



# PLAN TO PREVENT THE RISKS OF CORRUPTION AND RELATED INFRACTIONS

PORTOBAY GROUP

July 2024

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# PREAMBLE

The PortoBay group was born due to the needs and demands of the market, through a group of private investors from the island of Madeira, with the aim of creating hotel units that would meet these needs in terms of facilities, quality of service and positioning.

Our group's investment is spread across the island of Madeira, the Algarve, Lisbon, Rio de Janeiro, Búzios, São Paulo and Porto. Dedicated to four and five star segments, which has earned several distinctions over the years.

Pioneer responsible for promoting the hotel sector, the PortoBay Group has implemented new concepts that have consequently generated greater competitiveness.

As a group of companies employing more than 1,000 direct employees in Portugal, and with connections to multiple external companies in the most diverse fields of activity, PortoBay intends, with this Plan to Prevent the Risks of Corruption and Related Infractions, to ensure rigor and transparency, respect for individual rights and guarantees, and diligent achievement within the current legal law, not only within its enterprises, but also in the contractual relations it establishes with external organizations.

The purpose of this RRP is to inform its recipients, public and private organizations, as well as the community in general, of the principles and values that guide the PortoBay group's activity, thus promoting relationships based on trust and mutual respect.

It represents the PortoBay group's commitment to comply with current legislation and to act correctly towards all our partners and the society in which we operate.

We would like to thank all employees and partners of the PortoBay group companies in advance for reading this plan, and we ask that you obey the rules contained therein.

## Legal framework

Decree-Law no. 109-E/2021, of December 9, which creates the National Anti-Corruption Mechanism and establishes the general corruption prevention regime, was published following the approval of the National Anti-Corruption Strategy 2020-2024, which defines seven priorities to respond to the phenomenon of corruption, identified below:

- improve knowledge, training and institutional practices in terms of transparency and integrity;
- prevent and detect the risks of corruption in public action;
- commit the private sector to preventing, detecting and repressing corruption;
- reinforce the coordination between public and private institutions;
- ensure a more effective and uniform application of legal mechanisms for repressing corruption, improve the response time of the legal system and ensure the adequacy and effectiveness of punishment
- periodically produce and spread reliable information on the phenomenon of corruption;
- cooperate internationally in the fight against corruption.

The General Corruption Prevention Regime (G CPR), which came into force on June 8, 2022, established the obligation for public or private organizations with 50 or more employees to embrace a regulatory compliance program that includes, at least, a plan to prevent risks of corruption and related infractions, a code of conduct, a training program and a reporting channel.

The embracement of this program by the covered organizations seeks to prevent, detect and sanction acts of corruption and related infractions, carried out against or through those organizations.

This Corruption Risk and Related Infractions Prevention Plan (RRP) seeks to respond to the provisions of the G CPR and identify the main areas of risk of corruption and related infractions that are related to the activity of the PortoBay group in Portugal, being composed of the following elements :

- Evaluation of corruption risks;
- Identification of the main areas of corruption risk and related infractions within the scope of the activities carried out by group companies;
- Identification of the respective controls to lighten the occurrence of risk situations;
- Action plans and monitoring of the controls listed, with the identification of those responsible.

O RRP applies to all the employees and other companies of the group PortoBay and service providers that establish collaboration with the group.

## Scope of activity and objectives

The Human Resources Department will be responsible for evaluating, identifying and monitoring risks related to corruption and related infractions, and will update this document, re-disclosing it, whenever relevant legislative changes are made.

This Corruption Risk and Related Infractions Prevention Plan (RRP) - have the following purposes:

1. Identify and systematize legal and regulatory requirements, external e internal;
2. Embrace and implement a RRP that englobes the following aspects:
  - Identify, analyze and classify risks and situations that may expose PortoBay group companies to acts of corruption and related infractions;
  - Plan and develop activities to control and diminish identified risks, including preventive and corrective measures that reduce the probability of occurrence and impact of these risks;
  - Monitor the execution of the RRP.

The identification and assessment of risks of corruption and related infractions will be carried out periodically or whenever events occur that lead to significant changes in the legal and regulatory context or in the organizational context.

The PortoBay group's RRP will be released by all employees via email, within 10 days, counting from its implementation and/or modifications.

The scope of its application covers all companies and respective working units of the PortoBay group, from its Board of Directors.

## Assignment of internal responsibilities regarding the RRP

The Board of Directors is responsible for identifying and monitoring the organization's general risks, their impact and probability of occurrence, as well as diminishing circumstances that allow risks to be reduced to an acceptable level.

Furthermore, it is the Board of Directors that reviews and approves the internal audit plan, as well as reviewing the results of tests carried out by RRP's internal auditors.

Risk Management coordinates all activities of PortoBay group companies designed to support employees in fulfilling global and local responsibilities, as well as supporting teams in risk management matters.

Risk Management in global terms is assumed by the Human Resources Department, however, in local terms it is coordinated by the Departments of the different business units.

## Methodology for assessing and managing risks of corruption and related offenses

Risk can be defined as the effect of uncertainty, the combination of the probability of occurrence of an event, positive or negative, and its consequences.

The concept of corruption and related offenses is based on the principle that there should not be any undue advantages or even the mere promise of these to undertake a certain behavior, whether legal or illegal, or through an action or omission.

The methodology of this RRP covers the following aspects:

- The organizations areas of activity with a risk of committing acts of corruption and related infractions;
- The probability of occurrence and the predictable impact of each situation, in order to allow the grading of risks;
- Preventive and corrective measures that make it possible to reduce the probability of occurrence and the impact of identified risks and situations;
- The most exhaustive prevention measures, with priority for implementation, in situations of high or maximum risk;
- The designation of the person generally responsible for the implementation, control and review of the RRP, who may be responsible for regulatory compliance.

And follow these steps:

- Identification of risks;
- Risk evaluation;
- Identification of controls and/or measures to reduce the impact of risks;
- Identification of those responsible for the same controls and/or measures;
- Definition of a plan to monitor risks and their controls/diminish measures.

## Activities and/or circumstances likely to encourage acts of corruption

The range of activities and/or circumstances likely to generate acts of corruption include the following (non-exhaustive list):

- Accept and/or offer rewards or gifts;
- Purchase products and/or services from third parties considered at risk;
- Provide support, donations, sponsorships or subsidies;
- Corrupt, influence, interfere, or even sabotage the results of audits, projects and/or the performance of work in general terms;
- Facilitate undue payments, even through intermediaries;
- Bill fictitious services;
- Encourage the hiring of employees, companies and/or services;
- Having relationships with economic and/or political agents or people in relevant positions, to obtain an illicit advantage.

In the risk evaluation, each of the identified situations is weighted according to the impact and probability of occurrence.

The PortoBay group also has a Reporting Channel and a global Code of Conduct, as well as other human resources policies.

## Risk Evaluation Method

After identifying the risk, it is evaluated regarding its probability of occurrence and its impact, according to the following tables:

Probability of Occurrence	Low	Average	High
	1	2	3
	Less than 40%	Between 40% and 80%	Equal to or greater than 80%

Impact	Low	Average	High
	Performance damage organizational (Customer dissatisfaction, litigation), with an impact limited finances.	Loss in management operations (credibility and/or confidence), with moderate financial impact.	Image damage and reputation for integrity, as well as the effectiveness and performance, with high financial impact.

The level of inherent risk is obtained by applying the levels of probability of occurrence and impact, for each of the identified risks.

The following chapter will detail the table, which includes a summary of possible risks in the different companies and operations of the PortoBay group, their probability of occurrence, and the classification of their impact at an organizational level, and in terms of external image.

## Risk Table

The Table identifies a set of risks in the different areas of activity of the PortoBay group, individually analyzed regarding their probability of occurrence and impact. For each of the risks highlighted, the existing measures and/or to be applied to reduce their impact and/or probability of occurrence are also identified.

In global terms, we indicate below infractions punishable under the Penal Code, which may (or may not) occur, within the companies of the PortoBay group:

Passive Corruption (Article 373)	Whoever, by himself, or through an intermediary, with his consent or ratification, requests or accepts, for himself or for a third party, a material or non-material advantage, or his promise, for the practice of any act or omission contrary to the duties of the position, even if prior to that request or acceptance.
Active Corruption (Article 374)	Whoever, by himself or through an intermediary, with his consent or ratification, gives or promises to an employee, or to a third party by indication or with his knowledge, a material or non-material advantage for the purpose of carrying out any act or omission contrary to the job duties, even if prior to that request or acceptance.
Passive Corruption in the Private Sector (Article 8)	Whoever, by himself or, with his consent or ratification, through an intermediary, requests or accepts, for himself or for a third party, without being owed to him, a material or non-material advantage, or his promise, for any act or omission that constitutes a violation of their functional duties.



Active Corruption in the Private Sector (Article 9)	Whoever, by himself or, with his consent or ratification, through an intermediary, gives or promises to a worker in the private sector, or to a third party with knowledge of that a material or non-material advantage, which is not due to him, to pursue the purpose indicated therein, for any act or omission that constitutes a breach of their functional duties.
Whitewashing (Article 368 A)	Anyone who converts, transfers, assists or facilitates any operation of conversion or transfer of benefits, obtained by themselves or by a third party, directly or indirectly, with the aim of disguising their illicit origin, or preventing the perpetrator or participant of these infractions from being criminally prosecuted pursued or subjected to a criminal reaction; whoever conceals or disguises the true nature, origin, location, disposition, movement or ownership of the benefits, or the rights relating thereto; who, not being the author of the typical illicit act from which the advantages originate, acquires, holds or uses them, with knowledge, at the time of acquisition or at the initial moment of holding or use, of that quality.
Influence Trafficking (Article 335)	Whoever, by himself or through an intermediary, with his consent or ratification, requests or accepts, for himself or for a third party, a material or non-material advantage, or his promise, to abuse his influence, real or supposed, with any public entity, national or foreign, that is not owed to it, to pursue the purpose indicated therein, for any act or omission that constitutes a breach of their functional duties.
Bribery (Article 363)	Whoever convinces or attempts to convince another person, through a gift or promise of a material or non-material advantage, to give false testimony or statement in a judicial proceeding, or to give false testimony, expertise, interpretation or translation, without these being committed.
Receipt or offer improper advantage (Article 372)	Whoever, in the exercise of their functions or because of them, by themselves, or through an intermediary, with their consent or ratification, requests or accepts, for themselves or for a third party, a material or non-material advantage, which is not due to them; whoever, by themself or through an intermediary, with their consent or ratification, gives or promises to an employee, or to a third party through indication or knowledge of that person, a material or non-material advantage, which is not due to them, in the exercise of their functions or for because of them.

## Detailed Global Risk Table

The table was developed considering the following aspects:

- Inherent Risk - risks classified according to the probability of occurrence and impact, which results in the evaluation of inherent risk and existing risk levels;
- Internal Control – set of internal measures to prevent identified risks, in order to reduce the probability of occurrence and impact;
- Residual Risk – risk identified after implementing internal control measures.

In this document we present the global table of corruption risks and related infractions, for a faster and more efficient approach.

However, each business area detailed below has its own risk table:

- Commercial
- Purchases
- Financial
- Training and Development
- IT / Informatics
- Marketing
- Projects and Works
- Human Resources
- Reservations and Revenue Management
- Sustainability
- Time Share
- Hotel Units

Area/Process	Risk	Risk Evaluation		Measures to be Adopted			Residual Risk	
	Description	Probability	Impact	Preventive measures	Corrective Measures	Probability	Impact	
Global	Accept and/or offer gratuities or gifts	3	1	Offers to employees, made by customers or suppliers, are confirmed by the head of departments and signed by management for departure from the hotel, on a specific form (which states who offers, who receives, what and the departure date). Bonuses to employees are managed by the head of each department, and the values are detailed in a computer system, double-checked by the financial and human resources departments.	No new measures	3	1	
				All offers to customers, whether drinks or food, must be requested in writing with the respective justification, addressed to the department concerned with a copy to the finance department. Offers must be registered at the POS.	No new measures	3	1	
	Purchase products and/or services from third parties considered at risk	2	2	As a rule, purchases or service provision contracts require 3 independent proposals for evaluation. The evaluation is carried out by the head of the department and management/administration. As recommended by management, alternative proposals may be requested.	No new measures	2	1	
				New contracts are signed by the Administration.	No new measures	2	1	
	Provide support, donations, sponsorships or subsidies	3	1	Donations are made through AHP's Hospes platform, as the mainland Portugal hotels are registered, or through the HOPE program, in Madeira. The platform guarantees transparency, accountability and prioritization of IPSS, with the knowledge of the Administration. For donations, authorization is always requested from the Area Administrator, and items in inventory are broken down. The receipt or donation document is automatically generated on the platform and subsequently sent by Management to the Finance Department.	No new measures	3	1	
Corrupt, influence, interfere, or even sabotage the results	1	1	Audits are monitored by the head of the department in question and by management. Audits and/or	No new measures	1	1		

	of audits, projects and/or the performance of work in general terms			questionnaires in digital format are always examined by the companies themselves in on-site audits or by requesting evidence (such as photographs), as is the example of many Health & Safety audits.			
	Facilitate undue payments, even through intermediaries	1	1	All payments through cash outflows are authorized by Management using a specific form previously completed by management, justifying the request and registering it in a Book.	No new measures	1	1
				All incoming and/or outgoing movements of values are, at least, verified by two distinct areas (one of which, necessarily, is the financial area).	No new measures	1	1
	Fictional bill services	1	1	Billing is based on the provision of services and recorded in a computer system. It is, at least, double checked, in the business area that issues the invoice (for example, hotel units), and in the financial department.	No new measures	1	1
	Encourage the hiring of employees, companies and/or services	1	1	When hiring employees, there are interviews at two levels, Head of Department and Management. Companies or Services enter the rule of 3 independent proposals, indicated above. All contracts are signed by the Management and Administration.	No new measures	1	1
	Having relationships with economic and/or political agents or people in relevant positions, to obtain an illicit advantage	3	1	All contracts with economic/political agents are carried out by a person with a position of leadership or management and signed by the Administration.	No new measures	1	1
				In the case of corporate agreements with companies, the values are defined centrally, the contracts are concluded in writing and signed by the person responsible for Groups and/or Management and Administration.	No new measures	3	1

## Monitoring, evaluation and monitoring of the RRP

Monitoring of the Plan is ensured through the review and verification of implemented controls - implementation and records of evidence of their execution.

Additionally, and under the terms set out in subparagraphs a) and b) of no. 4 of article 6 of Decree-Law no. 109-E/2021, of December 9, the execution of the RRP is subject to other controls, namely:

1. The preparation, in the month of October, of a toggle evaluation report in situations identified as having high or maximum risk;
2. The preparation, in the month of April of the year following the implementation, of the annual evaluation report, which must contain, in particular, the quantification of the degree of implementation of the identified preventive and corrective measures, as well as the forecast of their full implementation.

The RRP will also be revised every three years, or whenever there is a change in the risks, in the organic or corporate structure of the PortoBay group.

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