Item 5.4.6.
	S		Item 5.4.6.
	S		Item 5.4.6.
	S		Item 5.4.6.
	S		Item 5.4.8.
	S	http://www.stcp.pt/pt/institucional/governo-societario/plano-de-igualdade/	Item 5.4.9.
	S		Item 5.4.10.
	S		Item 5.4.11.
	S	a contract in the amount of €1.7 million	Item 5.4.11.
	S		Item 5.4.11.
	S	set out in the point mentioned	Item 5.4.16.
	S	0	Item 5.4.13.
	S	-6.421 euros	Item 5.4.13.
	S		Item 5.4.14.
	S	92% available assets	Item 5.4.15.
	S	229.224 euros	Item 5.4.15.
	S	0 euros	Item 5.4.15.

5.5. INFORMATION ON TRANSACTIONS

5.5.1. Relevant transactions with related entities

ACQUISITION OF GOODS AND SERVICES FROM RELATED COMPANIES		
ENTITY	DESCRIPTION	AMOUNT ⁽¹⁾
TIP- Transportes Intermodais do Porto, ACE		1.089.999
	Intermodal and single mode fare sales commission	989.126
	Single mode fare validation fee	58.779
	Supply of Andante Gold cards	13.212
	Contract for the supply of annual season tickets to STCP employees and relatives	28.882
Metro do Porto, S.A.		86.694
	Legal service rendering agreement	65.010
	Casa da Música front Protocol – occupancy of parking spaces	21.684
OPT-Optimização e Planeamento de Transportes, S.A.		93.456
	Software maintenance	93.456
SALE OF GOODS AND SERVICES TO RELATED COMPANIES		
ENTITY	DESCRIPTION	AMOUNT ⁽¹⁾
Metro do Porto, S.A.		230.041
	Letting and provision of premises and related services	223.399
	Light vehicle rental	6.642
TIP- Transportes Intermodais do Porto, ACE		32.588.119
	Revenue from STCP single mode fare	3.472.607
	Revenue from intermodal fare	28.814.013
	Letting and provision of premises and related services	171.773
	Provision services for verifying intermodal revenue	39.969
	Administrative Services and Systems and HELPDESK Administration Services	89.758

⁽¹⁾ values in euros with VAT included

5.5.2. Over-the-counter transactions

None.

5.5.3. List of suppliers that represent more than 5% of the ESS

Name	Town/City	Address	Amount
GOLD ENERGY - COMERCIALIZADORA DE ENERGIA, S.A.	VILA REAL	RUA 31 DE AGOSTO, Nº 12	1.737.994
DOUROGÁS NATURAL- MEDIAÇÃO E EXPLORAÇÃO SISTEMAS GÁS, SA	ARCOS VALDEVEZ	EDIFÍCIO SÁ TAQUEIRO, Nº 57, E.N. 101	2.018.347
MAN TRUCK & BUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA	ALVERCA DO RIBATEJO	QUINTA DAS COTOVIAS	2.857.618
PETRÓLEOS DE PORTUGAL - PETROGAL, SA	LISBOA	RUA TOMÁS DA FONSECA, TORRE C	4.247.546
BANCO BPI, S.A.	PORTO	RUA TENENTE VALADIM, 284	2.070.663
VADECA - FACILITY SERVICES, SA	MATOSINHOS	RUA DE ALMEIRIGA, Nº 360	996.381
TIP-TRANSPORTES INTERMODAIS PORTO, ACE	PORTO	AVº FERNÃO DE MAGALHÃES 1862-9º	1.048.445
TOTAL			14.976.994
5% FSE 2016 = 17.279.922,21 * 5%			863.996

⁽¹⁾ Values in euros, with VAT included, relating to the year's billing from these suppliers for ESS.



5.6. RISK MANAGEMENT AND CONTROL SYSTEMS

Risk management

STCP has no overall risk management system. A diagnosis identifying the various types of risk faced by the company is being prepared internally, with a view to drafting a Comprehensive Risk Plan for STCP.

Operating risks are currently managed in a broad and general way, depending on the type of risk.

The integrated Quality, Environment and Occupational Health and Safety management policy defines and envisages specific risk-prevention plans, and insurance policies covering various operating risks have also been taken out. It is the responsibility of all employees to reduce risk factors, minimising their impact and identifying opportunities to improve, wherever possible.

The STCP Operational Safety Authority coordinates the overall management of operational safety risks, in addition to performing the duties assigned to it by law.

The following main strategic risks were identified:

- Increase in competition on public passenger transport lines;
- Inefficiency of the supervision system to check that public transport in the city of Porto is operated exclusively by STCP;
- The company's continued economic and financial imbalance.

The main purpose of risk management is to ensure sustained business growth and safeguard STCP's value by adopting best practices.

Control systems

The company's Integrated Quality, Environment and Occupational Health and Safety Management System has been certified since 2008. This certification is valid until December 2017.

It is defined and broadly described in the Process, Procedures and Internal Procedures Manual, which is revised whenever it is deemed necessary.

The company has an internal control system which it considers to be suitable for its size and complexity: overall targets are set on a yearly basis and evaluated monthly in monthly management information, which is analysed by the Board of Directors. Budget implementation control reports are periodically drafted.

Inspection duties, which are segregated from executive management duties, are performed by the Supervisory Board, which monitors the company's activity and issues the relevant control and inspection reports.

Non-executive directors continuously monitor and evaluate the other managers' management of the company.

Management duties are supervised by the Guardian Authorities, and by the Supervisory Board and a Statutory Auditor, whose many powers include the capacity to attend Board of Directors meetings.

Financial supervision of the company is subject to the jurisdiction and control of the Court of Auditors and of the Inspectorate General of Finance (IGF), pursuant to the law.

5.7. CODE OF ETHICS AND CONDUCT

Since the end of 2008, STCP has had its own code of ethics and conduct, which is broadly disclosed on the company's website to be viewed by the general public and on the intranet to be viewed by employees.

The code of ethics and conduct sets out the values that guide STCP's actions as it operates its public service, and the ethical principles and rules of conduct that the company as a whole and its employees, in particular, must adhere to and intrinsically adopt as their own.



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KUNGÖS

The background is a blue-tinted photograph of a street scene. A tram is visible on the right side, with the word 'COMPANHIA' partially legible on its side. The street is lined with buildings and utility poles. Overlaid on the image is a large, semi-transparent blue circle. Inside this circle is a smaller, solid orange circle. The text 'OUTLOOK FOR 2017' is centered within the orange circle in white, uppercase letters.

OUTLOOK
FOR 2017

The recovery in the company's operating capacity in 2016, as a result of the recruitment of new drivers, puts STCP in a good position in 2017 to regain its customers' trust and once again guarantee people a high-quality service.



OUTLOOK FOR 2017

The publication of Decree-Law no. 82/2016 of 28 November established the partial and temporary decentralisation of powers of the State transport authority to the Porto Metropolitan Area (AMP), in relation to the public passenger transport service operated by STCP, and the partial and temporary decentralisation of the operational management of the company.

Efforts were then made to ensure that the State proceeded to decentralise its transport authority powers in favour of the six municipalities in the AMP which are served by STCP's transport network, while remaining the company's shareholder, and handing over the management to the local government institutions.

On 2 January 2017, four contracts were signed to formalise the State's delegation of powers in the AMP for STCP's management. These specified the concept of public service and the rules for future management. The contracts are listed below:

- Inter-administrative Contract for the Delegation of Powers signed between the Portuguese State and the Porto Metropolitan Area;
- Inter-administrative Contract for the Formation of a "Technical Service Unit" and for the Delegation of Powers, signed between the Porto Metropolitan Area and the Municipalities of Porto, Vila Nova de Gaia, Matosinhos, Maia, Gondomar and Valongo, for STCP, S.A.'s operation of the public passenger transport service;
- Operational Management Contract signed between the Portuguese State and the Porto Metropolitan Area;
- Second Amendment to the Public Service Contract signed between the Portuguese State and the Porto Metropolitan Area.

STCP is waiting to receive the Court of Auditors' required prior approval of the inter-administrative contracts, which each municipality has already approved and sent to said entity, in order to allow the local councils to start managing the company. This is expected to happen in 2017.

An international public tender will soon be launched for the acquisition of 188 new vehicles, 15 electric buses and 173 natural-gas-powered buses to be supplied between 2018 and 2020, ensuring compliance with the fleet renewal policy and thus improving the quality of service.

The recovery in the company's operating capacity in 2016, as a result of the recruitment of new drivers, puts STCP in a good position in 2017 to regain its customers' trust and once again guarantee people a high-quality service.





PROPOSAL FOR
THE APPROPRIATION
OF RESULTS



18

CARMO

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EXCEPTO
ELÉCTRICOS

PROPOSAL FOR THE APPROPRIATION OF RESULTS

The Board of Directors proposes that the net result obtained over the financial year, which was minus €26,787,587.66, be fully transferred to the Retained Earnings account.

Porto, 20 April 2017

The Board of Directors

Non-Executive Chairman:

(Jorge Moreno Delgado)

Executive voting members:

(Tiago Filipe da Costa Braga)

(Pedro José Ferreira Morais)

Non-Executive Voting Member:

(Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto)



LE



ANNEX TO THE
MANAGEMENT
REPORT



ANNEX TO THE MANAGEMENT REPORT

Shareholders at 31 December 2016

Relationship referred to in no. 4 of Article 448 of the Commercial Companies Code.

SHAREHOLDER	NUMBER OF SHARES	% OF SHARE CAPITAL
Portuguese State	28.657.898	100%

Although the last Unanimous Written Company Decision of the State shareholder, relating to the increase in capital, is dated 22 December 2016, the increase in capital was only registered in the Commercial Registry on 1 February 2017.

Porto, 20 April 2017

The Board of Directors

Non-Executive Chairman:

(Jorge Moreno Delgado)

Executive voting members:

(Tiago Filipe da Costa Braga)

(Pedro José Ferreira Morais)

Non-Executive Voting Member:

(Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto)





ACCOUNTS FOR
THE FINANCIAL YEAR
AND ANNEXES



ACCOUNTS FOR THE FINANCIAL YEAR AND ANNEXES

Balance at 31 December 2016 and 2015

(Amounts in euros)

ASSETS	NOTES	31-DECEMBER-2016	31-DECEMBER-2015
Non-current assets		72.554.112,35	73.151.178,37
Tangible fixed assets	9	59.768.168,93	55.824.996,03
Investment properties	13	12.420.926,00	16.633.826,00
Intangible assets	8	181.704,52	480.562,34
Financial holdings – equity method	15	103.539,24	138.577,20
Other financial investments	29.1.2.1	79.773,66	73.216,80
Current Assets		11.895.962,76	19.078.442,16
Inventories	20	480.189,10	347.751,29
Clients	29.2.3	2.846.672,18	2.681.036,08
Government and other public entities	32.2	1.212.495,33	1.440.418,07
Other receivables	32.4	3.853.007,44	3.316.636,11
Deferrals	32.5	618.586,01	163.121,78
Cash and bank deposits	5	2.885.012,70	11.129.478,83
Total Assets		84.450.075,11	92.229.620,53
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital	29.4.1	143.289.490,00	85.505.125,00
Legal reserves	29.4.2	74.907,42	74.907,42
Other reserves	29.4.2	25.727,80	25.727,80
Retained earnings		-627.535.189,08	-596.860.056,56
Revaluation surplus	29.4.3	43.551.099,80	38.052.012,98
Adjustments/other equity changes	29.4.4	3.807.998,75	3.097.630,69
Net profit for the period		-26.787.587,66	-31.617.189,85
Total equity		-463.573.552,97	-501.721.842,52
LIABILITIES			
Non-current liabilities		441.692.177,16	507.909.552,58
Provisions	23	12.803.605,78	22.096.718,17
Loans obtained	29.1.1	315.820.201,47	369.939.327,13
Liabilities for post-retirement benefits	30.1	565.736,00	634.552,00
Other financial liabilities	29.1.3	112.502.633,91	115.238.955,28
Current liabilities		106.331.450,92	86.041.910,47
Suppliers	32.1	2.417.412,53	2.308.575,67
Government and other public entities	32.2	1.010.210,17	964.276,54
Loans obtained	29.1.1	54.504.490,20	55.648.771,31
Other outstanding debts	32.3	15.774.541,88	6.217.097,72
Deferrals	32.5	1.966.403,97	2.204.694,97
Other financial liabilities	29.1.3	30.658.392,17	18.698.494,26
Total Liabilities		548.023.628,08	593.951.463,05
Total Equity And Liabilities		84.450.075,11	92.229.620,53

Certified Accountant no. 6622

The Board of Directors
 Non-Executive Chairman
 Executive voting members
 Non-Executive Voting Member

Income statement by nature

Period ended 31 December 2016 and 2015

(Amounts in euros)

INCOME AND EXPENSES	NOTES	2016	2015
Sales and services provided	22	42.797.253,96	42.374.606,42
Gains/losses attributable to subsidiaries, associate companies and joint ventures	15	-35.037,96	7.485,20
Work for the entity itself	8,9	12.497,62	51.932,40
Cost of goods sold and materials consumed	20	-1.254.918,88	-859.380,35
External supplies and services	32.6	-17.279.922,21	-19.269.787,72
Personnel expenditure	30.2	-30.296.061,85	-29.713.495,44
Inventory impairment (losses/reversals)	20	40.047,29	204.985,63
Impairment of debts receivable (losses/reversals)	29.2.3	361,86	892.425,48
Provisions (increases/decreases)	23	9.293.112,39	-11.673.687,71
Impairment of investments not depreciable/amortisable (losses/reversals)	29.1.2.1	-2.150,49	-80,00
Fair value increases/decreases	13	-1.191.385,16	-88.639,91
Other income	32.8	2.288.859,86	2.504.720,31
Other expenses	32.7	-10.751.268,69	-1.115.113,25
Results before depreciation, financing expenses and taxes		-6.378.612,26	-16.684.028,94
Depreciation and amortisation expenses/reversals	8,9	-4.314.709,39	-4.204.449,66
Impairment of assets depreciable/amortisable (losses/reversals)	14	-1.632.090,47	-251.850,82
Operating profit (before financing expenses and taxes)		-12.325.412,12	-21.140.329,42
Interest and similar income obtained	12	2.745.615,26	4.296.224,48
Interest and similar expenses obtained	12	-17.194.169,17	-14.761.383,08
Profit before taxes		-26.773.966,03	-31.605.488,02
Income tax for the period	27	-13.621,63	-11.701,83
Net profit for the period		-26.787.587,66	-31.617.189,85

Certified Accountant no. 6622

The Board of Directors
 Non-Executive Chairman
 Executive voting members
 Non-Executive Voting Member

Income statement by function

Period ended 31 December 2016 and 2015

(Amounts in euros)

CAPTIONS	2016	2015
Sales and services provided	42.797.253,96	42.374.606,42
Cost of sales and services provided	-46.281.614,44	-45.949.227,36
Gross result	-3.484.360,48	-3.574.620,94
Other income	13.300.179,51	4.735.956,07
Distribution costs	-1.513.438,22	-1.625.180,82
Administrative costs	-4.913.138,81	-5.883.269,67
Other expenses	-15.714.654,12	-14.793.214,06
Operating profit (before financing expenses and taxes)	-12.325.412,12	-21.140.329,42
Financing costs (net)	-14.448.553,91	-10.465.158,60
Profit before taxes	-26.773.966,03	-31.605.488,02
Income tax for the period	-13.621,63	-11.701,83
Net profit for the period	-26.787.587,66	-31.617.189,85

Certified Accountant no. 6622

The Board of Directors
 Non-Executive Chairman
 Executive voting members
 Non-Executive Voting Member

Statement of changes in equity on 31 December 2015

DESCRIPTION	NOTES	SUBSCRIBED CAPITAL
POSITION AT THE START OF THE 2015 PERIOD	1	79.649.000,00
CHANGES IN THE PERIOD		
Achievement of revaluation surplus	29.4	
Revaluation surplus	29.4	
Other recognised changes in equity		
	2	
NET PROFIT FOR THE PERIOD	3	
COMPREHENSIVE INCOME	4=2+3	
OPERATIONS WITH CAPITAL HOLDERS IN THE PERIOD		
Capital achievements		5.856.125,00
	5	5.856.125,00
POSITION AT THE END OF THE 2015 PERIOD	6=1+2+3+5	85.505.125,00

Statement of changes in equity on 31 December 2016

DESCRIPTION	NOTES	SUBSCRIBED CAPITAL
POSITION AT THE START OF THE 2016 PERIOD	6	85.505.125,00
CHANGES IN THE PERIOD		
Achievement of revaluation surplus for tangible and intangible fixed assets	29.4	
Revaluation surplus	29.4	
Other recognised changes in equity		
	7	
	8	
COMPREHENSIVE INCOME	9=7+8	
OPERATIONS WITH CAPITAL HOLDERS IN THE PERIOD		
Capital achievements		57.784.365,00
	10	57.784.365,00
POSITION AT THE END OF THE 2016 PERIOD	6+7+8+10	143.289.490,00

(Amounts in euros)

LEGAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	REVALUATION SURPLUS	ADJUSTMENTS/OTHER VARIATIONS IN EQUITY	NET PROFIT FOR THE PERIOD	TOTAL
74.907,42	25.727,80	-542.672.309,53	38.701.163,50	1.348.872,90	-54.846.993,72	-477.719.631,63
		661.775,29	-661.775,29			0,00
			12.624,77			12.624,77
		-54.849.522,32		1.748.757,79	54.846.993,72	1.746.229,19
		-54.187.747,03	-649.150,52	1.748.757,79	54.846.993,72	1.758.853,96
					-31.617.189,85	-31.617.189,85
					23.229.803,87	-29.858.335,89
						5.856.125,00
						5.856.125,00
74.907,42	25.727,80	-596.860.056,56	38.052.012,98	3.097.630,69	-31.617.189,85	-501.721.842,52

(Amounts in euros)

LEGAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	REVALUATION SURPLUS	ADJUSTMENTS/OTHER VARIATIONS IN EQUITY	NET PROFIT FOR THE PERIOD	TOTAL
74.907,42	25.727,80	-596.860.056,56	38.052.012,98	3.097.630,69	-31.617.189,85	-501.721.842,52
		1.238.451,47	-1.238.451,47			
			6.737.538,29			6.737.538,29
		-31.913.583,99		710.368,06	31.617.189,85	413.973,92
		-30.675.132,52	5.499.086,82	710.368,06	31.617.189,85	7.151.512,21
					-26.787.587,66	-26.787.587,66
					4.829.602,19	-19.636.075,45
						57.784.365,00
						57.784.365,00
74.907,42	25.727,80	-627.535.189,08	43.551.099,80	3.807.998,75	-26.787.587,66	-463.573.552,97

Cash flow statement

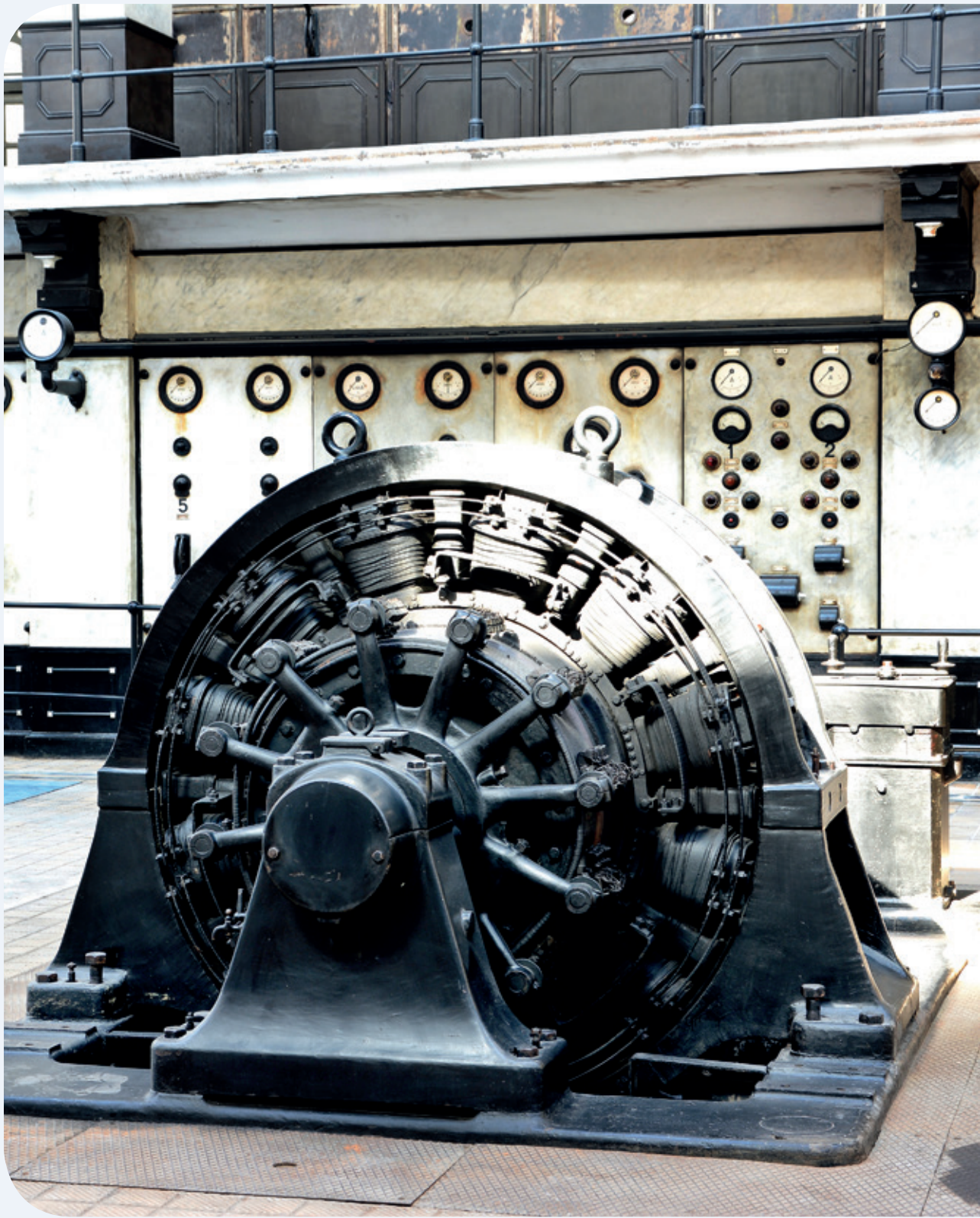
Period ended 31 December 2016 and 2015

(Amounts in euros)

	NOTES	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from clients		44.487.134,58	45.955.402,40
Cash paid to suppliers		-21.418.680,35	-26.323.776,86
Cash paid to employees		-24.359.818,03	-23.746.294,16
Cash generated by operations		-1.291.363,80	-4.114.668,62
Income tax received/paid		261.167,57	31.854,77
Other cash receipts/payments		-5.236.355,19	-3.101.700,26
Cash flow from operating activities (1)		-6.266.551,42	-7.184.514,11
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments relating to:			
Tangible fixed assets		-556.325,39	-1.292.339,92
Intangible assets		-15.628,68	-46.045,05
Financial investments		-8.043,39	-413,79
Other assets		-199.769,64	-157.654,34
		-779.767,10	-1.496.453,10
Cash receipts relating to:			
Tangible fixed assets		384,13	297.192,03
Other assets		705.000,00	0,00
Investment subsidies		1.044.509,94	1.976.717,39
Interest and similar income		319.931,90	310.423,63
		2.069.825,97	2.584.333,05
Cash flow from investment activities (2)		1.290.058,87	1.087.879,95
CASH FLOW FROM FINANCIAL ACTIVITIES			
Cash receipts relating to:			
Loans obtained		56.156,58	12.123.257,26
Paid-in equity and other equity instruments		57.784.365,00	5.856.125,00
		57.840.521,58	17.979.382,26
Payments relating to:			
Loans obtained		-50.263.947,97	-257,91
Interest and similar expenses		-7.993.410,83	-3.325.464,70
Other financing operations		-2.851.136,36	-5.351.813,20
		-61.108.495,16	-8.677.535,81
Cash flow from financial activities (3)		-3.267.973,58	9.301.846,45
Changes in cash and cash equivalents (1+2+3)		-8.244.466,13	3.205.212,29
Cash and cash equivalents at the start of the period		11.129.478,83	7.924.266,54
Cash and cash equivalents at the end of the period	5	2.885.012,70	11.129.478,83

Certified Accountant no. 6622

The Board of Directors
 Non-Executive Chairman
 Executive voting members
 Non-Executive Voting Member



NOTES ON THE FINANCIAL STATEMENTS

Period ended 31 December 2016

(Amounts in euros)

1. ABOUT THE ENTITY AND REPORT PERIOD

Under Decree-Law no. 202/94 of 23 July, Sociedade de Transportes Colectivos do Porto, S.A. was transformed into a joint-stock company with exclusively public capital, and succeeded the company Serviço de Transportes Colectivos do Porto, which was created by Decree-Law no. 38144 of 30 December 1950. Its headquarters are located at Avenida Fernão de Magalhães, 1862 - 13^o piso, in Porto.

Its core business is to provide collective public passenger road transport on an exclusive basis within the boundaries of the municipality of Porto, and on a competitive basis in the neighbouring municipalities of Matosinhos, Maia, Valongo, Gondomar and Vila Nova de Gaia, which lie within the Porto Metropolitan Area. It operates a bus service first and foremost as well as a secondary tram service.

In October 2013, Decree-Law no. 133/2013 was published; this restructured the regulatory framework applicable to public companies to make it more consistent and broad, with a view to applying the same regime to core subjects in all business organisations that are directly or indirectly held by the State, whether administrative or corporate in nature, regardless of their legal form. The public business sector's sectorial scope of application was therefore extended and the concept of a public company was consolidated; under this regulation, STCP was covered by the principles and rules prescribed in this instrument.

During the 2016 financial year, the company continued to comply with the guidelines set out in laws no. 75/2014 and 82-B/2014 and no. 7-A/2016 of 30 March, namely in relation to the employee remuneration reduction and the curbing of expenditure and investment, as amended by law no. 159-A/2015 of 30 December, on the gradual withdrawal of the remuneration reduction provided for in law no. 75/2014 over the year 2016.

Order no. 875/15-SET of 5 June and 1681/15-SET authorised STCP's exemption from the treasury unit principle with respect to bank guarantees and financing operations, taking into account the relevance of the commercial bank in its activity. At the beginning of the second half of 2016, the annual process of renewing the authorisation of partial exemption from the treasury unit principle was initiated, this authorisation being granted by order no. 1140/16 of 9 November 2016.

On 8 August 2014, STCP signed a Public Service Contract with the Portuguese State for the operation of the public passenger bus transport service within the six municipalities in the AMP. On 10 December 2014, this contract was amended.

In April 2016, the Board of Directors decided to stop awarding the process associated with the Contract for the Subconcession of Operation of STCP, S.A.'s Transport System, and, as a result of this decision, to cancel this Contract for the Subconcession of Operation of STCP, S.A.'s Transport System.

On 25 June 2016, the Memorandum of Understanding on the New STCP, S.A. Management Model was signed between the Portuguese State, STCP, S.A., the Porto Metropolitan Area and the Municipalities of Porto, Gondomar, Maia, Matosinhos, Valongo and Vila Nova de Gaia. The Mem-

orandum requires that the State decentralise its transport authority powers in favour of these municipalities, while remaining the company's shareholder and handing over the management to the local government institutions, which are key entities for a community-based system of public services management.

On 29 November 2016, Decree-Law no. 82/2016 came into force. This Decree-Law establishes the partial and temporary decentralisation of powers of the State transport authority in favour of the Porto Metropolitan Area, in relation to the public passenger transport service operated by STCP, and the partial and temporary decentralisation of the operational management of STCP.

In 2014, an audit to renew the Quality, Environment and Occupational Health and Safety certifications was performed, following which certification in these three areas was confirmed for a further three years. In 2016, the second, follow-up audit was carried out for the third three-year certification period.

The financial statements relate to the period between 01 January and 31 December 2016. The figures are given in Euros. Transactions in foreign currency are included in the financial statements in accordance with the policies described in point 4.8.

2. ACCOUNTING FRAMEWORK FOR PREPARING THE FINANCIAL STATEMENTS

2.1. Accounting regulations adopted

The attached financial statements were prepared according to the provisions in force in Portugal, set out in Decree-Law no. 158/2009 of 13 July (amended), as amended by Decree-Law no. 98/2015 of 2 June, and in accordance with the conceptual framework, accounting and financial reporting standards (NCRF) and interpretative rules contained in notices 8254/2015, 8256/2015 and 8258/2015 of 29 July, respectively.

2.2. Derogations from the accounting framework adopted

Not applicable.

2.3. Content of non-comparable accounts

Not applicable.

3. FIRST-TIME ADOPTION OF THE NCRF: TRANSITIONAL DISCLOSURES

Not applicable.

4. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the attached financial statements are as follows:

4.1. Basis of preparation

The attached financial statements were prepared on a going concern basis, using STCP's accounting books and records, which are kept according to generally accepted accounting principles.

4.2. Financial investments

Investments in subsidiaries, jointly controlled companies and associate companies are recorded using the equity method. According to the equity method, financial holdings are initially recorded by cost of acquisition and subsequently adjusted based on post-acquisition changes in the portion of the share in the corresponding entities' net assets. Profit and loss includes its share of the profit and loss of these entities.

The excess of the acquisition cost over the fair value of identifiable assets and liabilities of each acquired entity, at the date of acquisition, is recognised as goodwill and is maintained at the financial investment value. If the difference between the acquisition cost and the fair value of acquired net assets and liabilities is negative, this is recognised as income for the financial year.

Financial investments are assessed on an annual basis where there are indications that the asset may be impaired, and in the profit and loss statement any impairment losses that may be found to exist are recorded as expenses. When impairment losses recognised in previous years cease to exist they are reversed.

When the company's share of accumulated losses exceeds the carrying amount of the investment, the investment is reported at nil value, unless the company has undertaken to cover the associate's losses, in which case a provision to address these obligations is recorded.

Unrealised gains arising from transactions with subsidiaries, jointly-controlled companies and associate companies are eliminated proportionately to the investor company's stake in these, against the investment in the investee company caption. Unrealised losses are also eliminated, but only to the extent that the loss is not a result of impairment of the asset transferred.

4.3. Business combinations

Acquisitions of subsidiaries and business are recorded using the purchase method. The cost is calculated by adding the following, at the date of acquisition:

- Fair value of assets delivered or to be delivered;
- Fair value of liabilities incurred or undertaken;
- Fair value of equity instruments issued by the company in exchange for obtaining control over the subsidiary; and
- Costs which are directly attributable to the acquisition.

When applicable, the cost of the merger or the acquisition includes contingent payments agreed as part of the transaction. Subsequent changes to said payments are recorded against the goodwill.

If the initial accounting for an acquisition is not complete at the end of the reporting period in which it occurred, the company records provisional amounts for the uncompleted items. These provisional amounts are subject to change for a period of 12 months from the date of acquisition.

4.4. Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale when their carrying amount was essentially recovered through a sale and not through their continued use. This condition is only considered fulfilled when sale is highly probable and the non-current asset or disposal group is available for immediate sale in their current conditions. The sale must be completed within one year, from the date on which the non-current asset or disposal group is classified as available for sale.

When the company has committed to a plan to sell a subsidiary which involves relinquishing control over it, all the assets and liabilities of this subsidiary are classified as held for sale, provided that they meet the requirements set out in the previous paragraph, even if the company retains some minority interest in the subsidiary after the sale.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount before classification and their fair value less cost to sell.

Non-current assets or disposal groups held for sale should not be depreciated or amortised.

4.5. Revenue

Revenue is measured at the fair value of consideration received or receivable, taking into account the amount of any trade discounts and amounts transferred by the entity. The difference between the fair value and the nominal amount of consideration is recognised as the interest revenue.

Revenue from the sale of goods is recognised when all the following conditions are met:

- All the risks and rewards of ownership of the assets were transferred to the buyer;
- The company retains no control over the sold assets;
- The amount of income can be measured reliably;
- It is likely that future economic benefits associated with the transaction will flow to the company;
- The costs incurred or to be incurred from the transaction can be reliably measured.

The revenue from the provision of services is recognised by reference to the stage of completion of the transaction, at the reporting date, provided that all the following conditions are met:

- The amount of income can be measured reliably;
- It is likely that future economic benefits associated with the transaction will flow to the company;
- The costs incurred or to be incurred from the transaction can be measured reliably;
- The stage of completion of the transaction, at the reporting date, can be measured reliably.

Revenue from royalties is recognised on an accrual basis, in accordance with the substance of the relevant agreements, provided that it is likely that economic benefits will flow to the company and the amount thereof can be measured reliably.

Interest revenue is recognised using the effective interest method, provided that it is likely that economic benefits will flow to the company and the amount thereof can be measured reliably.

Revenue from dividends must be recognised when the company's right to receive the corresponding amount is established.

4.6. Construction contracts

Not applicable.

4.7. Leasing

Determination of whether leases are finance leases or operating leases is based on the substance rather than the form of the contracts.

Leasing contracts are classified as:

- Finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset are transferred; or as
- Operating leases, if substantially all the risks and rewards incidental to ownership of the leased asset are not transferred.

The assets acquired through finance leases, along with the associated liabilities, are recorded at the start of the lease by the lower of the fair value of the assets and the current value of the minimum lease payments. Finance lease payments are apportioned between finance charges and the reduction of the liability, so as to produce a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Incentives received are recorded as a liability, and the aggregate cost of incentives is recognised as a reduction of rental expense, also on a straight-line basis.

Contingent rents are recognised as expenses in the period in which they are incurred.

4.8. Transactions and balances in foreign currency

Transactions in foreign currency are initially recorded at the exchange rates on the dates of the transactions. At each reporting date, the carrying amounts of the monetary items denominated in foreign currency are updated to the exchange rates on that date. The exchange rate differences resulting from the abovementioned updates are recorded in profit and loss for the period in which they occur.

The volume of the company's transactions in a currency other than the functional currency (Euro) are practically non-existent and immaterial.

4.9. Borrowing costs

Borrowing costs are recognised as an expense in the profit and loss for the financial year in which they are incurred, in accordance with the principle of accrual-based accounting.

Borrowing costs attributable to the acquisition, construction or production of qualifying assets (tangible fixed assets in progress) are capitalised, being an integral part of the cost of the asset. The capitalisation of these costs begins when expenditures for the asset are being incurred and when activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Capitalisation is suspended during extended periods in which development of the abovementioned activities is interrupted.

Any income derived from loans obtained earlier in relation to a specific investment is deducted from the borrowing costs that qualify for capitalisation.

4.10. Government Grants

Government grants are recognised at fair value when there is reasonable assurance that they will be received and that the company will comply with the conditions attaching to them.

The benefit of a government loan (or the equivalent) at a below-market rate of interest is treated as a Government grant, being measured as the difference between the amount received and the fair value of the loan determined based on market interest rates.

Non-refundable government grants for tangible fixed assets and intangible assets are initially recognised in equity under the caption "Other equity changes – grants", and are subsequently attributed to profit and loss as income over the period of useful life of the assets, on a systematic basis.

Other Government grants are generally recognised as income over the periods necessary to match them with the costs which they are intended to compensate, on a systematic basis. Government grants, which aim to compensate for losses that have already been incurred or which have no future related costs, are recognised as income in the period in which they become receivable.

STCP is subject to an administered price system, under which the government awards non-refundable compensation to partially finance its operations, in compliance with its public service obligations. STCP follows the criterion of registering the compensation as operating subsidies in the financial year in which it is awarded.

4.11. Post-retirement benefits

Liabilities associated with the payment of pension complements, recognised at the balance sheet date, represent the current value of the obligations arising from defined benefit plans, net of the fair value of net assets of the pension fund formed for that purpose.

With regard to defined benefit plans, the amount of the liability assumed is determined on a yearly basis, as at 31 December, in accordance with the Projected Unit Credit method, and actuarial assessments are carried out by BPI PENSÕES.

The costs of historical liabilities are recognised immediately in profit and loss, insofar as the benefits have already been acquired in full.

4.12. Share-based payment

Not applicable.

4.13. Income tax

Income tax is the sum of current tax and deferred tax. However, given that the company is not expected to make future profits, it does not expect to recover the losses accumulated to date. Therefore, it does not recognise any deferred tax assets or liabilities, because it is not expected to be able to deduct tax losses reportable to date from future taxable profits.

4.14. Tangible fixed assets

Tangible fixed assets are initially recorded at the acquisition cost, including expenses attributable to the purchase (any costs which are directly attributable to the activities required to ensure that the assets are in the location and condition necessary for them to operate as intended) and, where applicable, the initial estimate of the costs of dismantling and removing the assets and restoring the installation locations that STCP expects to incur.

The land and buildings are subsequently recorded according to the revaluation model. According to this model, the tangible fixed asset is shown at its fair value as at the revaluation date less depreciation and accumulated impairment losses. The fair value of buildings and land was determined based on the assessment carried out by independent asset evaluators at 31 December 2016 (the previous assessment related to 31 December 2015) and will be reviewed periodically or whenever there are indications that their fair value is significantly different from the carrying amount of the assets.

The differences resulting from the revaluations are recorded in equity under the caption "Fixed asset revaluation surplus", unless they reverse a decrease which was previously recognised in profit and loss. Decreases resulting from revaluations are recorded directly under the caption "Revaluation surplus" to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any excess of decreases in relation to this credit balance is recognised in profit and loss. When the revalued asset is derecognised, the revaluation surplus included in the equity associated with the asset is not reclassified to profit and loss.

The revaluation surplus of fixed assets is transferred to retained earnings on an annual basis, insofar as they are used, written off or disposed of. The amount of surplus to be transferred will therefore be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the original cost of the asset.

Remaining tangible fixed assets are recorded at the cost of acquisition or production, less accumulated depreciation and possible accumulated impairment losses.

Tangible fixed assets are depreciated on a straight-line basis, by twelfths, according to the estimated period of useful life for each group of assets, once the asset is in a usable condition.

The useful lives and method of depreciation of the various assets are reviewed annually. Any changes to these estimates are recognised in the profit and loss statement prospectively.

The depreciation rates used correspond to the following periods of estimated useful life:

TANGIBLE FIXED ASSET CAPTIONS	(anos de vida útil)				
	UP TO 1988	1989 AND 1990	1991 TO 2001	2002 TO 2011	2012 TO 2016
Buildings and other constructions	8 a 100	10 a 100	10 a 50	5 a 50	5 a 50
Basic equipment	5 a 56	5 a 12	5 a 12	3 a 20	3 a 30
Transport equipment	7 a 25	5 a 12	5 a 12	4 a 12	4 a 12
Office equipment	6 a 10	3 a 10	3 a 10	3 a 16	3 a 16
Other tangible fixed assets	-	-	10	4 a 10	4 a 10

Maintenance and repair costs (subsequent expenses) which are not likely to give rise to future economic benefits are recorded as expenses in the period in which they are incurred.

The gain (or loss) resulting from the disposal or write-off of a tangible fixed asset is determined as the difference between the amount received in the transaction and the carrying amount of the asset. It is recognised in profit and loss of the period in which the disposal occurs and recorded in the profit and loss statement as "Income and gains in non-financial investments" or "Expenses and losses in non-financial investments".

4.15. Investment properties

Investment properties essentially comprise properties held to earn rentals or for capital appreciation which are not intended for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are initially recorded at the acquisition cost, including all the expenses attributable to the purchase, and the fair value model is subsequently used.

The fair value of investment properties is determined based on the assessment carried out by independent asset evaluators. Changes in the fair value of investment properties are directly recognised in the profit and loss statement for the financial year under the caption "Gains/losses due to fair value increases/decreases".

The costs incurred in relation to investment properties in use, namely costs arising from maintenance, repair, insurance and tax on properties, are recognised as an expense in the financial year to which they relate. Improvements which are expected to generate additional future economic benefits are capitalised under the caption "Investment properties".

4.16. Intangible assets

Intangible assets are only recognised if it is likely that they will generate future economic benefits for the company and if the company can reasonably monitor and measure their value. Research activity costs are recorded as expenses in the period in which they are incurred.

Intangible assets acquired separately are recorded at the acquisition cost, less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life of the intangible assets. The useful life and the depreciation method of the various intangible assets are reviewed annually. Any changes to these estimates are recognised in the profit and loss statement prospectively.

An internally generated intangible asset arising from development expenditure on a project is only recognised if all of the following conditions are met and demonstrated:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- The entity intends to complete the intangible asset and use or sell it;
- The entity is able to use or sell the intangible asset;
- The intangible asset is likely to generate future economic benefits;
- There are adequate technical and financial resources available to complete the development of the intangible asset and to use or sell it;
- The expenditure attributable to the intangible asset during its development phase can be reliably measured.

The initially recognised amount of the internally generated intangible asset is the sum of expenditure incurred from the date when the abovementioned conditions are met. When these conditions are not met, expenditure incurred in the development phase is recorded as expenses for the period.

Intangible assets essentially comprise software costs, development costs, provided that the criteria for recognition of an asset have been met, industrial property costs and other commercial rights and leases.

Internally generated intangible assets are recorded at the acquisition cost, less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life of the intangible assets. The useful life and the depreciation method of the various intangible assets are reviewed annually. Any changes to these estimates are recognised in the profit and loss statement prospectively.

Intangible assets (regardless of the way in which they are acquired or managed) with an indefinite useful life are not depreciated; they are subject to prior impairment tests on an annual basis or whenever there are indications that they may be impaired.

4.17. Impairment of tangible and intangible fixed assets, excluding goodwill

At each reporting date, the carrying amounts of the company's tangible and intangible fixed assets are reviewed in order to establish whether there are any indicators that they may be impaired. If there are any indicators, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. When it is not possible to determine the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which this asset belongs is estimated.

The recoverable amount of the asset or cash-generating unit is the higher of the fair value less costs to sell and its value in use.

When determining the value in use, estimated future cash flows are updated using a before-tax discount rate that reflects market expectations in terms of the time value of money, and in terms of the specific risks for the asset or cash-generating unit, in relation to which future cash flow estimates have not been adjusted.

Whenever the carrying amount of the asset or cash-generating unit is greater than its recoverable amount, it is recognised as an impairment loss. The impairment loss is immediately recorded in the profit and loss statement, under the caption "Impairment losses", unless this loss offsets a revaluation surplus recorded in equity. In this case, said loss will be treated as a revaluation decrease.

The reversal of impairment losses recognised in prior years is recorded when there are indications that the impairment losses no longer exist or have decreased. Reversal of impairment losses is recognised in the profit and loss statement under the caption "Impairment loss reversals". The reversal of the impairment loss is done up to the amount that would be recognized (net of amortisation) if the impairment loss had not been recognised.

4.18. Inventories

Inventories are recorded at the lower of acquisition cost and net realisable value. The net realisable value is the estimated sale price less all the estimated costs necessary to complete the inventories and to make the sale.

Subsidiary materials, raw materials and consumables are recorded at the cost of acquisition, using the weighted average cost formula.

4.19. Provisions

Provisions are only recognised when the company has a present obligation (legal or constructive) arising from a historical event. It is probable that an outflow of resources will be required to settle this obligation, and the amount of the obligation can be reasonably estimated.

The amount recognised as a provision is the present amount of the best estimate of the resources required to settle the obligation at the balance sheet date. When reaching this estimate, the risks and uncertainties associated with the obligation are taken into account.

Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate of their fair value at that date.

Present obligations which arise from onerous contracts are recorded and measured as provisions. A contract is onerous when the company is an integral part of the obligations of a contract, and there are unavoidable costs of meeting these obligations which exceed the economic benefits derived under said contract.

A restructuring provision is recognised when STCP has a detailed formal restructuring plan, starts to implement said plan and announces its main features to those affected by it. When measuring the restructuring provision, only expenses which arise directly from the implementation of the plan and are therefore not associated with the company's ongoing activities, are taken into account.

Contingent liabilities are not recognised in financial statements and are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in financial statements and are disclosed when there is likely to be a future inflow of economic resources.

4.20. Financial assets and liabilities

Financial assets and liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions.

Financial assets and liabilities are measured in the following way:

- at cost or amortised cost; or
- at fair value with fair value changes recognised in the profit and loss statement.

Financial assets and liabilities which have the following features, at once, are measured at the amortised cost:

- They are in cash or have a fixed maturity;
- They are associated with a fixed or determinable return;
- They are not a derivative financial instrument or they do not incorporate a derivative financial instrument.

These financial assets and liabilities are measured at the amortised cost, less accumulated impairment losses (in the case of financial assets).

Contracts for taking out or providing loans that cannot be settled net and which, when executed, meet the abovementioned conditions are also classified in the at cost or amortised cost category, and are measured at the amortised cost less accumulated impairment losses.

Investments in equity instruments which are not publically negotiated and whose fair value cannot be reliably determined, in addition to derivative financial instruments related to said equity instruments, are also classified in the at cost or amortised cost category, and are measured at the cost less accumulated impairment losses.

The amortised cost is determined using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability

All financial assets and liabilities not classified in the at cost or amortised cost category are classified in the category at fair value with changes recognised in the profit and loss statement.

These financial assets and liabilities are measured at fair value, and changes thereto are recorded in profit and loss under the captions "Losses on fair value" and "Gains on fair value".

Impairment of financial assets:

- Financial assets classified in the at cost or amortised cost category are subject to impairment tests at every balance sheet date. These financial assets are considered to be impaired when there is objective evidence that the estimated future cash flows are affected as a result of one or more events that took place after their initial recognition. For financial assets measured at amortised cost, the impairment loss to be recognised corresponds to the difference between the carrying amount of the asset and the present value of new estimated future cash flows, discounted at the financial asset's original effective interest rate.
- For financial assets measured at cost, the impairment loss to be recognised corresponds to the difference between the carrying amount of the asset and the best estimate of the asset's fair value.
- Impairment losses are recorded in profit and loss under the caption "Impairment losses" in the period in which they are determined.
- If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the loss was recognised, this decrease must be reversed through profit and loss. The reversal must be to the extent of the amount that would have been recognised (amortised cost) had the loss not been initially recorded. The reversal of impairment losses is recorded in profit and loss, under the caption "Impairment loss reversals". The reversal of impairment losses in equity instruments is not permitted.

Derecognition of financial assets and liabilities:

- The company only derecognises financial assets when the contractual rights to their cash flows expire or when it transfers the financial assets and all the significant risks and rewards associated with ownership thereof to another entity. Transferred financial assets in relation to which the company retains some significant risks and rewards are derecognised, provided that control over them has been transferred.
- The company only derecognises financial liabilities when the associated obligation is settled or cancelled, or expires.

Compound instruments:

- Compound instruments are financial instruments that include a financial liability component and an equity instrument component. These two components are shown separately on the balance sheet, according to the substance of the corresponding contractual provisions.
- Financial liability and equity instruments are differentiated according to the substance of the associated contractual provisions.
- In the initial recognition of the compound instrument, the financial liability component is determined based on the market interest rates for similar, non-compound instruments. This component is measured at the amortised cost, based on the effective interest method. The equity component is determined by the difference between the amount received and the amount of the financial liability component, and is recorded in equity. The equity component is not subsequently remeasured.

4.21. Derivative financial instruments and hedge accounting

STCP uses derivatives in the management of its financial risks for the sole purpose of ensuring that these risks are hedged. Derivative financial instruments are not used for the purpose of speculating.

The derivative instruments used by the company relate to interest rate swaps to hedge the risk of changes in the rate of interest on loans obtained. Loan amounts, interest maturity dates and plans for the reimbursement of loans underlying interest rate hedging instruments are substantially identical to the conditions established for loans obtained. However, the requirements necessary to qualify for hedge accounting are not met.

Derivative financial instruments are initially recorded at their fair value at the date on which they are taken out. At each balance sheet date, they are remeasured at fair value, and the corresponding remeasurement gain or loss is immediately recorded in profit and loss.

A derivative financial instrument with a positive fair value is recognised as a financial asset, under the caption "Other financial instruments – Derivatives". A derivative financial instrument with a negative fair value is recognised as a financial liability, under the caption "Other financial instruments – Derivatives".

A derivative financial instrument is shown as non-current if its remaining maturity is greater than 12 months and it is not expected to be realised or settled within this period of time.

At the start of the hedging operation, the company documents:

- the relationship between the hedging instrument and the hedged item;
- its objectives and risk management strategy; and
- an evaluation of how effective the hedging instrument is in offsetting changes in the fair values and cash flows of the hedged item.

Changes in the fair value of derivative financial instruments designated as hedging instruments in hedging interest rate risk, exchange risk, commodity price risk, in a commitment or highly probable future transaction, and the risk arising from net investment in a foreign operation are recorded in equity, under the caption "Other reserves". Such gains or losses recorded in "Other reserves" are reclassified to profit and loss in the periods in which the hedged item affected profit and loss, and are shown in the line affected by the hedged item.

Hedge accounting is discontinued when the company revokes the hedging relationship, when the hedging instrument expires, is sold or is exercised, or when the hedging instrument ceases to qualify for hedge accounting. Any amount recorded in "Other reserves" is only reclassified to profit and loss when the hedged position affects profit and loss. When the hedged position is a future transaction and is not expected to occur, any amount recorded in "Other reserves" is immediately reclassified to profit and loss.

4.22. Exploration and assessment of mineral resources

Not applicable.

4.23. Agriculture

Not applicable.

4.24. Critical accounting judgements and key sources of estimation uncertainty

When preparing the attached financial statements, accounting judgements, estimates and assumptions were used that affected the reported amounts of assets and liabilities, as well as the reported amounts of income and expenses for the period.

The estimates and underlying assumptions were determined based on the best existing knowledge, at the date of approval of the financial statements, of ongoing events and transactions, and on experience of historical and/or present events. However, there may be situations in subsequent periods which were not foreseeable at the date of approval of the financial statements and were therefore not taken into account when calculating these estimates. Changes to the estimates occurring after the date of the financial statements will be corrected prospectively. For this reason, and given the associated degree of uncertainty, the actual profit and loss of the transactions in question may differ from the corresponding estimates.

The main accounting judgements made and estimates calculated when preparing the attached financial statements were the following:

- Useful life of tangible and intangible assets;
- Analysis of impairment of tangible and intangible assets;
- Recording of impairment to the amounts of assets, namely inventories and accounts receivable;
- Provisions
- Calculation of the liability associated with pension funds;
- Calculation of the fair value of derivative financial instruments;
- Calculation of the fair value of investment properties and land and buildings included in tangible fixed assets.

4.25. Subsequent events

Events occurring after the balance sheet date which provide additional information about conditions existing at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the balance sheet date which provide information about conditions occurring after the balance sheet date (non-adjusting events) are disclosed in the annex to the financial statements, if they are considered to be significant.

5. CASH FLOWS

For the purposes of the cash flow statement, the caption "Cash and cash equivalents" includes, in addition to cash, bank deposits available on demand and cash investments in the money market, bank overdrafts and other similar short-term financing arrangements.

Cash and cash equivalents, at 31 December 2016 and 2015:

	2016	2015
Cash	89.466,67	62.724,25
Bank deposits	2.795.546,03	11.066.754,58
Cash and cash equivalents on the Balance Sheet	2.885.012,70	11.129.478,83
Bank overdrafts		
Cash and cash equivalents on the Cash Flow Statement	2.885.012,70	11.129.478,83

6. ACCOUNTING POLICIES, CHANGES TO ACCOUNTING ESTIMATES OR ERRORS

During the financial year of 2016 and 2015, there were no changes to accounting policies or estimates, and there were no significant errors in previous periods to be corrected. However, the new version of NCRF 28, Employee Benefits, was applied, and as a result the remeasurement of the net liability (asset) of defined benefits was recognised directly in equity, in retained earnings, rather than in profit and loss for the financial year.

The effect of this change is not significantly relevant given that restating the financial statements for the 2015 financial year would only involve reclassifying the amount of €168,200 under the Staff Expenses caption to the Retained Earnings caption. The amounts in note 30.1 for the 2015 financial year are restated to allow the financial years to be compared.

7. RELATED PARTIES

Financial holdings at 31 December 2016 and 2015:

COMPANY NAME	HEAD OFFICE	% HOLD	ACTIVITY
SUBSIDIARY COMPANIES			
STCP Serviços – Transportes Urbanos, Consultoria e Participações, Unipessoal Lda.	Porto	100%	Tourism operator and urban and suburban land passenger transport activities.
ASSOCIATED COMPANIES			
TIP - Transportes Intermodais do Porto, ACE	Porto	33,3%	Transport ticketing management.
Transpublicidade – Publicidade em Transportes, S.A.	Oeiras	20%	Manages all and any advertising on vehicles and facilities.
OTHER SUBSIDIARY COMPANIES			
Metro do Porto, S.A.	Porto	16,6%	Urban and local passenger transport by metro.
OPT - Optimização e Planeamento de Transportes, SA	Porto	8,33%	Development of R&D projects in the area of collective transport, developing advanced IT solutions for the management and optimisation of transport systems.

The remuneration of key management staff in the company, in the financial years ended 2016 and 2015, is set out in point 4.5.6. of this annual report and accounts.

Over the course of the financial years ended 2016 and 2015, the following transactions were made with related parties:

DESCRIPTION OF TRANSACTIONS	2016			TOTAL
	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	OTHER RELATED PARTIES	
Services obtained		902.372,68	146.823,29	1.049.195,97
Services supplied		30.735.429,68	210.028,67	30.945.458,35

DESCRIPTION OF TRANSACTIONS	2015			TOTAL
	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	OTHER RELATED PARTIES	
Services obtained		990.334,43	132.543,39	1.122.877,82
Services supplied		32.733.635,79	233.153,16	32.966.788,95

Balances with related parties in 2016 and 2015:

BALANCES	2016				TOTAL
	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	
Current accounts receivable		2.912.406,47		24.669,19	2.937.075,66
Current accounts payable		385.774,21		57.136,22	442.910,43

BALANCES	2015				TOTAL
	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	
Current accounts receivable		2.906.799,47		174.065,03	3.080.864,50
Current accounts payable		542.700,81		30.656,58	573.357,39

8. INTANGIBLE ASSETS

Over the financial years ended 31 December 2016 and 2015, movements in the carrying amount of intangible assets and in their accumulated depreciation and impairment losses were as follows:

INTANGIBLE ASSETS	DEVELOPMENT PROJECTS	SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Net value as at 01.01.2016		166.105,83	943,36	313.513,15		480.562,34
GROSS ASSETS						
Balance at 01.01.2016	88.749,10	5.235.514,70	98.439,49	1.106.517,00		6.529.220,29
Movements in 2016						
Additions		2.245,25			5.245,69	7.490,94
Balance at 31.12.2016	88.749,10	5.237.759,95	98.439,49	1.106.517,00	5.245,69	6.536.711,23
ACCUMULATED DEPRECIATION						
Balance at 01.01.2016	-88.749,10	-5.069.408,87	-97.496,13	-793.003,85		-6.048.657,95
Movements in 2016						
Depreciation expenses		-84.767,90	-277,46	-221.303,40		-306.348,76
Balance at 31.12.2016	-88.749,10	-5.154.176,77	-97.773,59	-1.014.307,25		-6.355.006,71
Net value as at 31.12.2016		83.583,18	665,90	92.209,75	5.245,69	181.704,52

INTANGIBLE ASSETS	DEVELOPMENT PROJECTS	SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Net value as at 01.01.2015		228.347,06	1.220,90	534.816,55		764.384,51
GROSS ASSETS						
Balance at 01.01.2015	88.749,10	5.203.418,50	98.439,49	1.106.517,00		6.497.124,09
Movements in 2015						
Additions		32.096,20				32.096,20
Balance at 31.12.2015	88.749,10	5.235.514,70	98.439,49	1.106.517,00		6.529.220,29
ACCUMULATED DEPRECIATION						
Balance at 01.01.2015	-88.749,10	-4.975.071,44	-97.218,59	-571.700,45		-5.732.739,58
Movements in 2015						
Depreciation expenses		-94.337,43	-277,54	-221.303,40		-315.918,37
Balance at 31.12.2015	-88.749,10	-5.069.408,87	-97.496,13	-793.003,85		-6.048.657,95
Net value as at 31.12.2015		166.105,83	943,36	313.513,15		480.562,34

The company does not capitalise research expenses. Development expenses are only capitalised when they meet the recognition criteria defined in the NCRFs.

Following an analysis of the intangible assets, it was established that there are no assets with an indefinite useful life. Depreciation was calculated according to the following estimated useful lives:

TANGIBLE FIXED ASSET CAPTIONS	YEARS OF USEFUL LIFE
Development projects	3
Software	2 a 8
Industrial property	3 a 7
Other intangible assets	5

In the 2016 financial year, movements in intangible assets in progress were as follows:

	BALANCE AT 01.01.2016	ACQUISITIONS	ADJUSTMENTS AND TRANSFERS	WRITE-OFFS/ DISPOSALS	BALANCE AT 31.12.2016
Software		5.245,69			5.245,69

9. TANGIBLE FIXED ASSETS

Over the financial years ended 31 December 2016 and 2015, movements in the carrying amount of tangible fixed assets and in their accumulated depreciation and impairment losses were as follows:

TANGIBLE FIXED ASSETS	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT
Net value as at 01.01.2016	19.756.321,00	15.597.171,82	18.614.378,41
GROSS ASSETS			
Balance at 01.01.2016	19.993.907,78	34.642.341,83	69.152.545,15
Movements in 2016			
Revaluations	13.316.600,00	-6.975.696,90	
Additions		30.536,79	115.532,27
Write-offs/sales		-507,42	-17.619,68
Adjustments and Transfers		3.845,84	232.129,52
Balance at 31.12.2016	33.310.507,78	27.700.520,14	69.482.587,26
ACCUMULATED DEPRECIATION			
Balance at 01.01.2016		-18.820.663,33	-50.538.166,74
Movements in 2016			
Depreciation and amortisation costs		-1.353.229,52	-2.536.448,41
Revaluations		2.873.350,03	
Write-offs/sales		507,42	17.619,68
Adjustments and Transfers			
Balance at 31.12.2016		-17.300.035,40	-53.083.995,47
ACCUMULATED IMPAIRMENT LOSSES			
Balance at 01.01.2016	-237.586,78	-224.506,68	
Transfers			
Impairment losses	-298.593,00	-1.467.301,83	
Reversals		133.804,36	
Balance at 31.12.2016	-536.179,78	-1.558.004,15	
Net value as at 31.12.2016	32.774.328,00	8.842.480,59	16.398.591,79

The "Additions" row includes €12,497.62 of work for the company itself: €510.27 for buildings and other constructions and €11,987.35 for assets in progress

TRANSPORT EQUIPMENT	OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TANGIBLE ASSETS IN PROGRESS	ADVANCES ON ACCOUNT FOR TANGIBLE ASSETS	TOTAL TANGIBLE FIXED ASSETS
15.520,81	321.205,93	1.105.000,29	415.397,77		55.824.996,03
1.451.724,13	4.236.439,10	1.859.999,19	415.397,77		131.752.354,95
					6.340.903,10
	123.078,61		100.519,97		369.667,64
	-37.043,81				-55.170,91
			-235.975,36		
1.451.724,13	4.322.473,90	1.859.999,19	279.942,38		138.407.754,78
-1.436.203,32	-3.915.233,17	-754.998,90			-75.465.265,46
-10.175,89	-78.930,27	-2.576,54			-4.008.360,63
					2.873.350,03
	36.747,04				54.874,14
-1.446.379,21	-3.957.416,40	-757.575,44			-76.545.401,92
					-462.093,46
					-1.765.894,83
					133.804,36
					-2.094.183,93
5.344,92	365.057,50	1.102.423,75	279.942,38		59.768.168,93

	TANGIBLE FIXED ASSETS	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT
Net value as at 01.01.2015		21.591.561,00	13.574.517,12	21.434.796,53
GROSS ASSETS				
Balance at 01.01.2015		21.670.307,78	26.970.967,21	78.922.954,26
Movements in 2015				
Revaluations		-1.676.400,00	6.796.012,73	
Additions			725.799,79	29.275,93
Write-offs/sales				-9.799.685,04
Adjustments and Transfers			149.562,10	
Balance at 31.12.2015		19.993.907,78	34.642.341,83	69.152.545,15
ACCUMULATED DEPRECIATION				
Balance at 01.01.2015			-13.264.954,23	-57.488.157,73
Movements in 2015				
Depreciation and amortisation costs			-1.006.281,23	-2.813.428,92
Revaluations			-4.549.427,87	
Write-offs/sales				9.763.419,91
Adjustments and Transfers				
Balance at 31.12.2015			-18.820.663,33	-50.538.166,74
ACCUMULATED IMPAIRMENT LOSSES				
Balance at 01.01.2015		-78.746,78	-131.495,86	
Transfers				
Impairment losses		-158.840,00	-93.010,82	
Reversals				
Balance at 31.12.2015		-237.586,78	-224.506,68	
Net value as at 31.12.2015		19.756.321,00	15.597.171,82	18.614.378,41

The "Additions" row includes €51,932.40 of work for the company itself, spent on buildings and other constructions.

TRANSPORT EQUIPMENT	OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TANGIBLE ASSETS IN PROGRESS	ADVANCES ON ACCOUNT FOR TANGIBLE ASSETS	TOTAL TANGIBLE FIXED ASSETS
30.327,94	128.993,84	1.090.752,04	288.900,66		58.139.849,13
1.451.724,13	4.212.239,27	1.845.404,19	288.900,66		135.362.497,50
					5.119.612,73
	246.477,63	14.595,00	276.059,21		1.292.207,56
	-222.277,80				-10.021.962,84
			-149.562,10		
1.451.724,13	4.236.439,10	1.859.999,19	415.397,77		131.752.354,95
-1.421.396,19	-4.083.245,43	-754.652,15			-77.012.405,73
-14.807,13	-53.667,26	-346,75			-3.888.531,29
					-4.549.427,87
	221.679,52				9.985.099,43
-1.436.203,32	-3.915.233,17	-754.998,90			-75.465.265,46
					-210.242,64
					-251.850,82
					-462.093,46
15.520,81	321.205,93	1.105.000,29	415.397,77		55.824.996,03

At 31 December 2016, the company Sociedade de Transportes Colectivos do Porto, S.A. requested an independent external valuation (Basis of Value – Peritos Avaliadores de Imóveis, Lda) of its land and buildings (all of them located in Greater Porto) classified as tangible fixed assets, and revalued them.

The work consisted in determining the Fair Value of the buildings and land, for accounting purposes, while complying with the requirements of accounting and financial reporting standard (NCRF) no. 7 and the terms of reference provided by the company. The reference date of the valuation is 31 December 2016.

In this valuation, the Fair Value was calculated using the Market Method and the Income Method, taking into account current amounts for uses which were similar and comparable to the use in question, in compliance with the stipulations of NCRF 7.

The “Fair Value” may be defined as “The amount for which an asset could be exchanged (...), between knowledgeable and willing parties, in an arm's length transaction”. The Fair Value is the “Market Value” determined by qualified valuation experts.

Under certain circumstances, in particular because of the specialised nature of the property and if it is rarely sold except as part of a continuing business, the “Fair Value” may be assigned by using an “income” or “Depreciated Replacement Cost” approach.

It should be highlighted that this valuation process did not take into account any constraints of a commercial nature or relating to economic obsolescence in the business or activities to be carried out at the facilities; the properties were valued as they were, taking into account their maximum and best use (alternative use).

The valuation assumptions used to determine the fair value were as follows:

- The valuation work was based on inspections, that is, visual checks, which were performed inside and outside all the properties.
- Information about the surroundings and the local property market was collected, and a survey was carried out on current market values for similar and comparable properties.
- When obtaining the value of each property, the main determining factors, such as location, access, current size, features and current state, were taken into account.
- Market values for properties with similar potential uses and locations were also used as a reference.
- The land and construction areas were obtained using information supplied by the company, which is deemed to be accurate.
- It was assumed that all the buildings are legal and licenced, free of encumbrances and charges, apart from those contained in existing leases.
- The valuation of the infrastructure associated with each property – pavements, water distribution and supply networks, wastewater and rainwater drainage networks, electricity distribution grid, etc. – was taken into account and included in the valuation of each property.

If the "land and natural resources" and "buildings and other constructions" were recognised in accordance with the cost model, the carrying amounts would be:

CAPTION	2016	2015
Land and natural resources	2.231.169,62	2.231.169,62
Buildings and other constructions	6.230.801,56	6.556.313,77
	8.461.971,18	8.787.483,39

Restrictions on ownership of assets or fixed assets pledged as security for liabilities were not disclosed, given that there are none.

Movements in the 2016 and 2015 financial years in tangible assets in progress:

CAPTION	BALANCE AT 01.01.2016	ACQUISITIONS	ADJUSTMENTS AND TRANSFERS	WRITE-OFFS/ DISPOSALS	BALANCE AT 31.12.2016
Buildings and other constructions	3.845,84	11.175,13	-3.845,84		11.175,13
Basic equipment	411.551,93	32.774,63	-232.129,52		212.197,04
Office equipment		56.570,21			56.570,21
	415.397,77	100.519,97	-235.975,36		279.942,38

CAPTION	BALANCE AT 01.01.2015	ACQUISITIONS	ADJUSTMENTS AND TRANSFERS	WRITE-OFFS/ DISPOSALS	BALANCE AT 31.12.2015
Buildings and other constructions	149.562,10	3.845,84	-149.562,10		3.845,84
Basic equipment	139.338,56	272.213,37			411.551,93
	288.900,66	276.059,21	-149.562,10		415.397,77

There were no movements in advances for tangible fixed assets in the 2016 and 2015 financial years.

In 2016, contractual commitments were undertaken to acquire tangible fixed assets in the amount of €18,089.53.

10. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The company has no such assets.

11. LEASING

11.1. Finance leases – lessees

In the 2016 and 2015 financial years, the amount of finance lease rentals paid by the company was €2,960,851.22 (includes €109,714.86 in interest) and €5,601,633.92 (includes €249,820.72 in interest), respectively.

On 31 December 2016 and 2015, the value of the liabilities that the company had in relation to finance lease rentals, as a lessee, was €6,915,545.32 and €9,367,364.72, respectively (with VAT included when it is not deductible), due in the coming financial years as shown in the table below:

YEARS	2016			2015		
	DISCOUNTED VALUE MINIMUM PAYMENTS	INTEREST	TOTAL	DISCOUNTED VALUE MINIMUM PAYMENTS	INTEREST	TOTAL
2016				2.312.740,39	101.012,22	2.413.752,61
2017	1.890.420,82	56.299,76	1.946.720,57	1.885.546,18	71.879,19	1.957.425,37
2018	1.908.439,15	38.281,42	1.946.720,57	1.908.488,24	48.937,13	1.957.425,37
2019	1.926.629,22	20.091,35	1.946.720,57	1.931.709,45	25.715,92	1.957.425,37
2020	1.072.004,56	3.379,04	1.075.383,61	1.077.006,54	4.329,47	1.081.336,02
Total	6.797.493,75	118.051,58	6.915.545,32	9.115.490,80	251.873,93	9.367.364,72

Em 31 de dezembro de 2016 e 2015, a quantia escriturada líquida para cada categoria de ativo em regime de locação financeira era a seguinte:

DESCRIPTION	2016			2015		
	ACQUISITION VALUE	ACCUMULATED DEPRECIATION/ IMPAIRMENT LOSSES	NET VALUE	ACQUISITION VALUE	ACCUMULATED DEPRECIATION/ IMPAIRMENT LOSSES	NET VALUE
Tangible fixed assets						
Basic equipment	22.235.500,00	14.920.667,59	7.314.832,41	28.160.500,00	15.793.283,37	12.367.217,63
Total	22.235.500,00	14.920.667,59	7.314.832,41	28.160.500,00	15.793.282,37	12.367.217,63

11.2. Operating lease

In the 2016 and 2015 financial years, rental expenses under operating leases were recognised in the amounts of €15,751.46 and €1,449,676.52, respectively.

Rentals from operating leases at 31 December 2016 have the following due dates:

YEARS	2016
2017	28.468,12
2018	21.440,69
2019	21.440,69
2020	19.007,54
2021	12.500,00
Total	102.857,04

12. BORROWING COSTS

Financial charges relating to loans obtained are generally recognised as costs in accordance with the principle of accrual-based accounting, and the effective interest rates are used.

Interest and similar expenses incurred and recognised in the 2016 and 2015 financial years:

	2016	2015
Interest on loans	5.024.950,63	5.395.950,92
Credit institutions and financial institutions interest	86.996,11	196.383,76
Interest on securities – bonds	3.185,00	107.164,18
Interest on share capital	4.934.769,52	5.092.402,98
Interest on other financial instruments	11.959.897,91	9.154.925,58
Other financing expenses and losses – relating to loans	209.320,63	210.506,58
Expenses and discounts on the issuance of financing	4.283,70	4.244,40
Surety rate	203.333,34	202.777,78
Commission and other fees	1.703,59	3.484,40
Interest and similar expenses obtained	17.194.169,17	14.761.383,08
Juros e gastos similares suportados na demonstração resultados	17.194.169,17	14.761.383,08

Interest and similar income gained, recognised in the 2016 and 2015 financial years:

	2016	2015
Interest received		3.185,16
Other financing gains and income	9.293,89	
Actual interest and similar income gained	9.293,89	3.185,16
Gains on fair value – in financial instruments	2.736.321,37	4.293.039,32
Interest and similar income gained in the profit and loss statement	2.745.615,26	4.296.224,48

The company did not capitalise financial charges in the cost of assets because it did not have any assets that qualified for this.

13. INVESTMENT PROPERTIES

At 31 December 2016 and at 31 December 2015, the company applied the fair value to investment properties, determining it through a valuation performed by independent, external valuation experts with recognised professional qualifications (in 2016 Basis of Value – Peritos Avaliadores de Imóveis, Lda, and in 2015, CPU Consultores de Avaliação, Lda.).

The work consisted in determining the Fair Value of the buildings and land, for accounting purposes, while complying with the requirements of accounting and financial reporting standard (NCRF) no. 11 and the terms of reference provided by the company. The reference date of the valuation was 31 December 2016 and 31 December 2015, for the years 2016 and 2015 respectively.

The Fair Value to be determined for accounting purposes could be compared to the "Market Value" as defined in the Portuguese Accountancy Standardization System (SNC).

In this valuation, the Fair Value was calculated using the Market Method and the Income Method, taking into account current amounts for uses which were similar and comparable to the use in question, in compliance with the stipulations of NCRF 11.

The valuation assumptions used to determine the fair value were as follows:

- The valuation work was based on inspections, that is, visual checks, which were performed inside and outside all the properties;
- For all the properties, information about the surroundings and the local property market was collected, and a survey was carried out on current market values for similar and comparable properties;
- When obtaining the value of each property, the main determining factors, such as location, access, current size, features and current state, were taken into account. Market values for properties with similar potential uses and locations were also used as a reference;
- The land and construction areas were obtained using information supplied by the company, which is deemed to be accurate;
- It was assumed that all the buildings are legal and licenced, free of encumbrances and charges, apart from those contained in existing leases.

The valuation took into account alternative use. The market value was determined on the basis that the property was free and available, and it corresponds to the property's value in alternative use.

According to the principle of best alternative use, the market value of the property is based on a profitability analysis of a development project consistent with the maximum and best use, or on a profitability analysis of existing development projects, if any. The best alternative use is defined as the probable and reasonable use that will generate the current highest value at the valuation date.

In this regard, market comparison criteria and income criteria were used to value the properties, in some cases with the direct capitalisation method and in others with the residual value method.

The fair value is defined in NCRF 11, paragraph 37, as "the amount for which the property could be exchanged between knowledgeable and willing parties, in an arm's length transaction". The requirements of NCRF 11 were therefore complied with when determining the market value of the properties.

Over the financial years ended 31 December 2016 and 2015, movements in the investment properties caption were as follows:

INVESTMENT PROPERTIES	2016			TOTAL
	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	ADVANCES ON ACCOUNT INVEST. PROPERTIES	
Balance at 01.01.2016	12.088.640,00	4.520.460,00	24.726,00	16.633.826,00
Fair value variation against profit and loss	-376.607,00	-814.778,16		-1.191.385,16
Fair value variation from revaluation surplus reversal	-704.200,00	-1.772.514,84		-2.476.714,84
Write-offs/Sale	-351.400,00	-193.400,00		-544.800,00
Balance at 31.12.2016	10.656.433,00	1.739.767,00	24.726,00	12.420.926,00

INVESTMENT PROPERTIES	2015			TOTAL
	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	ADVANCES ON ACCOUNT INVEST. PROPERTIES	
Balance at 01.01.2015	12.591.474,00	4.663.826,00	24.726,00	17.280.026,00
Fair value variation against profit and loss	-59.126,00	-29.513,91		-88.639,91
Fair value variation from revaluation surplus reversal	-443.708,00	-113.852,09		-557.560,09
Balance at 31.12.2015	12.088.640,00	4.520.460,00	24.726,00	16.633.826,00

The company undertook no contractual obligations in relation to the construction, development, repair or maintenance of investment properties.

Over the 2016 and 2015 financial years, the following income and expenditure relating to investment properties was recognised:

INVESTMENT PROPERTIES	2016		2015	
	LEASED	FOR VALUATION	LEASED	FOR VALUATION
INCOME				
Income from Rentals	342.669,98	2.400,00	247.554,66	20.290,12
EXPENSES				
Direct costs	-117.098,16	-33.629,87	-30.532,06	-134.707,19
Profit/loss	225.571,82	-31.229,87	217.022,60	-114.417,07

14. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Given that STCP is a company with exclusively public capital and provides a social transport service without any commercial motive, it should be financially compensated for the share of non-commercial service it is required to provide.

In this respect, the historical situation in which continuous losses were generated is not considered to reflect impairment, but rather a failure on the part of the State to comply fully with its obligation to finance the social activities it imposes upon STCP.

Any asset which shows signs of impairment, whether due to technical or material obsolescence, undergoes an impairment analysis and the associated losses are recognised.

In addition, it should be noted that in the 2015 and 2016 financial years, for the Buildings and Land category, market valuations performed by independent asset evaluators were obtained, and the corresponding impairment loss for said assets was recorded.

In 2016 and 2015, movements in impairment losses in tangible fixed assets were as follows:

	2016	2015
Profit and Loss Statement – Tangible fixed assets impairment losses	1.632.090,47	251.850,82
- Increases	1.765.894,83	251.850,82
- Reversals	-133.804,36	
Equity – revaluation surplus	4.736.124,02	1.698.020,12
- Revaluation surplus reversal due to impairment losses in tangible fixed assets	4.736.124,02	1.698.020,12

A breakdown of accumulated impairment losses in tangible fixed assets, as at 31 December 2016 and 2015, is given in note 8.

15. STAKES IN JOINT VENTURES AND INVESTMENTS IN ASSOCIATE COMPANIES AND SUBSIDIARIES

15.1. Stakes in joint ventures

Not applicable.

15.2. Investments in associate companies and subsidiaries

Financial holdings in subsidiaries and associate companies, valued using the equity method, at 31 December 2016 and 2015:

YEAR OF 2016	ASSETS	LIABILITIES	EQUITY	INCOME	NET PROFIT	% HOLDING
SUBSIDIARY COMPANIES						
STCP Serviços	50.885,86	5.597,22	45.288,64		-2.150,49	100,00%
ASSOCIATES						
TIP, ACE	13.994.537,75	14.434.545,86	-440.008,11	6.531.991,59	1.352.499,53	33,33%
Transpublicidade, S.A.	765.447,22	247.751,04	517.696,18	610.152,77	-170.588,07	20,00%

ANO DE 2015	ASSETS	LIABILITIES	EQUITY	INCOME	NET PROFIT	% HOLDING
SUBSIDIARY COMPANIES						
STCP Serviços	53.055,22	5.616,09	47.439,13		-80,00	100,00%
ASSOCIATES						
TIP, ACE	10.586.503,21	12.362.355,44	-1.774.852,23	7.912.877,99	2.835.380,51	33,33%
Transpublicidade, S.A.	922.947,53	234.663,28	688.284,25	566.992,02	24.475,68	20,00%

Although provisional, the associate companies' and subsidiaries' financial statements at 31 December of each financial year were used.

Given that the proportion of the company in the negative results of STCP Serviços and TIP exceeded the carrying amount of this investment, the equity method was not applied in previous financial years.

Movements in STCP's financial statements in relation to financial holdings in subsidiaries and associate companies in the 2016 and 2015 financial years:

	2016	2015
FINANCIAL HOLDINGS		
Initial balance	138.577,20	131.092,00
Adjustments – equity method	-35.037,96	7.485,20
Other changes		
Final balance	103.539,24	138.577,20
IMPAIRMENT LOSSES		
Net assets	103.539,24	138.577,20

16. BUSINESS COMBINATIONS

Not applicable.

17. INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION

See note 15.2.

18. EXPLORATION AND ASSESSMENT OF MINERAL RESOURCES

Not applicable.

19. AGRICULTURE

Not applicable.

20. INVENTORIES

Inventories caption at 31 December 2016 and 2015:

	2016			2015		
	GROSS AMOUNT	IMPAIRMENT LOSSES	NET AMOUNT	GROSS AMOUNT	IMPAIRMENT LOSSES	NET AMOUNT
Raw and sub. materials and consumables	1.427.362,80	-947.173,70	480.189,10	1.334.972,28	-987.220,99	347.751,29
	1.427.362,80	-947.173,70	480.189,10	1.334.972,28	-987.220,99	347.751,29

Cost of raw materials, subsidiary materials and consumables in the 2016 and 2015 financial years:

	2016	2015
Initial Inventory	1.334.972,28	1.629.233,00
Procurement	1.300.373,55	807.673,84
Settlements (*)	46.935,85	-242.554,21
Cost of consumed materials	-1.254.918,88	-859.380,35
Final inventory	1.427.362,80	1.334.972,28

(*) In 2015, the amount of €296.565,12 related to the write-off and destruction of discontinued tickets which were being held in storage. The impairments in these inventories were recognised in previous financial years.

In the 2016 and 2015 financial years, there were no movements in the caption "Changes in products and work in progress".

Changes in accumulated impairment losses in inventories, in the 2016 and 2015 financial years:

YEAR OF 2016	INITIAL BALANCE	INCREASES	REVERSALS	FINAL BALANCE
Raw and sub. materials and consumables	987.220,99		40.047,29	947.173,70

YEAR OF 2015	INITIAL BALANCE	INCREASES	REVERSALS (*)	FINAL BALANCE
Raw and sub. materials and consumables	1.192.206,62		204.985,63	987.220,99

(*) In 2015, the reversal of impairments was essentially due to the write-off of obsolete inventories.

21. CONSTRUCTION CONTRACTS

Not applicable.

22. REVENUE

Breakdown of revenue recognised at 31 December 2016 and 2015, all generated in national territory:

	2016	2015
Service provision	42.797.253,96	42.374.606,42
Public passenger transport (*)	42.715.055,51	42.273.854,97
Vehicle hire	91.609,39	101.090,49
Sales rebates	-9.410,94	-339,04
Supplementary income	771.339,54	1.000.307,65
Rental of equipment	6.190,00	4.070,00
Royalties	1.138,22	1.569,11
Other supplementary income	764.011,32	994.668,54
Maintenance services	66.922,91	229.160,58
Advertising	179.428,81	202.104,27
Employee assignments	56.466,70	90.195,83
Rent and provision of space	229.405,77	180.708,69
Provision of consultancy and other services	46.631,50	96.166,68
Sales of scrap and other goods	26.998,76	38.919,05
Museum sales and services	94.764,68	14.649,03
Others	63.392,19	142.764,41
Rents and other income from investment properties	345.069,98	267.844,78
Interest received		3.185,16
	43.913.663,48	43.645.944,01

(*) Public subsidies are defined in Decree-Law no. 167/2008 of 26 August, which establishes two types of subsidy: compensatory payments and other types of subsidy.

Compensatory payments are payments made with funds from the State Budget to public and private entities, which aim to compensate the operating costs arising from the provision of services of general interest (Article 3 of Decree-Law no. 167/2008). The concept of general interest involves, among other things, the obligation to provide services which may be used by all and which are affordable to the majority of citizens (Article 4).

In addition, the abovementioned Decree-Law allows other types of subsidy under agreements or contracts with the State, but it excludes social subsidies granted to natural persons. However, the State is obliged to publish the amounts granted under such agreements or contracts signed with Entities.

STCP signed three agreements with the State which do not involve compensatory payments, given that the payments do not match the above definition of compensatory payment.

The purpose of these agreements is to ensure that services are provided at more affordable fares for individuals faced with certain social constraints. The State refunds STCP for part of the price discount applied to these fares, for which it is responsible.

The agreement for the implementation of the social fare in the Andante intermodal system was signed on 29 June 2006, the agreement for the 4_18@escola.tp fare was signed on 29 January 2009 and the agreement for the sub23@superior.tp fare was signed on 1 September 2010.

In addition to these three agreements, and by virtue of Order no. 272/2011 of 23 September, the intermodal "Passe Social+" ticket was also created for individuals whose household income was demonstrably low.

The company recognises these subsidies, under these contracts relating to fares, in the caption "Revenue from sales and services provided – public passenger transport".

On 17 December 2014, an amendment to the agreement for the implementation of the social fare in the Andante intermodal system was signed, in order to change the State-funded portion of the discount applied to this fare from 40% to 68%, with effect from 1 February 2012.

23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The following provisions were created:

Ongoing legal proceedings: based on costs that the company may have to bear for pending Court proceedings at the end of each financial year, corresponding to the overall foreseeable value.

Occupational accidents and diseases: based on costs that STCP will have to bear in the future for pensions existing at 31 December 2016. Until February 1998, the company was self-insured for these accidents; however, there was no partial insurance for significant risks. From 1 March 1998, the company transferred its liability for accidents at work to an insurer, with a 30-day excess. From 1 March 2009, liability for accidents at work no longer included an excess.

Other risks and charges: based on costs that STCP could be liable to bear for claims arising from accidents involving its fleet, where it is responsible, pending at 31 December 2016, and costs arising from other risks existing at the same date, in particular for addressing commitments undertaken at a loss in associate companies and other legal obligations.

Movements in provisions, in the years 2016 and 2015:

	2016			
	INITIAL BALANCE	INCREASES	REVERSALS	FINAL BALANCE
Ongoing legal proceedings	17.510.016,83		8.147.799,36	9.362.217,47
Occupational accidents and diseases	450.950,07		7.205,28	443.744,79
Other provisions	4.135.751,27	425.189,13	1.563.296,88	2.997.643,52
	22.096.718,17	425.189,13	9.718.301,52	12.803.605,78
(Increases) and decreases in provisions			9.293.112,39	

	2015			
	INITIAL BALANCE	INCREASES	REVERSALS	FINAL BALANCE
Ongoing legal proceedings	6.227.925,31	11.282.091,52		17.510.016,83
Occupational accidents and diseases	463.556,03		12.605,96	450.950,07
Other provisions	3.731.549,12	1.363.075,98	958.873,83	4.135.751,27
	10.423.030,46	12.645.167,50	971.479,79	22.096.718,17
(Increases) and decreases in provisions			-11.673.687,71	

At the end of 2016, the Settlement Agreement for the legal action brought by the Municipality of Porto, also against the Portuguese State, was signed and approved by the Court. This case related to a claim over the ownership of land and other fixed assets held by the company at the time when it became a joint-stock company with exclusively public capital in 1994, before which it was known as Serviço de Transportes Colectivos do Porto. At 31 December 2016, the decrease in the value of provisions for ongoing legal proceedings was due essentially to the derecognition of the existing provision for this court case. The only amount yet to be paid in outstanding debts is €10,085,808.81, given that implementation of the agreement is pending.

At 31 December 2016, the company has two court cases pending against it, as described below. The amounts of these are materially relevant and provisions have been created.

- In May 2013, Banco Santander Totta, S.A. (BST) brought legal action against STCP and three other public passenger transport companies before the commercial court of London. These actions relate to nine interest rate swap contracts signed between 2005 and 2009, between BST and each of these public companies. One of these nine contracts is signed with STCP. BST wants the English courts to declare that the said swap contracts are valid and binding for the public companies in question. On the other hand, the public companies want the contracts to be declared invalid, and the amounts paid to BST under said contracts to be reimbursed. On 4 March 2016, the commercial court of London ruled against the transport companies involved, and upheld the validity of the disputed contracts. This decision was appealed by the transport companies before the London Court of Appeal. On 13 December 2016, the Court of Appeal ruled against the transport companies; similarly to the court of first instance, it ruled that the contractual situation between the parties was international, thus rejecting the arguments of the transport companies. Subsequently, the transport companies decided to appeal the decision before the Supreme Court of London, as instructed by the Guardian Authority. This Court is expected to rule on whether the appeal is admissible or not by the end of March 2017. At 31 December 2016, the provision for this court case covers the costs that STCP is estimated to have to bear for this action, which were not yet reflected in the financial statements.
- On 30 May 2016, Alsa Ferrocarril, S.A., Nex Continental Holdings, S.L., Alsa Atlântica, S.L., and Alsa Metropolitana do Porto, Lda. brought an action against STCP and the Ministry of Environment (the defendants) before the Administrative Court of Lisbon, requesting: i) the annulment of the B. of D. decision of 20/04/2016, which cancels the awarding procedure for the subconcession of the operation of STCP's transport system and cancels the sub-concession contract; ii) the validity of the contract, given that the deadline for bringing legal action to cancel the contract was missed, as 6 months had already elapsed from the date of signing, in accordance with the provisions of Article 77 B no. 2 of the CPTA (Administrative Courts Procedural Code); iii) acknowledgement that the contract may only be terminated by agreement of the parties (revocation) or for reasons of public interest, or if approval is withheld by the Court of Auditors, and that the defendants be sentenced to pay the fair amount of compensation, and iv) that the bank guarantee of €24,328,858.65 be returned (this was subsequently returned). STCP has already challenged this action, and is awaiting the next procedural steps in the case.

Also pending against the company is a court case which involves a materially relevant amount, but for which a provision has not been created:

→ Legal action brought by ANTROP against the Portuguese State and against STCP and Carris in relation to the award of compensatory payments to the two companies in 2003. The decision of the Supreme Court of Justice, of 12 January 2012, annulled this decision. Thus, given that the decision to award compensatory payments was declared invalid, STCP may need to return the compensatory payments. STCP has not provisioned any amounts for this case because it understands that the State is responsible for the matters in dispute. On the basis of the above, we are able to conclude that we have a contingent liability because the possibility of there being any future reimbursements is less than 50% and because it is not possible to estimate the amount of possible future reimbursements or when they will occur. It is therefore not possible to estimate their financial amount.

24. SUBSIDIES AND OTHER SUPPORT FROM PUBLIC ENTITIES

Most relevant movements in subsidies in the 2016 and 2015 financial years:

SUBSIDIES	2016				
	AMOUNT RECEIVED IN THE YEAR	AMOUNT STILL TO BE RECEIVED IN THE YEAR	TOTAL AMOUNT AWARDED	REVENUE FOR THE PERIOD	ACCUMULATED REVENUE
Subsidies related to assets	1.130.909,94	11.757,18	8.264.126,33	350.794,20	5.491.466,54
Tangible assets	1.130.909,94	4.378,50	8.150.935,07	341.034,36	5.399.639,47
Buildings and other constructions	28.679,37		716.865,73	25.394,80	274.546,82
Basic equipment	1.102.230,57		7.084.722,54	292.043,00	4.998.471,13
Office equipment			218.331,24	22.806,01	70.695,96
Other tangible fixed assets		4.378,50	59.513,51	790,55	55.925,56
Tangible assets in progress			71.502,05		
Investment properties			33.141,16	8.161,14	17.556,95
Buildings			33.141,16	8.161,14	17.556,95
Intangible assets		7.378,68	80.050,10	1.598,70	74.270,12
Software		7.378,68	80.050,10	1.598,70	74.270,12
	1.130.909,94	11.757,18	8.264.126,33	350.794,20	5.491.466,54

SUBSIDIES	2015				
	AMOUNT RECEIVED IN THE YEAR	AMOUNT STILL TO BE RECEIVED IN THE YEAR	TOTAL AMOUNT AWARDED	REVENUE FOR THE PERIOD	ACCUMULATED REVENUE
Subsidies related to assets	1.977.989,03		7.223.280,79	231.759,84	5.156.093,92
Tangible assets	1.977.989,03		7.102.070,69	231.759,84	5.058.629,17
Buildings and other constructions	390.796,51		688.186,36	14.982,75	249.152,02
Basic equipment	1.319.241,64		5.982.491,97	205.318,04	4.706.428,13
Office equipment	267.950,88		218.355,30	11.459,05	47.914,01
Other tangible fixed assets			55.135,01		55.135,01
Tangible assets in progress			157.902,05		
Investment properties			48.538,68		24.793,33
Buildings			48.538,68		24.793,33
Intangible assets			72.671,42		72.671,42
Software			72.671,42		72.671,42
	1.977.989,03		7.223.280,79	231.759,84	5.156.093,92

25. EFFECTS OF EXCHANGE RATE CHANGES

There were transactions in pounds sterling during the 2016 and 2015 financial years, but the amounts were insignificant.

26. EVENTS AFTER THE BALANCE SHEET DATE

Nothing to report.

27. INCOME TAX

The company is subject to the general Corporate Income Tax (IRC) regime. Given its loss-making situation, it only bears the costs arising from autonomous taxation and fulfils its obligation to make special payments on account.

Given the above, no deferred tax assets or liabilities were recognised, given that the company is not expected to be able to deduct tax losses reportable to date from future taxable profits.

At 31 December 2016, reportable tax losses amounted to €58,457,519.39, as broken down below:

ANOS	TAX LOSSES
2012	26.091.197,23
2013	7.178.252,27
2014	9.563.588,84
2015	15.624.481,05
	58.457.519,39

28. ENVIRONMENTAL ISSUES

We have no relevant information to report in the 2016 and 2015 financial years.

29. FINANCIAL INSTRUMENTS

29.1. Identification of financial assets and liabilities

Categories of financial assets and liabilities, at 31 December 2016 and 2015:

FINANCIAL ASSETS – YEAR 2016	LOANS GRANTED AND RECEIVABLES	AVAILABLE FOR SALE	NOT COVERED BY IFRS7 (*)	TOTAL
Non-current assets	79.773,66			79.773,66
Other financial investments	79.773,66			79.773,66
Current assets	7.878.573,72		1.706.118,60	9.584.692,32
Clients	2.846.672,18			2.846.672,18
Other receivables	2.146.888,84		1.706.118,60	3.853.007,44
Cash and bank deposits	2.885.012,70			2.885.012,70
	7.958.347,38		1.706.118,60	9.664.465,98

(*) "Debtors on income accruals" caption

FINANCIAL LIABILITIES – YEAR 2016	FINANCIAL LIABILITIES AT AMORTISED COST	FINANCIAL LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS	NOT COVERED BY IFRS7 (*)	TOTAL
Non-current liabilities:	315.820.201,47	112.502.633,91		428.322.835,38
Loans obtained	315.820.201,47			315.820.201,47
Other financial liabilities		112.502.633,91		112.502.633,91
Current liabilities	67.776.076,84	30.658.392,17	4.920.367,77	103.354.836,78
Suppliers	2.417.412,53			2.417.412,53
Loans obtained	54.504.490,20			54.504.490,20
Other debts payable	10.854.174,11		4.920.367,77	15.774.541,88
Other financial liabilities		30.658.392,17		30.658.392,17
	383.596.278,31	143.161.026,08	4.920.367,77	531.677.672,16

(*) "Creditors on expense accruals" caption

FINANCIAL ASSETS – YEAR 2015	LOANS GRANTED AND RECEIVABLES	AVAILABLE FOR SALE	NOT COVERED BY IFRS7 (*)	TOTAL
Non-current assets	73.216,80			73.216,80
Other financial investments	73.216,80			73.216,80
Current assets	15.680.160,26		1.446.990,76	17.127.151,02
Clients	2.681.036,08			2.681.036,08
Other receivables	1.869.645,35		1.446.990,76	3.316.636,11
Cash and bank deposits	11.129.478,83			11.129.478,83
	15.753.377,06		1.446.990,76	17.200.367,82

(*) "Debtors on income accruals" caption

FINANCIAL LIABILITIES – YEAR 2015	FINANCIAL LIABILITIES AT AMORTISED COST	FINANCIAL LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS	NOT COVERED BY IFRS7 (*)	TOTAL
Non-current liabilities:	369.939.327,13	115.238.955,28		485.178.282,41
Loans obtained	369.939.327,13			369.939.327,13
Other financial liabilities		115.238.955,28		115.238.955,28
Current liabilities	59.001.042,43	18.698.494,26	5.173.402,27	82.872.938,96
Suppliers	2.308.575,67			2.308.575,67
Loans obtained	55.648.771,31			55.648.771,31
Other debts payable	1.043.695,45		5.173.402,27	6.217.097,72
Other financial liabilities		18.698.494,26		18.698.494,26
	428.940.369,56	133.937.449,54	5.173.402,27	568.051.221,37

(*) "Creditors on expense accruals" caption

In 2016 and 2015, STCP only had financial assets and liabilities classified as:

- Loans granted and receivables;
- Available for sale;
- Financial liabilities valued at amortised cost;
- Financial liabilities valued at fair value through profit and loss.

According to point 29 of IFRS7, subparagraph a), when the carrying amount is a reasonable approximation of the fair value, for example for financial instruments such as short-term trade receivables or payables, it is not necessary to disclose their fair value. In 2016 and 2015, this situation applied to the captions "Customers", "Other receivables", "Cash and bank deposits" and "Other debts payable".

The caption "Financial holdings under the cost method" is measured at cost, and relates to a holding in a company which is not listed on an active market and the fair value of which can therefore not be reliably measured. Accordingly, we have not disclosed it.

Lastly, derivative financial instruments included in the caption "Other financial liabilities" are carried at fair value.

29.1.1. Loans obtained

Breakdown of loans at 31 December 2016 and 2015:

LOANS OBTAINED	YEAR OF 2016					
	AMORTISED COST			NOMINAL AMOUNT		
	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT
Credit institutions and financial companies	6.802.901,51	1.895.828,58	4.907.072,93	6.802.901,51	1.895.828,58	4.907.072,93
Finance leases	6.797.493,75	1.890.420,82	4.907.072,93	6.797.493,75	1.890.420,82	4.907.072,93
Credit card	5.407,76	5.407,76		5.407,76	5.407,76	
Securities market	99.991.319,35	10.169,09	99.981.150,26	100.000.000,00		100.000.000,00
Loans Non-convertible debenture	99.991.319,35	10.169,09	99.981.150,26	100.000.000,00		100.000.000,00
Debenture loan 07	99.991.319,35	10.169,09	99.981.150,26	100.000.000,00		100.000.000,00
Equity stakeholders	263.530.470,81	52.598.492,53	210.931.978,28	263.160.048,92	52.228.070,64	210.931.978,28
Parent company – loans and other	263.530.470,81	52.598.492,53	210.931.978,28	263.160.048,92	52.228.070,64	210.931.978,28
	370.324.691,67	54.504.490,20	315.820.201,47	369.962.950,43	54.123.899,22	315.839.051,21

LOANS OBTAINED	YEAR OF 2015					
	AMORTISED COST			NOMINAL AMOUNT		
	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT
Credit institutions and financial companies	9.122.518,11	2.319.767,70	6.802.750,41	9.120.315,15	2.317.564,74	6.802.750,41
Finance leases	9.117.693,76	2.314.943,35	6.802.750,41	9.115.490,80	2.312.740,39	6.802.750,41
Credit card	4.824,35	4.824,35		4.824,35	4.824,35	
Securities market	100.085.517,32	108.989,54	99.976.527,78	100.000.000,00		100.000.000,00
Loans Non-convertible debenture	100.085.517,32	108.989,54	99.976.527,78	100.000.000,00		100.000.000,00
Debenture loan 07	100.085.517,32	108.989,54	99.976.527,78	100.000.000,00		100.000.000,00
Equity stakeholders	316.380.063,01	53.220.014,07	263.160.048,94	301.250.248,72	38.090.199,78	263.160.048,94
Parent company – loans and other	316.380.063,01	53.220.014,07	263.160.048,94	301.250.248,72	38.090.199,78	263.160.048,94
	425.588.098,44	55.648.771,31	369.939.327,13	410.370.563,87	40.407.764,52	369.962.799,35

All loans are denominated in Euros.

29.1.1.1. Non-current

At 31 December 2016, existing non-current loans were as follows:

- In June 2007, a debenture loan of €100 million was issued for 15 years. The subscription was private and direct. The rate is variable, indexed to 6 month Euribor. A total or partial call option is available from the 5th year. Bonds were admitted to trading on a regulated market at the beginning of the year 2011. It has the Guarantee of the Portuguese State. Under the Guarantee contract, the Portuguese Republic unconditionally and irrevocably guarantees the payment of the amounts corresponding to the capital and interests payable under the terms and conditions of the contracts.
- In October 2014, the Portuguese State granted STCP an intracompany loan of €301,250,248.72 aimed at meeting this company's financing needs during the period from October to December 2014. The loan bears fixed-rate interest, biannually, and will be repaid in twelve successive, equal instalments of principal, beginning in May 2016 and ending in 30 November 2021. The intracompany principal was provided in three tranches:
 1. €122,166,600 on 6 October 2014;
 2. €177,083,648.72 on 27 November 2014;
 3. €2,000,000 on 15 December 2014.
- Order of the Secretariat of State for the Treasury no. 629/15-SET, of 4 May, and of the Secretariat of Infrastructure, Transport and Communications, of 15 May 2015, approved the granting of a medium-/long-term loan to address the operating needs for the second quarter of 2015, in the amount of €4,540,000. The loan was provided in phases in the following amounts and on the following dates:
 1. €1,875,000 on 22 May 2015;
 2. €1,511,000 on the same date, 22 May;
 3. €1,154,000 on 16 June 2015.
- Order of the Secretariat of State for the Treasury no. 1220/15-SET, of 4 August, and of the Secretariat of Infrastructure, Transport and Communications, of 16 September 2015, approved the granting of a second medium- and long-term loan of €3,178,175, the borrowing of which was also authorised, to address the operating needs for the third quarter of 2015:
 1. €1,472,710 on 30 September 2015;
 2. €1,705,465 on the same date, 30 September.
- Order of the Secretariat of State for the Treasury no. 1900/15-SET, of 19 November approved the granting of a third medium- and long-term loan of €4,400,000 to fund part of the company's operation in the fourth quarter of 2015. The funds were provided in one single tranche on 26 November 2015.

At 31 December 2016, the company had not defaulted on any of the loans borrowed.

29.1.1.2. Current

The company has a credit card for the exclusive purpose of paying current cash expenses on time. Its debit balance at 31 December 2016 was €5,407.76.

The credit card is configured for the solution offered by the Treasury and Public Debt Management Agency (IGCP), E.P.E., as an alternative to using a multi-bank card.

29.1.2. Other financial investments/assets

29.1.2.1. Non-current

The caption "Other financial investments" at 31 December 2016 and 2015 can be broken down as follows:

OTHER FINANCIAL INVESTMENTS	2016	2015
Financial holdings in other companies	25.000,00	25.000,00
Loans granted to subsidiary companies	1.400.000,00	1.400.000,00
Work compensation fund	9.485,02	777,67
Gross amount	1.434.485,02	1.425.777,67
Accumulated impairment losses	-1.354.711,36	-1.352.560,87
Carrying amount	79.773,66	73.216,80
Impairment of investments not depreciable/amortisable (losses/reversals)	-2.150,49	-80,00

Financial holdings in other companies are recorded at cost because they are not listed on an active market, and therefore their fair value cannot be reliably measured.

There were no movements in these holdings, as shown in the table below, and the carrying amount relates only to the holding in OPT, given that the holding in Metro do Porto is nil (it was valued using the equity method until 2007 – the holding until this date was 25% – and has negative equity):

	2016		2015	
	FAIR VALUE	AT COST	FAIR VALUE	AT COST
Financial holdings:				
Initial balance		25.000,00		25.000,00
Final balance		25.000,00		25.000,00
Impairment losses				
Net assets		25.000,00		25.000,00

The caption "Loans granted to subsidiary companies" is impaired given the loss-making situation of the subsidiary's equity.

29.1.2.2. Current

Nothing to report.

29.1.3. Other financial liabilities

On 31 December 2016 and 2015, the fair value of these derivative financial instruments (plus unpaid accrued interest) was as follows:

HEDGED FINANCING	2016				
	NOTIONAL VALUE	MATURITY	FAIR VALUE (*)	CURRENT	NON-CURRENT
Debenture 2007	25.000.000	05-jun-22	-143.161.026,08	-30.658.392,17	-112.502.633,91
Other financial liabilities			-143.161.026,08	-30.658.392,17	-112.502.633,91

(*) The fair value is plus unpaid accrued interest, included in the current caption, and its value without this accrued interest is €-113,494,520.37.

HEDGED FINANCING	2015				
	NOTIONAL VALUE	MATURITY	FAIR VALUE (*)	CURRENT	NON-CURRENT
Debenture 2007	25.000.000	05-jun-22	-133.937.449,54	-18.698.494,26	-115.238.955,28
Other financial liabilities			-133.937.449,54	-18.698.494,26	-115.238.955,28

(*) The fair value is plus unpaid accrued interest, included in the current caption, and its value without this accrued interest is €-115,961,315.70.

At 31 December 2016, the company held in its portfolio an interest rate risk hedging instrument that replicates 25% of the nominal value of the debenture loan issued in the same year. This instrument matures in 2022.

The abovementioned instrument was the subject of a legal action brought by the Credit Institution before the English Commercial Court, in which an assessment of the contract's validity was requested. The company challenged the action and argued for it to be dismissed. Based on the legal grounds that the contract is invalid, STCP withdrew from the obligations arising from it.

During the litigation, STCP informed the Institution that it had suspended payment of the coupon due on 5 December 2013, and any others which were allegedly due under the contract for this instrument.

Following this decision, in 2015 and 2016 the company continued to suspend payment of the half-yearly coupons due on 5 June and 5 December. Accordingly, on 31 December 2016, the amount of €29,666,505.73 for 7 outstanding coupons had been withheld.

Breakdown of fair value changes in 2016 and 2015:

HEDGED FINANCING	NOTIONAL VALUE	MATURITY	2016	2015
Debenture 2007	25.000.000	05-jun-22	2.736.321,37	4.293.039,32
			2.736.321,37	4.293.039,32

On 31 December 2016 and 2015, the fair value of the derivative financial instrument was determined by the Treasury and Public Debt Management Agency (IGCP), E.P.E.

Although these derivative instruments were contracted as part of an interest rate risk hedging policy, not all of the conditions necessary for the operations to be considered hedge accounting have been met.

Thus, fair value changes that occurred in the 2016 and 2015 financial years were recognised directly in profit and loss, under the captions "Gains on fair value in financial instruments"/"Losses on fair value in financial instruments" (note 12), in the profit and loss statement by nature under the caption "Interest and similar income received/gained".

29.2. Financial risk management

The Company is exposed to financial risks, essentially to the risk of changes in the market interest rate.

29.2.1 Exchange rate risk

Owing to its nature, the company is less exposed to the exchange rate risk, since financial operations are denominated in Euros and the acquisition of goods and services in other currencies is uncommon.

29.2.2. Liquidity risk

It is of primary importance for the company to manage liquidity risk since it generates an insufficient cash flow for its activity.

Since 2014, the financing model has been supported by funds from the Shareholder, which are provided at the request of the company in order to ensure it has sufficient liquidity to run smoothly. Requests are justified using provisional financial statements.

29.2.3. Credit risk

The aim of the policy for managing the company's credit risk is to ensure that the credit claim granted for its core business and subsidiary activities is covered, while strictly complying with the agreed conditions.

In order to mitigate this risk the company analyses and monitors the credit portfolio granted, implementing procedures which aim to limit defaulting situations.

Breakdown of the caption "Customers", according to due date and recoverability:

	2016	2015
WITHOUT RECORDED IMPAIRMENT		
Customers current account	2.846.672,18	2.681.036,08
Not due	25.468,48	1.273.209,24
Past due	2.821.203,70	1.407.826,84
<30	2.791.385,81	1.340.696,20
<60	1.985,45	2.954,85
<90	2.910,66	777,30
<120	876,20	2.084,60
<180		2.578,64
>=180	24.045,58	58.735,25
WITH IMPAIRMENTS		
Customers current account	14.127,91	14.489,77
Past due	14.127,91	14.489,77
>=180	14.127,91	14.489,77

Breakdown of the caption "Other debtors", according to due date and recoverability:

	2016	2015
WITHOUT RECORDED IMPAIRMENT		
Other debtors	1.886.850,29	1.568.923,16
Not due	686.827,63	89.403,57
Past due	1.156.423,95	1.435.920,88
<30	147.667,14	59.309,46
<60	27.900,24	35.842,55
<90	12.689,24	20.187,29
<120	1.424,32	14.333,24
<180	8.766,04	28.330,98
>=180	957.976,97	1.277.917,36
Deposits and securities paid	43.598,71	43.598,71
WITH IMPAIRMENTS		
Other debtors	25.081,18	25.081,18
Not due	0,00	0,00
Past due	25.081,18	25.081,18
>=180	25.081,18	25.081,18

The uncollectability risk was analysed, and in 2016 impairments worth €361.86 were reverted to customer debts.

Accordingly, on 31 December 2016, impairments of customers and other debtors amounted to €39,209.09, reflecting the actual uncollectability risk assumed.

29.2.4. Interest rate risk

As mentioned above, the loans borrowed bear fixed- and variable-rate interest.

The contracted derivative financial instrument aims to reduce exposure to the interest rate risk.

Medium- and long-term loans borrowed by STCP are essentially exposed to 3-month Euribor changes, for finance leases, and 6-month Euribor for the existing debenture loan.

On 31 December 2016, STCP had no short-term financing operations, except the credit card, which is not exposed to interest rate risk.

Sensitivity analysis

A sensitivity analysis was carried out for a 0.5% increase in the interest rates of the debenture loan of €100 million and finance lease operations, from which it was estimated that in 2017 rents and charges would increase by €124 thousand in relation to the debt service at 31 December 2016.

Future cash flow liabilities relating to non-current loans are as follows:

YEARS	INTEREST	REPAYMENT	CASH FLOW
2017	3.943.731,61	52.228.070,62	56.171.802,23
2018	3.157.151,93	52.228.070,62	55.385.222,55
2019	2.426.883,37	52.228.070,62	54.654.953,99
2020	1.747.566,86	52.228.070,62	53.975.637,48
2021	1.138.707,35	52.228.070,62	53.366.777,97
2022	381.639,09	102.019.695,83	102.401.334,92

29.2.5. Covenants

When contracting financial operations the company endeavours to accept as few contractual restrictions as possible, particularly in relation to the free availability of its equity and the ownership of its capital. The company has a policy of only negotiating and accepting contractual clauses that correspond to the market standard, which is limited to its bargaining power at all times.

The majority of the existing financing contracts have a set of standard covenants in their clauses that provide for situations commonly known as default, cross default, negative pledge, and *pari passu*, which are agreed and accepted by the counterparties. It should also be mentioned that there are clauses on the Portuguese State's ownership.

Most of the agreed covenants do not have corresponding indicators, except the ownership clauses which oblige the Portuguese State to hold the company's capital in full, or in other cases most of the capital, that is more than 50%.

29.3. Expenses, income, losses and gains

Expenses and losses and gains and income relating to loans obtained and derivative financial instruments are detailed in note 12.

29.4. Equity instruments

29.4.1. Equity capital

At 31 December 2015, the carrying amount of equity capital issued by the company corresponded to the caption "Equity capital"; this amounted to €85,505,125, fully paid up, represented by 17,101,025 shares in book-entry form, each with a nominal value of €5, and held entirely by the Portuguese State.

Over the 2016 financial year, equity capital movements were as follows:

→ On 12 October 2016, at the express wish of the single shareholder, the Portuguese State, through the Unanimous Written Company Decision, the decision was taken to increase the company's share capital by €30,282,535 by issuing 6,056,507 new shares, each with a nominal value of €5, subscribed by the single shareholder, and paid up as follows:

→ €2.55, in cash, on the date of subscription;

→ €30,282,532.45 through the conversion of credits, held by the State/Directorate General of the Treasury and Finance, due on 31 May 2016 and effective from this date.

On 23 November 2016 the equity capital was registered in the Commercial Registry and on 30 November the shares representing the increase in equity capital were registered in Interbolsa – Central Securities Depository.

→ On 22 December 2016, at the express wish of the single shareholder, the Portuguese State, through the Unanimous Written Company Decision, the decision was taken to increase the company's share capital once again, by €27,501,830, by issuing 5,500,366 new shares, each with a nominal value of €5, subscribed by the single shareholder, and paid up as follows:

→ €0.73, in cash, on the date of subscription;

→ €27,501,829.27 through the conversion of credits, held by the State/Directorate General of the Treasury and Finance, due on 30 November 2016 and effective from this date.

On 27 January 2017 the equity capital was registered in the Commercial Registry and on 9 February 2017 the shares representing the increase in equity capital were registered in Interbolsa – Central Securities Depository.

The company complied with the regulations associated with changes in equity capital, such as, according to Article 28 of the Commercial Companies Code, the amendment of the company's Articles of Association, registration of the new capital in the Commercial Registry, reporting to the CMVM, and disclosure of the information to the market by means of an official announcement, in the capacity of issuer of transferrable securities with duties to provide information.

On 31 December 2016, the carrying amount of equity capital issued by the company corresponded to the caption "Equity capital"; this amounted to €143,289,490, fully paid up, and represented by 28,657,898 shares in book-entry form, each with a nominal value of €5, and held entirely by the Portuguese State. At that date, registration of the latest increase in equity capital in the Commercial Registry was pending.

29.4.2. Reserves

"Reserves" caption at 31 December 2016 and 2015:

RESERVES	2016	2015
Legal reserves	74.907,42	74.907,42
Other reserves	25.727,80	25.727,80
Other reserves – free reserves	25.256,95	25.256,95
Other reserves – staff support fund	470,85	470,85

29.4.3. Revaluation surplus

Movements in tangible and intangible fixed assets revaluation surplus, in 2016 and 2015:

	TANGIBLE FIXED ASSETS
Balance at 01.01.2015	38.701.163,50
Amortisation	-661.775,29
Revaluation reversal (*)	-2.255.580,21
Revaluation increase	2.268.204,98
Balance at 31.12.2015	38.052.012,98
Balance at 01.01.2016	38.052.012,98
Amortisation	-995.392,70
Write-offs	-243.058,77
Revaluation reversal (*)	-7.212.838,86
Revaluation increase	13.950.377,15
Balance at 31.12.2016	43.551.099,80

(*) In 2016, the amount of €2,476,714.84 related to the reversal of investment property impairment losses which were carried over from tangible fixed assets with an established revaluation reserve. In 2015, this value was €557,560.09.

29.4.4. Adjustments/other changes in equity

Adjustments and other changes in equity at 31 December 2016 and 2015:

	2016	2015
Adjustments in financial assets – equity method	129.660,33	124.765,19
Transitional adjustments	-32.560,03	-32.560,03
Undistributed profits	162.220,36	157.325,22
Other changes in equity	3.678.338,42	2.972.865,50
Subsidies related to assets	2.772.659,79	2.067.186,87
Donations	281.048,63	281.048,63
Other changes in equity	624.630,00	624.630,00
Adjustments/other changes in equity	3.807.998,75	3.097.630,69

29.4.6. Earnings per share

Earnings per share in 2016 and 2015:

	2016	2015
Net profit for the period	-26.787.587,66	-31.617.189,85
Weighted average no. of shares	18.564.104	16.570.113
Basic earnings per share	-1,44	-1,91

Owing to the fact that there are no situations giving rise to dilution, the net earnings per diluted share are the same as the net earnings per basic share.

30. EMPLOYEE BENEFITS

30.1. Post-employment benefits – defined benefits plan

Since 1 May 1975, the company has had a defined benefits plan to award retirement and invalidity pension contributions to all employees, pursuant to the company's agreements and existing legislation. These are calculated based on a fixed formula and paid provided that the sum of the Social Security pension and the contribution does not exceed €650 (value effective since 2007).

Article 75 of law no. 83-C/2013, of 31 December, set out new rules to be applied to the payment of pension contributions by companies in the public business sector that have had negative net results in the last three financial years, determined on 1 January of the current year. These new rules only allow the continued payment of retirement contributions which, when added to pensions earned by the beneficiary (from Social Security or from the Caixa Geral de Aposentações (civil service pension fund) or another social protection system), are equal to or less than €600, and only allow the payment of pension contributions for situations which have already been established at 31 December 2013.

Given its exclusively public capital, STCP is considered to be a public company in the public business sector, in accordance with the provisions of Articles 2, 5 and 9 of Decree-Law no. 133/2013, of 3 October. Cumulatively over the last three years it has had negative net results. Therefore, the regime provided for in Article 75 of law no. 83-C/2013 of 31 December applies to STCP.

On 31 December 2014, law no. 82-B/2014 was published. Article 78 thereof has the same wording on the regime provided for in Article 75 of law no. 83-C/2013 of 31 December.

However, on 4 April 2016, law no. 11/2016 was published; under this law, the payment of all pension contributions in public business sector companies to active employees and to former, retired employees and other pensioners was reinstated, with effect from April 2016.

For the abovementioned reasons, at 31 December 2016, the calculation of the liabilities undertaken by the company in relation to the defined benefits plan was altered to reflect the changes imposed by law no. 11/2016.

At 31 December 2016 and 2015, according to the actuarial study carried out by BPI PENSÕES for this purpose, the present value of obligations assumed with liabilities for retirement and invalidity pension contributions was as follows:

	2016	2015
Cost of past retirement services	2.385.762,00	1.776.576,00
Fund liability	2.385.762,00	1.776.576,00

The actuarial evaluation of liabilities, in 2016 and 2015, used the projected unit credit method and was based on the following actuarial assumptions:

MAIN ASSUMPTIONS	2016	2015
FINANCIAL ASSUMPTIONS		
Discount rate in determining liabilities	0.40%	1.00%
Expected rate of return	1.00%	1.00%
Salary growth rate	Not applicable	Not applicable
Social Security pensions growth rate (*)	1.75%	1.75%
STCP pensions growth rate	Same as Social Security pension growth rate limited by the difference between the ceiling value and Social Security pension.	Same as Social Security pension growth rate limited by the difference between the ceiling value and Social Security pension.
Ceiling growth rate (**)	Without growth, fixed value of €650	Without growth, fixed value of €600
DEMOGRAPHIC ASSUMPTIONS		
Life table:	French table TV 73/77	French table TV 73/77
Invalidity table	Not applicable	Not applicable

(*) In years prior to 2001 it was 1% in the long term.

(**) In years prior to 2001 the ceiling was €548.68. From 2001 to 2006 inclusive, it increased to €598.56. From 2007 it increased to €650.00. However, in the period from January 2014 to March 2016, by virtue of Article 75 of law 83-C/2013, of 31 December 2013, and Article 78 of law 82-B/2014 of 31-12-2014 until March 2016, it became €600. Under law no. 11/2016, the value of €650.00 was reinstated.

In December 1998, the company transferred its liability to the open pension fund "Fundo de Pensões BPI – Aberto Valorização", and signed the subscription contract for an initial contribution of €3,042,667 corresponding to 304,158.66 units.

Movements in the Pension Fund at 31 December 2016 and 2015:

	2016	2015
Value of the fund assets at the beginning of the year	1.142.024,00	1.423.032,00
Company contributions	1.040.418,00	
Pensions paid	-373.018,00	-315.133,00
Effective income	10.603,00	34.125,00
Value of the fund assets at the end of the year	1.820.027,00	1.142.024,00

In January 2016 contributions of €209,546 were paid into the fund to cover the minimum level of financing required by the ASF at 31 December 2015. Over 2016, the fund was increased by a further €830,872 to cover the minimum levels of financing required by the ASF at 31 December 2016.

At the date of closing the accounts, it is not possible to reliably estimate the value of contributions for 2017. This amount will be determined based on the level of financing.

Changes in the liabilities assumed for retirement and invalidity pension contributions at 31 December 2016 and 2015:

	2016	2015
Liabilities at the start of the financial year	1.776.576,00	1.887.064,00
Cost of current services		
Cost of interest on liabilities	18.176,00	8.619,00
Pensions paid	-373.018,00	-315.133,00
Losses and (gains) from cuts/changes in the plan	673.287,00	
Actuarial experience losses and (gains)	206.744,00	196.026,00
Losses and (gains) from changes in discount rate	83.998,00	
Liabilities at the end of the financial year	2.385.763,00	1.776.576,00

A change in the discount rate to 0.25% less would result in a €36,893 increase in liabilities assumed for retirement and invalidity pension contributions, and a change in the discount rate to 0.25% more would result in a €35,756 decrease in liabilities assumed for retirement and invalidity pension contributions.

A change in the pension growth rate to 1% less would result in a €450,004 increase in liabilities assumed for retirement and invalidity pension contributions, and a change in the pension growth rate to 1% more would result in a €384,741 decrease in liabilities assumed for retirement and invalidity pension contributions.

Over the 2016 and 2015 financial years, liabilities for retirement and invalidity pension contributions, recognised in the caption "Staff expenses", were as follows:

	2016	2015
Recognised in the profit and loss statement	680.103,00	2.320,00
Costs of current services		
Net cost of interest	6.816,00	2.320,00
Losses and (gains) from changes in the defined benefits plan	673.287,00	
Recognised in equity	291.499,00	168.200,00
Remeasurement of net liabilities (assets) of defined benefits	291.499,00	168.200,00
Actuarial losses and (gains)	228.617,00	207.499,00
(Pension) benefits losses and (gains)	-21.873,00	-11.473,00
Income losses and (gains)	757,00	-27.826,00
Discount rate changes losses and (gains)	83.998,00	
	971.602,00	170.520,00

Effective income rates of the pension fund in the last 5 years:

	2016	2015	2014	2013	2012
Effective income rate	-0,10%	4,00%	5,90%	4,30%	9,06%

Evolution of the present value of the defined benefits liability, in the last 5 years, of the fair value of assets in the plan and of the plan surplus or deficit:

YEAR	FUND LIABILITIES	VALUE OF THE FUND ASSETS	FUND DEFICIT/SURPLUS	FUND COVERAGE RATE
2012	2.989.571,00	2.002.655,00	-986.916,00	67%
2013	1.983.302,00	1.586.115,00	-397.187,00	80%
2014	1.887.064,00	1.423.032,00	-464.032,00	75%
2015	1.776.576,00	1.142.024,00	-634.552,00	64%
2016	2.385.763,00	1.820.027,00	-565.736,00	76%

Composition of the BPI Valorização open pension fund at 31 December 2016 and 2015:

COMPOSITION	2016		2015	
	AMOUNT	%	AMOUNT	%
Shares	553.153	30%	336.784	29%
Fixed-rate bonds	935.356	51%	588.909	52%
Variable-rate bonds	125.160	7%	78.717	7%
Absolute return	130.600	7%	75.760	7%
Real estate	15.329	1%	12.448	1%
Liquidity	60.428	3%	49.405	4%
	1.820.027		1.142.024	

At 31 December 2016 and 2015, the asset value of the Group's membership to the BPI Valorização open pension fund was €1,820,027 and €1,142,024 respectively, representing 0.9% and 0.6% of the total value of the Pension Fund.

The BPI Valorização open pension fund does not consist of assets belonging to Sociedade de Transportes Colectivos do Porto.

30.2. Breakdown of personnel expenses

Staff expenses at 31 December 2016 and 2015:

	2016	2015
Wages of governing bodies members	215.424,22	162.034,58
Personnel wages	23.541.978,56	22.656.718,24
Post-employment benefits (*)	730.169,45	221.411,10
Indemnities	27.024,01	917.600,91
Charges on remunerations	5.071.096,86	5.134.198,61
Occupational accidents and diseases insurance	391.475,72	328.370,84
Social action expenses	202.627,55	197.168,31
Other personnel expenditure	116.265,48	95.992,85
Personnel expenditure	30.296.061,85	29.713.495,44

(*) In 2015, for the purpose of comparison with 2016, if the new version of NCRF 26 were applied this caption would be €53,211.10.

In 2016, remuneration curbing measures continued to apply in state-owned public business sector companies, from the start of 2011, pursuant to laws no. 55-A/2010, no. 64-B/2011, no. 66-B/2012, no. 83-C/2013, no. 75/2014 and no. 7-A/2016, namely in relation to the prohibition of salary increases, reduction in the wage increment paid for overtime and work on public holidays, and remuneration reductions for all employees whose gross monthly salaries exceeded €1,500.

However, pursuant to law no. 159-A/2015, the remuneration reduction applied to gross monthly salaries of more than €1,500 was gradually abolished over the year 2016.

In addition, law no. 42/2016 of 28 December provides for the gradual reinstatement of some of the acquired rights provided for by collective labour regulation instruments in state-owned public business sector companies. The estimate for 2016 holidays and holiday pay, to be paid in 2017, therefore already includes these remuneration changes.

On 4 April, law no. 11/2016 was published; this obliged STCP to reinstate all the pension contribution benefits provided in its company agreements, which had been cut from January 2014. In 2016, as a result of this law, post-employment benefit expenses increased by €673,087.

30.3. Number of employees

Over the 2016 and 2015 financial years, the company's average workforce was 1,201 and 1,154 respectively.

At 31 December 2016 the workforce was 1,236, and at 31 December 2015 it was 1,175.

31. DISCLOSURE REQUIRED DUE TO LEGAL INSTRUMENTS

Nothing to report.

32. OTHER INFORMATION

32.1. Suppliers and other creditors

Debts to suppliers, at 31 December 2016 and 2015:

	2016	2015
Suppliers (current account)	2.417.412,53	2.308.575,67
Not due	1.645.657,41	1.639.454,23
Past due	327.016,37	277.919,13
<30	92.983,11	156.876,08
<60	46.508,08	24.950,90
<90	8.675,28	8.531,09
<120	9.961,65	1.158,01
<180	141.815,28	12.306,28
>=180	127.072,97	74.096,77
Being received and checked	444.738,75	391.202,31

	2016	2015
Investment suppliers	192.254,67	318.778,76
Not due	141.327,61	289.972,98
Past due	50.927,06	28.805,78
<30	10.553,40	6.425,09
<60		3.147,00
<120	19.803,00	
>=180	20.570,66	19.233,69

Other creditors, at 31 December 2016 and 2015:

	2016	2015
Other creditors	10.510.607,36	588.767,16
Not due	338.305,67	505.256,29
Past due	10.136.670,42	43.710,58
<30	36.077,51	3.918,24
<60	10.085.981,63	187,32
<90	2,82	12.847,45
<120	2,82	12.267,06
<180	339,19	5,64
>=180	14.266,45	14.484,87
Deposits and securities received	35.631,27	39.800,29

Debts to suppliers and accounts payable were recorded at their nominal value because they do not earn interest and, in addition, because their financial discounts are not significant, considering the applicable average payment period, which is purely commercial: 60 days.

32.2. Government and other public entities

"Government and other public entities" caption at 31 December 2016 and 2015:

	2016		2015	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Income tax	524.150,23		682.237,10	
Corporate income tax – Special payment on account	420.000,00		630.000,00	
Corporate income tax – recoverable	104.150,23		52.237,10	
Withholding of income tax		299.856,40		281.122,40
Value added tax	688.345,10		758.180,97	
VAT – recoverable/requested repayments	688.345,10		758.180,97	
Social security contributions		603.349,77		602.574,14
Other taxes		107.004,00		80.580,00
Government and other public entities	1.212.495,33	1.010.210,17	1.440.418,07	964.276,54

32.3. Other debts payable

Breakdown of other debts payable at 31 December 2016 and 2015:

OTHER DEBTS PAYABLE	2016	2015
Personnel	149.931,80	134.142,25
Customers and other debtors – credit balances	1.380,28	2.007,28
Investment suppliers (current account)	192.254,67	318.778,76
Accrued costs payable	4.920.367,77	5.173.402,27
Sundry creditors	10.510.607,36	588.767,16
	15.774.541,88	6.217.097,72

ACCRUED COSTS PAYABLE	2016	2015
External supply and services	1.238.557,16	1.138.921,00
Subcontracts	696,04	33,02
Specialised work	1.049.988,94	1.034.859,13
Energy and other fluids	97.885,69	15.187,25
Travel, accommodation and transport	3,77	
Other services	89.982,72	88.841,60
Staff costs	3.539.854,74	3.850.125,50
Other expenses	140.515,88	175.061,88
Financial charges	1.439,99	9.293,89
	4.920.367,77	5.173.402,27

32.4. Other receivables

Breakdown of other receivables at 31 December 2016 and 2015:

OTHER RECEIVABLES	2016	2015
Suppliers and other creditors – debit balances	1.634,58	9.465,48
Advances to suppliers	1.052,25	58.813,08
Personnel	257.351,72	232.443,63
Debtors from income increase	1.706.118,60	1.446.990,76
Sundry debtors	1.911.931,47	1.594.004,34
Gross amount	3.878.088,62	3.341.717,29
Accumulated impairment losses	-25.081,18	-25.081,18
Carrying amount	3.853.007,44	3.316.636,11

DEBTORS FROM INCOME INCREASE	2016	2015
Service provision	1.410.450,56	525.607,59
Other income – additional proceeds	178.330,56	255.843,93
Other income – Other	117.337,48	122.210,09
Interest receivable		543.329,15
	1.706.118,60	1.446.990,76

32.5. Deferrals

"Deferrals in current assets and current liabilities" caption, at 31 December 2016 and 2015:

DEFERRALS	2016	2015
Assets – expenses to be recognised	618.586,01	163.121,78
External supply and services	394.407,09	149.229,66
Other expenses	224.178,92	13.892,12
Liabilities – income to be recognised	1.966.403,97	2.204.694,97
Service provision	203.896,98	250.715,78
Operating subsidies	1.575.651,42	1.575.651,42
Other income	186.855,57	378.327,77

32.6. External supplies and services

"External supplies and services" caption, in the 2016 and 2015 financial years

	2016	2015
Subcontracts	663,02	
Specialised services	8.185.663,75	8.084.325,50
Specialised work	485.014,35	1.068.936,65
Advertising	25.781,84	25.608,86
Supervision and safety	221.827,32	201.009,64
Fees	50.146,75	57.616,54
Commission	1.729.125,38	1.727.475,29
Maintenance and repairs	5.345.326,13	4.715.643,87
Communication and public information	21.623,16	10.490,70
Revenue inspection	304.678,86	269.732,73
Others	2.139,96	7.811,22
Materials	58.027,57	51.565,05
Energy and fluids	7.000.842,26	7.764.990,11
Electricity	468.594,32	443.017,00
Fuel	6.507.270,45	7.298.375,83
Others	24.977,49	23.597,28
Travel, accommodation and transport	5.812,86	1.971,61
Other services	2.028.912,75	3.366.935,45
Rents and leases	72.670,89	1.520.700,96
Communications	133.909,35	104.077,49
Insurances	544.569,20	408.734,15
Royalties	147.395,49	140.546,75
Litigation and notary public fees	19.370,86	12.539,28
Representation expenses	9.759,78	4.249,03
Cleaning, hygiene and comfort	937.738,54	1.031.197,17
Other services	163.498,64	144.890,62
External supply and services	17.279.922,21	19.269.787,72

32.7. Other expenses

Other operating expenses at 31 December 2016 and 2015:

	2016	2015
Taxes	139.382,91	163.217,62
Direct taxes	78.100,36	91.619,84
Indirect taxes	19.107,32	18.787,46
Rates	42.175,23	52.810,32
Bad debts	29,40	
Inventory losses	2.474,08	300.298,80
Expenses and losses in non-financial investments	10.236.571,35	166.860,42
Disposals		1.240,74
Write-offs	34,51	380,43
Expenses on investment properties	150.728,03	165.239,25
Other expenses	10.085.808,81	
Other expenses	361.540,46	471.776,57
Donations	81.615,00	74.826,93
Contributions	23.961,78	25.392,00
Insufficient tax estimate	1.070,77	765,18
Unfavourable exchange rate differences		10.074,16
Others not specified	254.892,91	360.718,30
Fines and penalties	971,82	4.969,19
Accident compensation	252.409,57	290.897,89
Others not specified	1.511,52	64.851,22
Other interest paid	100,27	1.146,23
Other financing expenses – other	11.170,22	11.813,61
Other expenses	10.751.268,69	1.115.113,25

32.8. Other income

Breakdown of other operating income at 31 December 2016 and 2015:

	2016	2015
Supplementary income	771.339,54	1.000.307,65
Discounts obtained for prompt payment	3.740,99	2.974,89
Inventory gains	49.409,93	57.789,59
Income and gains in non-financial investments	505.320,02	462.059,56
Disposals	160.250,04	194.214,78
Rents and other income from investment properties	345.069,98	267.844,78
Others	959.049,38	981.588,62
Allocation of subsidies for investments	350.794,20	231.759,84
Subsidies	8.242,82	158.726,85
Favourable exchange rate differences	7.737,15	342,25
Others not specified	592.275,21	590.759,68
Contractual benefits and penalties	247.006,35	229.421,96
Accident compensation	292.452,95	330.195,17
Others not specified	52.815,91	31.142,55
Other income	2.288.859,86	2.504.720,31

32.9. Liabilities for guarantees provided

Liabilities assumed for guarantees provided to third parties, at 31 December 2016 and 2015:

BENEFICIARY OF THE GUARANTEE	DESCRIPTION	2016	2015
Labour Tribunals	Benefits for accidents at work	447.473,97	447.473,97
		447.473,97	447.473,97

32.10. Negative equity

In the 2016 financial year the company incurred a loss of €26,787,587.66; on that date its total liabilities exceeded its total assets by €463,573,552.97.

Although the company's results have been continuously negative, STCP considers itself to play a vital role in ensuring mobility in the Porto Metropolitan Area through its services of general interest, a significant proportion of which are socially beneficial. In this way, it is able to ensure that the stakeholder remains committed to supporting the company's activity.

Porto, 03 April 2017

Certified Accountant no. 6622

The Board of Directors
Non-Executive Director
Executive voting members
Non-Executive Voting Member



LEGAL ACCOUNTS CERTIFICATE





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CERTIFICAÇÃO LEGAL DAS CONTAS E RELATÓRIO DE AUDITORIA

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião

Auditámos as demonstrações financeiras anexas da Sociedade de Transportes Colectivos do Porto, S.A. (“Entidade”), que compreendem o balanço em 31 de Dezembro de 2016 (que evidencia um total de 84.450.075 Euros e um total de capital próprio negativo de 463.573.553 Euros, incluindo um resultado líquido negativo de 26.787.588 Euros), a demonstração dos resultados por naturezas, a demonstração dos resultados por funções, a demonstração das alterações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da Sociedade de Transportes Colectivos do Porto, S.A. em 31 de Dezembro de 2016 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com as Normas Contabilísticas e de Relato Financeiro adoptadas em Portugal através do Sistema de Normalização Contabilística.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (“ISA”) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção “Responsabilidades do auditor pela auditoria das demonstrações financeiras” abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas. Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Ênfase

A Entidade mantém a situação de incumprimento do estatuído no artigo 35º do Código das Sociedades Comerciais. O aviso convocatório da Assembleia Geral Anual a realizar no próximo dia 30 de Maio propõe no ponto 5 da Ordem de Trabalhos a análise deste assunto.

A nossa opinião não é modificada em relação a esta matéria.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

BAKER TILLY, PG & ASSOCIADOS, SROC, S.A. | Inscrição na CMVM n.º 20161528 e na OROC n.º 235 | Capital Social 70.000 Euros | NIPC 509 224 547

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Descrição da matéria relevante	A nossa resposta
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1. Continuidade da actividade

Em 31 de Dezembro de 2016 o capital próprio da Sociedade de Transportes Colectivos do Porto, S.A. é negativo em 463.573.553 euros e os resultados líquidos mantiveram um elevado valor negativo.

Síntese da abordagem de auditoria

Análise da estrutura accionista da Entidade.
Análise da estrutura de endividamento da Entidade e respectivas garantias.
Análise do financiamento dos deficits de tesouraria dos últimos anos.
Análise dos Instrumentos Previsionais de Gestão – IPG's que incluem o Plano de Actividade e Orçamento para o triénio de 2017 a 2019.
Reunião com o Administrador Executivo com o pelouro financeiro.

Descrição da matéria relevante	A nossa resposta
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2. Contrato de swap

Em 31 de Dezembro de 2016 a Sociedade de Transportes Colectivos do Porto, S.A. é parte num contrato de cobertura de taxa de juro cuja legalidade está em apreciação no Tribunal de Comércio de Londres.

Síntese da abordagem de auditoria

Análise da valorização efectuada pela Agência de Gestão da Tesouraria e da Dívida Pública – IGCP.
Análise da valorização efectuada pelo Banco Santander Totta.
Análise das respostas dos Advogados circularizados.
Análise da provisão para processos judiciais em curso.
Reunião com o Administrador Executivo com o pelouro financeiro.

Descrição da matéria relevante	A nossa resposta
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3. Valorização dos imóveis

A Sociedade de Transportes Colectivos do Porto, S.A. aplica o modelo de revalorização aos terrenos e edifícios registados como Activos Fixos Tangíveis e como Propriedades de Investimento.

Síntese da abordagem de auditoria

Análise dos relatórios de avaliação efectuados por perito independente reportadas a 31 de Dezembro de 2016.
Análise do impacto no Capital Próprio e no Resultado Líquido.
Reunião com o Director do Departamento Administrativo e Financeiro e com o Contabilista Certificado.

Descrição da matéria relevante	A nossa resposta
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4. Transacção judicial com o Município do Porto

Em Novembro de 2016 foi homologada por sentença do Tribunal Administrativo e Fiscal do Porto a transacção judicial entre o Município do Porto na qualidade de autor e a STCP e o Estado Português na qualidade de réus.

Síntese da abordagem de auditoria

Análise do Memorando de Entendimento de Julho de 2015.
Análise da Transacção Judicial.
Análise da Sentença de Homologação.
Análise das respostas dos Advogados circularizados.
Reunião com o Director do Departamento Administrativo e Financeiro e com o Contabilista Certificado.



Responsabilidades do conselho de administração e do órgão de fiscalização pelas demonstrações financeiras

O conselho de administração é responsável pela: preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com as Normas Contabilísticas e de Relato Financeiro adoptadas em Portugal através do Sistema de Normalização Contabilística; elaboração do relatório de gestão, incluindo o relatório de governo societário, nos termos legais e regulamentares aplicáveis; criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro; adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e, avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades. O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também (i) identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno; (ii) obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade; (iii) avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo conselho de administração; (iv) concluímos sobre a apropriação do uso, pelo conselho de administração, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades; (v) avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada; (vi) comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria; (vii) das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública; (viii) declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, as respetivas salvaguardas. A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras, e as verificações previstas nos números 4 e 5 do artigo 451º do Código das Sociedades Comerciais.



RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento ao artigo 451º, nº 3, alínea e) do Código das Sociedades Comerciais, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre a Entidade não identificamos incorreções materiais.

Sobre o relatório de governo societário

Dando cumprimento ao artigo 451º, nº4, do Código das Sociedades Comerciais, somos de parecer que o relatório de governo societário inclui os elementos exigíveis à Entidade nos termos do artigo 245º - A do Código dos Valores Mobiliários, não tendo sido identificadas incorreções materiais na informação divulgada no mesmo, cumprindo o disposto nas alíneas c), d), f), h), i) e m) do referido artigo.

Sobre os elementos adicionais previstos no artigo 10.º do Regulamento (UE) n.º 537/2014

Nos termos do artigo 10.º do Regulamento (UE) n.º 537/2014 do Parlamento Europeu e do Conselho, de 16 de Abril de 2014, e para além das matérias relevantes de auditoria acima indicadas, relatamos ainda o seguinte:

- Fomos eleitos auditores da Entidade pela primeira vez em 30 de Maio de 2016 para um mandato compreendido entre 2016 e 2019.
- O conselho de administração confirmou-nos que não tem conhecimento da ocorrência de qualquer fraude ou suspeita de fraude com efeito material nas demonstrações financeiras. No planeamento e execução da nossa auditoria de acordo com as ISA mantivemos o ceticismo profissional e concebemos procedimentos de auditoria para responder à possibilidade de distorção material das demonstrações financeiras devido a fraude. Em resultado do nosso trabalho não identificámos qualquer distorção material nas demonstrações financeiras devido a fraude.
- Confirmamos que a opinião de auditoria que emitimos é consistente com o relatório adicional que preparamos e entregámos ao órgão de fiscalização da Entidade em 12 de Maio de 2017.
- Declaramos que não prestámos quaisquer serviços proibidos nos termos do artigo 77.º, número 8, do Estatuto da Ordem dos Revisores Oficiais de Contas e que mantivemos a nossa independência face à Entidade durante a realização da auditoria.
- Informamos que, para além da auditoria, não prestámos à Entidade quaisquer outros serviços permitidos por lei e regulamentos em vigor.

Sobre o cumprimento do princípio da unidade de tesouraria do Estado

O despacho nº 1140/16 do Senhor Secretário de Estado Adjunto, do Tesouro e das Finanças de 10 de Novembro autorizou o regime de exceção parcial no que respeita a operações de financiamento, a garantias bancárias, a valores mobiliários sob custódia, à compra e venda de moeda estrangeira e ainda a pedidos de numerário.

Porto, 12 de Maio de 2017

BAKER TILLY, PG & ASSOCIADOS, SROC, S.A.
Representada por Manuel Pires de Matos





SUPERVISORY BOARD'S REPORT



*RELATÓRIO ANUAL DO
CONSELHO FISCAL
SOBRE
O RELATÓRIO E CONTAS DE 2016
DA*

STCP – Sociedade de Transportes Colectivos do Porto, S.A.

Lisboa, 15 de maio de 2017



1. Introdução

No cumprimento do estabelecido no artigo 14.º dos Estatutos que regem a Sociedade de Transportes Colectivos, S.A. (STCP), conjugado com o n.º 1 do artigo 420.º do Código das Sociedades Comerciais (CSC), e em conformidade com a legislação em vigor e com o mandato que nos foi confiado, vem o Conselho Fiscal emitir o seu Relatório anual, sobre o Relatório e Contas de 2016, o qual contempla, igualmente, os termos do ofício circular da Direcção-Geral do Tesouro e Finanças n.º 1269, de 27 de fevereiro de 2017.

O Revisor Oficial de Contas Dr. Fernando Manuel de Sousa Pires de Matos, representante da Sociedade de Revisores Oficiais de Contas Baker Tilly, PG & Associados, SROC, S.A., emitiu a respectiva Certificação Legal das Contas, em 12 de maio de 2017, que se anexa.

O Conselho Fiscal, eleito por Deliberação Social Unánime por Escrito (DUÉ), datada de 25 de janeiro de 2016, para o mandato 2016/18, durante o exercício em análise efectuou reuniões e acompanhou os aspetos que considerou mais relevantes no âmbito das suas atribuições. Para o efeito obteve toda a cooperação por parte dos membros do Conselho de Administração da Sociedade e dos respetivos colaboradores, a qual foi indispensável à elaboração do presente Relatório.

A Sociedade de Transportes Colectivos do Porto, S.A. é uma sociedade anónima de capitais exclusivamente públicos (denida 100% pelo Estado Português), criada pelo Decreto-Lei n.º 202/94, de 23 de julho, cujo objeto principal é a exploração do transporte público rodoviário coletivo de passageiros na Área Metropolitana do Porto (AMP) e acessoriamente a exploração de atividades complementares ou subsidiárias daquele objeto.

Os estatutos foram retificados pela Declaração n.º 101/94, de 30 de julho, complementados e clarificados no que se refere às linhas por si exploradas em modo de transporte ou carro elétrico pelo Decreto-Lei n.º 379/98, de 27 de novembro, e alterados pela Lei n.º 38/2016, de 19 de dezembro que dá nova redação ao artigo 3.º e adita o artigo 2.º-A, tendo em vista a proibição da subconcessão do serviço a entidades que não sejam de direito público ou de capitais exclusivamente públicos.

Em cumprimento da Resolução da Assembleia da República n.º 145/2015, publicada em 28 de dezembro, que recomenda ao Governo a revogação e a reversão das subconcessões

dos sistemas de transporte da Metro do Porto, S.A. e da STCP, S.A., o Conselho de Administração da STCP procedeu, em abril de 2016, à avaliação administrativa do ato de adjudicação e do contrato de subconcessão do sistema de transportes da STCP, S.A.

Em junho, foi assinado um Memorando de Entendimento entre o Estado e seis municípios da Área Metropolitana do Porto (AMP), relativo à entrega da gestão da operação da STCP a partir de 2017, aos concelhos do Porto, Matosinhos, Maia, Valongo, Gondomar e Vila Nova de Gaia, servidos pela rede de transportes da empresa. Com este acordo, os municípios irão passar a gerir a empresa, assumindo o compromisso de assegurar as obrigações de serviço público, mantendo o Estado a sua propriedade. Tratou-se da primeira fase de um processo, que foi desenvolvido ao longo dos restantes meses do ano, com a articulação entre a STCP e a AMP.

Mais tarde foi publicado o Decreto-Lei n.º 82/2016, de 28 de novembro, que determina a descentralização parcial e temporária de competências de autoridade de transportes, do Estado para a Área Metropolitana do Porto, relativas ao serviço de transporte público de passageiros operado pela STCP e a descentralização parcial e temporária da gestão operacional da STCP.

A assinatura do contrato de gestão, bem como de toda a documentação relativa à criação do serviço público e da delegação de competências entre Estado, Área Metropolitana e Câmaras veio a suceder logo no primeiro dia útil de 2017, aguardando-se o visto do Tribunal de Contas.

2. Análise Económico-Financeira do Relatório e Contas de 2016

Do Relatório e Contas de 2016, parece-nos de salientar o seguinte:

- Em termos da atividade constatou-se que o volume de negócios da STCP, em 2016, correspondeu a cerca de 45,1 milhões de euros, com um aumento de 0,4%, face ao ano transato;
- Em 2016, a STCP disponibilizou aos clientes uma rede de transportes com 72 linhas de serviço público, 69 linhas em modo autocarro e 3 linhas em modo metro elétrico, e prestou serviço 24h por dia, nos 366 dias do ano;

Sociedade de Transportes Coletivos do Porto SA
 Av. Fernando de Magalhães 1662, 13º 4790-158 Porto
 Tel: +351 22 507 3000 Fax: +351 22 507 1150 e-mail: geral@stcp.pt www.stcp.pt

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- Em 2016, a procura foi de 69,4 milhões de passageiros, mais 200 mil passageiros (+0,3%) face ao ano anterior, pelo que a STCP manteve o estatuto de maior operador de transportes da Área Metropolitana do Porto. Sabendo-se que pela primeira vez, desde 2010, esta Sociedade registou um aumento do número de passageiros transportados.

Como principais justificações para o aumento da procura, em modo autocarro, apontam-se a contratação de novos motoristas / guarda-freios para reposição do efetivo que entretanto cessara trabalho por motivos de reforma por limite de idade ou de invalidez; as negociações sobre os Acordos Coletivos de Trabalho da empresa, promovidas pelo Conselho de Administração com as diversas organizações sindicais, que vieram a permitir que o aviso prévio de greve existente em 2016 fosse retirado a parir de agosto; e o consequente aumento da taxa de cumprimento das viagens planeadas e a uma maior fiabilidade do serviço.

A receita de serviço de transporte, em 2016, atingiu os 42,7 milhões de euros, o que se traduz num aumento de 432 mil de euros (+1%), face a 2015, em linha com o aumento verificado na procura, não tendo ocorrido, neste ano, aumento de tarifas de transporte;

- A oferta total da STCP atingiu, em 2016, os 21,75 milhões de quilómetros de serviço, apresentando um acréscimo de 1,18 milhões de quilómetros de serviço (+5,7%), face a 2015. A reposição gradual de efetivos, ao longo de 2016, permitiu retomar os níveis de cumprimento do serviço planeado, com reflexos positivos nos veículos km em serviço;
- A taxa de cumprimento do serviço, medida através das viagens realizadas face às viagens planeadas, foi de 94,8%. Já a taxa de cumprimento dos veículos km realizados, face aos veículos km programados, foi de 99,7%.

Foram realizadas cerca de 1,96 milhões de viagens, nas linhas da rede da STCP, tendo sido transportados 69,4 milhões de passageiros. A taxa de ocupação média das viaturas foi de 13,7%;

- No final de 2016, a frota da STCP era constituída por 419 autocarros, com uma idade média de 14 anos e de 6 carros elétricos históricos que efetuam serviço público. Encontravam-se, no entanto, inoperacionais dois autocarros, com elevados danos

devido a acidente, pelo que, não foram considerados para cálculo dos indicadores operacionais, tendo em consideração o longo período de mobilização;

- Em 31 de dezembro de 2016, a STCP contava com 1.232 trabalhadores (incluindo órgãos sociais e trabalhadores requisitados e cedidos), tendo aumentado 61 efetivos (+5,2%), relativamente ao ano anterior. Esta variação resultou de 111 entradas e 50 saídas. As entradas foram quase exclusivamente na área do pessoal tripulante. Este facto implicou, para este tipo de pessoal, um aumento da percentagem no efetivo da empresa, para 74%.

Em 2016 foram acolhidos na empresa 19 estagiários: 11 de estágio curricular e oito estágios profissionais;

- O Resultado Líquido do exercício obtido em 2016 foi negativo em 26,8 milhões de euros, o que significa um desagravamento de 4,8 milhões de euros face ao ano de 2015 (+15%). Esta evolução resulta da melhoria dos resultados operacionais em 8,8 milhões de euros e do agravamento dos resultados financeiros em cerca de 4 milhões de euros.

O resultado líquido sem o efeito do *swap* (juros e variação de justo valor) foi negativo em 17,6 milhões de euros, apresentando uma variação positiva de 9,2 milhões de euros (+34%) relativamente ao ano anterior;

- Os resultados operacionais foram negativos em cerca de 12,3 milhões de euros, representando uma melhoria de 8,8 milhões de euros face a 2015 (+42%). Em termos de variação, entre 2015 e 2016, salienta-se que os custos operacionais registaram uma diminuição de 9,7 milhões de euros (-14%), e os rendimentos operacionais uma redução de 900 mil euros (-1,9%), justificada pela rubrica de reversões de perdas por impagidades, no total de 1,1 milhões de euros, registada em 2015;

- Os rendimentos de prestação de serviços, que representam 95% dos rendimentos operacionais, aumentaram cerca de 423 mil euros (+1,0%), em linha com a recuperação da procura. A receita de transporte (99,8% da prestação de serviços), no total de cerca

de 42,7 milhões de euros, decorre-se em 39 milhões de euros de receita de bilheteira e 3,7 milhões euros de compensação (ação social andante).

Não foram atribuídos em 2015 e 2016 subsídios à exploração;

- Os Custos Operacionais foram de 57,5 milhões de euros, menos 7,7 milhões de euros que em 2015 (-14%). Destaca-se a diminuição das rubricas CMVMC e FSE, em cerca de 1,6 milhões de euros (7,9%) essencialmente devido à diminuição dos gastos com o combustível gás natural e à finalização das rendas de locação operacional de autocarros. Em 2015 foi provisionado o valor de cerca de 10 milhões de euros, montante que a STCP reconhece dever ao Município do Porto, e em 2016 procedeu-se à sua contabilização em gasto do exercício, por contapartida da reversão da provisão.

Em 2016 foram registadas imputações de cerca de 1,6 milhões de euros e redução de justo valor no total de cerca de 1,2 milhões de euros;

- Os resultados financeiros em 2016 foram negativos em 14,5 milhões de euros, registando um agravamento, face a 2015, na ordem de 3,9 milhões de euros (-38%).

Os juros e encargos de financiamento foram de 5,2 milhões de euros, e registaram uma redução de 372 mil euros. A variação do justo valor do swap foi positiva em 4,3 milhões de euros, mas inferior em 1,6 milhões de euros face à variação registada em 2015, enquanto os juros de swap, que atingiram cerca de 12 milhões de euros, aumentaram 2,4 milhões de euros;

- A empresa detém desde 2007 uma operação de colectora de tisco de taxa de juro com o Banco Santander Totta, S.A., com maturidade em 2022 e cujo justo valor de acordo com informação da Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E. em 31 de dezembro de 2016 era de 113.494.520,37 euros.

Esta operação foi objeto de uma ação judicial interposta pela instituição de crédito através do Tribunal de Comércio de Londres, em 10 de maio de 2013, com o objetivo de pedir o reconhecimento da legalidade do contrato de derivado celebrado com a STCP, S.A. Com base nos fundamentos jurídicos de nulidade do contrato, o Conselho de Administração, com autorização da Tutela, debberou a desvinculação do

cumprimento das obrigações que do contrato decorrem. Assim, na pendência do litígio, a SICP informou a Insinuação que suspendeu o pagamento do cupão devido no dia 5 de dezembro de 2013, bem como qualquer outro alegadamente devido ao abrigo do contrato da mesma operação. No dia 4 de março de 2016, o tribunal comercial de Londres proferiu uma sentença desfavorável às empresas de transporte envolvidas, reconhecendo a validade dos contratos em disputa, sendo que esta decisão foi objeto de recurso, por parte das empresas de transporte, para o Court of Appeal de Londres. Em 13 de dezembro de 2016, o Court of Appeal proferiu sentença desfavorável às empresas de transporte, tendo qualificado, à semelhança do tribunal de primeira instância, a situação contratualizada pelas partes como sendo internacional, tendo rejeitado assim a argumentação das empresas de transporte. Nessa sequência, as empresas de transporte decidiram, com indicações da Tutela, recorrer da decisão para o Supreme Court de Londres, sendo que se aguarda a pronúncia deste Tribunal. A 31 de dezembro de 2016, estima-se que a provisão para este processo judicial cubra os encargos a suportar com esta ação e que não se encontravam ainda refletidos nas demonstrações financeiras.

No seguimento desta decisão, e no que se refere a 2014 e 2015, manteve-se suspensa a liquidação dos cupões semestrais cujo vencimento ocorreu nos meses de junho e de dezembro. Do exposto, em 31 de dezembro de 2016, encontra-se suspenso o montante de 29.666.505,73 euros relativo a 7 cupões vencidos;

- Os gastos de pessoal apresentaram um aumento de cerca de 600 mil euros, devido principalmente aos gastos extraordinários ocorridos no ano, relativos:
 - (i) ao acordo extrajudicial de reconhecimento de descansos compensatórios do pessoal dos anos 2003 a 2011, considerando os cinco melhores anos, no montante de cerca de 1,1 milhões de euros (valor provisionado nas contas de 2015) e;
 - (ii) à reposição do teto dos benefícios de reforma, de 600 para 650 euros, decorrente do LOE16, no montante de 670 mil euros;
- O EBITDA (de gestão) sem factos extraordinários, cifrou-se em cerca de 2,6 milhões de euros, apresentando uma variação positiva de 1,2 milhões de euros (+32%), face a 2015;



- Em 2016, deu-se um decréscimo de endividamento (-13% face a 2015), fixando-se a dívida remunerada total em 370 milhões de euros. O limite de endividamento de 3.º estipulado no n.º 2 do artigo 31.º da Lei n.º 7-A/2016, de 30 de março (Lei do OE 2016), não foi excedido, fixando-se em 0,58%, nos termos da fórmula constante do ponto 3 do Anexo I do ofício n.º 1269, de 27 de fevereiro de 2017, da DGTF;

No âmbito da política de financiamento a partir de dezembro de 2013 e por aplicação do Decreto-Lei n.º 133/2013, de 3 de outubro, sendo a STCP uma empresa pública não financeira do setor empresarial do Estado, que anualmente apresenta capital próprio negativo, só pode aceder a financiamento junto de instituições de crédito com prévia autorização da Direção Geral do Tesouro e Finanças.

Os encargos financeiros em 2016 atingiram o montante de 17,19 milhões de euros, o que corresponde a um aumento de +16% (+2,43 milhões de euros), face a 2015, em resultado do aumento dos juros de swap.

Os encargos com swap contabilizados na rubrica juros suportados, apresentaram o montante de 12 milhões de euros, em 2016;

- O ativo atingiu o montante de 84,45 milhões de euros, registando uma diminuição de 7,8 milhões de euros (-8,4%) face a 2015. O ativo corrente diminuiu 7,1 milhões de euros, devido essencialmente à variação das disponibilidades na conta aberta na Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, e o ativo não corrente diminuiu cerca de 600 mil euros;
- O passivo em 2016, no valor de 548 milhões de euros, apresentou uma diminuição de 46 milhões de euros (-7,7%) relativamente ao ano anterior. Esta variação é justificada essencialmente pela diminuição dos financiamentos obtidos, em cerca de 55 milhões, em resultado da amortização (por conversão de créditos em capital) da dívida contratada ao Estado;
- O capital próprio da STCP atingiu em 2016 os 466,6 milhões de euros negativos. O desengramento de 38,1 milhões de euros (+7,6%), relativamente a 2015, resulta das

doações de capital efetuadas pelo acionista Estado, através da redução dos créditos concedidos por este à STCP;

Em 2016 foram efetuados dois aumentos de capital, em 12 de outubro, por vontade expressa do acionista único Estado Português, conforme Deliberação Social Unânime por escrito, foi decidido aumentar o Capital Social da empresa em 30.282.535 euros, através da emissão de 6.056.507 novas ações, no valor nominal de 5 euros cada, subscritas pelo acionista único, e em 22 de dezembro, por vontade expressa do acionista único Estado Português, conforme estipulado em Deliberação Social Unânime por escrito, foi decidido novo aumento do Capital Social da empresa em 27.501.830 euros, através da emissão de 5.500.366 novas ações, no valor nominal de 5 euros cada, subscritas pelo acionista único. Não obstante a última Deliberação Unânime por escrito do Estado referente ao aumento de capital ser de 22 de dezembro de 2016, o registo do aumento de capital junto da Conservatória do Registo Comercial foi efetuado em 1 de fevereiro de 2017.

O capital social da STCP, S.A., em 31 de dezembro de 2016, era de 143.289.490,00 euros, representado por 28.657.898 ações de 5,00 euros cada;

- O montante do investimento realizado em 2016 foi de 377 milhares de euros, do qual se destaca o fornecimento e montagem de câmaras de videovigilância para os autocarros, no valor de 65 mil euros, referente à conclusão do contrato iniciado em 2015, para substituição de equipamento obsoleto, e a reinstalação e atualização dos painéis de informação ao público (PIP), no total de 23 mil euros. O restante investimento resultou essencialmente na aquisição de equipamento informático e oficial, para substituição do existente.

Em 2016 foi atribuída à STCP cerca de 1 milhão de euros pelo PIDDAC (Programa de Investimentos e Despesas de Desenvolvimento da Administração Central) destinado ao financiamento da frota de autocarros, através da amortização do capital dos contratos de locação financeiros existentes;

- Por fim, reiteramos a ênfase assinalada na certificação legal de contas, emitida pelo RÓC da sociedade, quanto à situação de incumprimento do estipulado no artigo 35.º do Código das Sociedades Comerciais. Bem como a menção – como matéria relevante –

quanto à manutenção de resultados negativos do exercício, com o consequente avolumar da situação de capitais próprios negativos.

3. Aferição das orientações legais vigentes para o SEE

No âmbito do disposto no artigo 420.º do CSC, declaramos que, emto quanto é do conhecimento deste Conselho Fiscal, a STCP deu cumprimento à generalidade das orientações legais vigentes para o SEE, bem como às disposições constantes na Lei n.º 7-A/2016, de 30 de março, com a Retificação n.º 10/2016, de 25 de maio (LOE 2016), bem como no Decreto-Lei n.º 18/2016, de 13 de abril (D.L.E.O 2016), salientam-se as seguintes situações:

- A Lei n.º 7-A/2016, de 30 de março, estabeleceu no n.º 2 do artigo 31.º que o crescimento do endividamento das empresas públicas, considerando o financiamento remunerado corrigido pelo capital social realizado, ficava limitado a 3%. A STCP terminou o ano de 2016 com uma dívida remunerada total de 370 milhões de euros.

Considerando o endividamento corrigido pelo capital social realizado, registou um aumento de 0,58% face a 31 de dezembro de 2015, pelo que ficou cerca de 2,4% abaixo do referido limite, apurado nos termos da fórmula constante do ponto 3 do Anexo 1 do ofício n.º 1269, de 27 de fevereiro de 2017, da DGTF;

- Em 2016, o PMP foi de 51 dias, quando em igual período de 2015 era de 66 dias, registando-se assim uma diminuição de 14 dias (22%), face ao ano anterior.

O montante das dívidas em atraso, vencidas em 2016, de acordo com o Decreto-Lei n.º 65-A/2011, de 17 de maio, ascende a cerca de 219 mil euros, registando um acréscimo de cerca de 112,4 mil euros relativamente ao ano transato, sendo que cerca de 69 mil euros (31%) respetam a transações com a TTP, empresa participada da STCP, que é simultaneamente devedora e credora da STCP. Parte do montante restante refere-se a facturas em conferência e/ou em regularização, o que contribuiu para o aumento da dívida. Ao longo de 2016 a STCP procedeu trimestralmente, à divulgação das dívidas com mais de 30 dias, no seu sítio da internet (www.stcp.pt):

- No âmbito do Estatuto do Gestor Público foi dado cumprimento ao disposto nos artigos 32.º e 33.º, no que se refere: i) a não utilização de cartões de crédito nem de outros instrumentos de pagamento por gestores públicos, tendo por objeto a realização de despesas ao serviço da empresa; ii) ao não reembolso a gestores públicos de quaisquer despesas que caam no âmbito do conceito de despesas de representação pessoal; iii) ao valor das despesas associadas a comunicações, que incluem telefone móvel, telefone domiciliário e internet; iv) ao valor associado a gastos anuais associados às viaturas afetas ao Conselho de Administração;
- A empresa elaborou o "Relatório sobre Remunerações por género do ano de 2016", sobre as remunerações pagas a mulheres e homens, conforme determina o n.º 2 da Resolução do Conselho de Ministros (RCM) n.º 18/2014, de 7 de março, o qual foi divulgado internamente, através da sua publicação na intranet e disponibilizado no sítio da empresa;
- No que concerne ao princípio da igualdade de género e conforme o estabelecido no n.º 1 da Resolução do Conselho de Ministros (RCM) n.º 19/2012, de 8 de março, a STCP concluiu o Plano para a igualdade de género da STCP, que se encontra divulgado na intranet da empresa, acessível por todos os trabalhadores;
- Em 2016 foi elaborado relatório anual sobre prevenção da corrupção, conforme disposto no n.º 1 do artigo 46.º do Decreto Lei n.º 133/2013, de 3 de outubro, e concluída a atualização do Plano de Prevenção de Riscos de Corrupção e Infrações Conexas da STCP. Os dois documentos foram divulgados internamente, com a sua publicação na intranet e publicados no sítio da empresa;
- A STCP aderiu ao Sistema Nacional de Compras Públicas, em março de 2011, através da celebração de contrato com a Agência Nacional de Compras Públicas, E.P.E. (ANCP). Em 2016 não se procedeu a qualquer adjudicação ao abrigo do Sistema Nacional de Compras Públicas;

- **Frota automóvel** - durante o ano de 2016 manteve-se o número de viaturas e os gastos associados à frota automóvel reduziram 4% (-0,4 milhares de euros) face a 2015 e 10,8% (-18,6 milhares de euros) relativamente ao ano de 2014, dando cumprimento ao disposto sobre a redução de gastos com viaturas;
- No âmbito do cumprimento das medidas de redução de gastos operacionais em conformidade com o determinado no artigo 96.º do Decreto-Lei n.º 18/2016, de 13 de abril (DLEO 2016), consta-se que foram cumpridas as seguintes orientações:
 - Redução de gastos operacionais (CMVMC + FSE - Gastos em Pessoal, sem indemnizações por rescisão de contratos), que no seu conjunto reduziram 33% (-24,4 milhões de euros) face a 2010, ultrapassando o objetivo previsto de redução de 15% (-7,3 milhões de euros);
 - Redução do peso dos gastos operacionais no volume de negócios em 0,9% (1 ponto percentual), face ao ano de 2015;
 - Redução dos gastos com viaturas de apoio de 4% (-6 mil euros) face ao ano de 2015;
 - O volume de negócios foi de 45,1 milhões de euros, aumentando 0,4% (167 milhares de euros) face a 2015.

Constata-se que não foram cumpridas as seguintes orientações:

- O EBITDA (de gestão) foi negativo em 2,6 milhões de euros apresentando uma melhoria face ao valor de 2015, de 32% (1,2 milhões de euros);
- Os gastos com comunicações foram de 134 mil euros, registando um aumento de 29% (+ 30 mil euros) face a 2015. Este acréscimo deveu-se ao contrato celebrado com a empresa Veniam, para o fornecimento do serviço Wi-Fi a bordo dos autocarros a partir de agosto de 2016, que funcionou a título experimental aproximadamente um ano e meio, sem custos para a STCP;
- Os gastos com despesas com deslocações / alojamento foram de 5,8 mil euros em 2016, apresentando um acréscimo de 3,8 mil euros face a 2015, justificado, segundo a Sociedade, como o mínimo imprescindível, para serem efetuadas as deslocações e estadas necessárias ao funcionamento corrente da empresa,

recursivamente, deslocações para reuniões com as Tutelas ou outras instituições, ou deslocações para formação;

- Os gastos com ajudas de custo atingiram o montante de 4,1 mil euros em 2016, superior ao montante verificado em 2015 em 1,1 mil euros, que segundo a STCP referem-se às deslocações do pessoal, ao serviço da empresa;
- O número de viaturas de apoio foi de 52, mantendo-se o mesmo número de 2015, em resultado do abate de uma viatura pesada (grua de reboque) em dezembro, e do aluguer pela Metro do Porto de uma viatura ligeira, para apoio de um cargo de direção da STCP, em comissão de serviço.

- Durante o exercício de 2016, as empresas do SPE, devem prosseguir com a racionalização dos seus quadros de pessoal, adequando-os às efetivas necessidades de uma organização eficiente. O efetivo total manter-se-á limitado ao número verificado a 31 de dezembro de 2014, ou ao número que haja eventualmente sido superiormente autorizado no decurso do exercício de 2015. Assim, no que se refere às últimas contratações, devidamente autorizadas, foram admitidos 174 motoristas e guarda-freios, em:

2015: 60 novos motoristas e 5 guarda-freios e,

2016: 108 motoristas e 1 guarda-freio.

Em agosto de 2016 foi efetuado o pedido de autorização à Tutela, para a contratação de 1 Engenheiro para o Gabinete de Informática e Comunicações, autorizado através do Ofício n.º 1440, datado de 04-10-2016, do Secretário de Estado Adjunto e do Ambiente.

Por via das admissões, não se registou aumento de gastos com o pessoal, em 2015 e 2016, uma vez que o pessoal admitido possui um vencimento inferior ao pessoal que cessa funções, em final de carreira.

- No Relatório e Contas, a STCP informa que não foram atribuídos quaisquer prémios de gestão, e que foram aplicadas as reduções e reversões remuneratórias de acordo com a legislação vigente em 2016;
- Nos termos do artigo 86.º da Lei n.º 1-A/2016, de 30 de março, a STCP, S.A., sobjeitou a exceção ao Princípio de Unidade de Tesouraria do Estado (UTE), para o ano de 2016, pelo prazo de dois anos. De acordo com o Despacho n.º 1140/16 da SFATE, de 10 de novembro, foi autorizado o regime de exceção parcial à UTE no que respeita a operações de financiamento, por falta de enquadramento legal, a garantias bancárias, a valores imobiliários sob custódia, à compra e venda de moeda estrangeira e ainda a pedidos de numerário.

A empresa procedeu, ao longo do ano, ao fecho de contas de depósitos à ordem abertas em bancos onde estavam contratadas operações de financiamento, cujo serviço da dívida tinha terminado.

No ano, a empresa concentrou a maioria das suas disponibilidades na Conta de Depósitos à Ordem aberta junto da Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E., e procedeu, de igual modo, no que diz respeito à gestão corrente de serviços bancários, utilizando os serviços disponibilizados pelo IGCP.

De referir que, no ano, a empresa não efetuou qualquer aplicação financeira, nem auferiu juros em resultado das disponibilidades financeiras existentes em Depósitos à Ordem fora do âmbito do IGCP.

4. Aferição do cumprimento do disposto no n.º 1 do artigo 54.º do Decreto-Lei n.º 133/2013, de 3 de outubro, quanto ao relatório de boas práticas de governo societário

A STCP apresentou o relatório de boas práticas de governo societário, previsto no artigo 54.º do Decreto-Lei n.º 133/2013, de 3 de outubro, conforme instruções transmitidas pela Direção-Geral do Tesouro e Finanças sobre o processo de prestação de contas referente a 2016, de acordo com o modelo disponibilizado pela Unidade Técnica de

Acompanhamento e Monitorização do Setor Público Empresarial, o qual contempla a informação requerida.

5. Proposta

Assim, face ao exposto e considerando os elementos disponibilizados, o Conselho Fiscal no âmbito das suas competências, conclui que o Relatório e Contas de 2016 cumpre na generalidade as exigências legais aplicáveis, revelando a situação da Sociedade, pelo que, somos de parecer que seja:

- Aprovado o Relatório e Contas de 2016 apresentado pelo Conselho de Administração da Sociedade de Transportes Colectivos do Porto, S.A. atentas as ênfases expressas na Certificação Legal de Contas; e,
- Aprecuada a proposta de aplicação de resultados apresentada pela Administração, a qual está em conformidade com as disposições legais e estatutárias.

O Conselho Fiscal,


Pedro Romano Martínez (Presidente)


Ana Alexandra Filipe Freitas (Vogal)


Paulo Jorge Rodrigues Matos (Vogal)





*GLOBAL
REPORTING
INITIATIVE (GRI)
INDEX*



GLOBAL REPORTING INITIATIVE (GRI) INDEX

STCP's sustainability performance and the selection and definition of the main indicators were based on GRI v.3 guidelines.

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PR5	C	Procedures relating to customer satisfaction, including the results of satisfaction surveys	36-39

Aspect: Marketing Communications			
PR6	E	Programmes to ensure compliance with laws, regulations and voluntary codes relating to marketing communication, including advertising, promotion and sponsorship	NR
PR7	C	Total number of incidents resulting from non-compliance with regulations and voluntary codes relating to marketing communication, including advertising, promotion and sponsorship, by type of outcome	NR
Aspect: Customer privacy			
PR8	C	Total number of registered complaints about violations of customer privacy	NR
Aspect: Compliance			
PR9	E	Amount of (significant) fines for non-compliance with laws and regulations relating to the supply and use of products and services	NR

Source: GRI (2006) - "G3: Guidelines for Preparing Sustainability Reports"

C - Complementary

E - Essencial

NR - "Not Relevant" or "Not Applicable" indicator

ND - "Not Available" or "Partially Available" indicator

For more information, please contact:
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