

ANTI-CORRUPTION CODE OF CONDUCT



REAL 
HOTELS
GROUP

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1. Framework

The Portuguese Anti-Corruption Strategy 2020-2024 was approved by The Council of Ministers Resolution n.º 37/2021, of 6th of April of 2021¹.

Under this strategy, several points of action were identified, to be fulfilled either by public and private entities, in order to prevent the phenomenon of corruption in a more effective and concerted way.

In this sense, the XXII Constitutional Government decided to develop a set of obligations whose fulfillment by public and private entities plays a central role in promoting and defending ethics in their relation with the public sector, as well as in the commercial relations within the private sector and in the internal structures of private companies themselves, arising from Decree-Law n.º 109-E/2021, of 9th of December², que which establishes the National Anti-Corruption Mechanism and the General Corruption Prevention Regime (“RGPC”) and the Law n.º 93/2021, of 20th of December³⁴, who provides the general protection regime for the whistleblowers.

These measures aim, with regard to private entities, essentially, to prevent and repress practices contrary to company standards, against the company and through the company, proving to be essential instruments in the prevention, detection and repression of administrative and criminal infractions and, in particular, in the prevention, detection and repression of the corruption phenomenon, which also exists within the private/business sector.

The Portuguese State intends, with this set of measures for the private/business sector, to promote a business culture of regulatory compliance based on the criminal and administrative liability of legal entities.

Therefore, within the framework of the RGPC it is up to private entities based in Portugal that employ 50 or more workers, to adopt and implement a regulatory compliance program, which includes,

¹ Available online in: https://dre.pt/dre/detalhe/resolucao-conselho-ministros/37-2021-160893669?_ts=1674777600034

² Available online in: https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=3543&etabela=leis

³ Available online in: <https://dre.pt/dre/detalhe/lei/93-2021-176147929>

⁴ The Law n.º 93/2021, of 20 of December, transposed into domestic law the Directive (EU) 2019/1937 of the European Parliament and of the Council, of October 23, 2019, on the protection of persons who report breaches of Union Law.

at least, one (i) Plan for Prevention of Risks of Corruption and Related Infractions (“PPRCIC”), (ii) a Code of Conduct, (iii) a Training Program and (iv) a Whistleblowing Channel.

The following document constitutes the fulfillment of one of the obligations arising from the RGPC, to be implemented within the scope of Real Hotels Group, specifically, the Code of Conduct (without prejudice to other Codes of Conduct already implemented within the company).

Real Hotels Group is a business group whose scope of activity includes the development and pursuit of hotel management, real estate development and ancillary and related activities in these two areas. The exercise of its activity, in all its aspects, is conducted through scrupulous compliance with ethical and moral principles that guides the hotel management and real estate development sector, principles carried out both by its employees and by its directors and administrators.

2. The Code of Conduct

The main objective of this Code of Conduct is to establish the set of values, principles and rules guiding the behaviors and actions of RHG employees, managers and administrators, in their internal relationships, as well as in their relationships with other stakeholders, namely, suppliers, service providers, public entities, media, among others, concerning the repression and prevention against corruption.

As a private organization, RHG is guided by the values of integrity, respect for the law, transparency, honesty, trust, respect for diversity, combined with the development of initiatives within the scope of social, environmental and cultural responsibility.

The Code of Conduct aims to establish a commitment between RHG's values and their compliance by employees, directors and administrators, in their internal and external relationships.

Considering the growth in cases of corruption in our society, a situation that tarnishes and discredits not only public institutions but also private institutions, such as companies, it is essential that the present Code of Conduct was seen as an instrument that transmits to employees, directors, administrators and other stakeholders, RHG's position on the issue of corruption and what mechanisms are used to mitigate this phenomenon. Therefore, it is crucial that everyone involved, within the RHG, is aware of and walks along with the values, principles and rules rooted within the organization.

Therefore, it is essential that RHG workers, directors and administrators are aware of the importance of their role in complying with the standards and principles implemented by the organization in this Code of Conduct, in order to effectively and permanently combat the phenomenon of corruption.

3. The phenomenon of corruption

“Corruption is a threat to democratic states governed by law, it harms the fluidity of relations between citizens and the Public Administration, the development of economies and the regular functioning of the markets”⁵

The definition of this phenomenon consists in the practice of an act or omission, whether lawful or unlawful, against the receipt or promise of receipt of a consideration that is not due, for oneself or for a third party.

This might involve crimes of corruption (active and passive) of officials, corruption (active and passive) of political office holders, corruption (active and passive) in the private sector and active corruption with prejudice to international trade, provided for in the Portuguese Criminal Code⁶, in Law n.º 20/2008, of 21st of April which creates the criminal regime for corruption in international trade and the private sector ⁷ and also in Law n.º 34/87, of 16th of July which determines the crimes of political office holders responsibility committed in the exercise of their functions, which are further described below.

Passive Corruption of an Official⁸: commits the crime of passive corruption the official that, by himself or through an intermediary, with his consent or ratification, requests or accepts, for himself or for a third party, a financial or non-financial advantage, or the promise thereof, for the performance of any act or omission contrary to the duties of his position, even if prior to that request or acceptance;

Active Corruption of an Official⁹: commits the crime of active corruption anyone who, by themselves or through an intermediary with their consent or ratification, gives or promises to give an official or a third party on their recommendation or with their knowledge, a financial or non-financial advantage, for the performance of any act or omission (by the officer) contrary to the duties of his position, even if prior to that request or acceptance;

⁵ Information available online in: <https://dgpj.justica.gov.pt/Documentos/Prevenir-e-combater-a-corrupcao/O-que-e-a-corrupcao>

⁶ Available online in: https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=109&tabela=leis

⁷ Available online in: https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=983&tabela=leis

⁸ Article 373.º Portuguese Criminal Code.

⁹ Article 374.º Portuguese Criminal Code.

Passive Corruption of political office holders¹⁰: commits the crime of passive corruption of political office holders who, in the exercise of their functions or on account of them, by themselves or through an intermediary, with their consent or ratification, request or accept, for themselves or for a third party, a financial or non-financial advantage, or the promise thereof, for the performance of any act or omission contrary to the duties of his position, even if prior to that request or acceptance;

Active Corruption of political office holders¹¹: commits the crime of active corruption of political office holder anyone who, by themselves or through an intermediary, with their consent or ratification, gives or promises to a political office holder, or to a third party on their recommendation or either their knowledge, a financial or non-financial advantage for the performance of any act or omission contrary to the duties of his position, even if prior to that request or acceptance;

Passive Corruption in the private sector¹²: commits the crime of passive corruption in the private sector a worker who, by himself or, with his consent or ratification, through an intermediary, requests or accepts, for himself or for a third party, without being owed, a financial or non-financial advantage, or the promise thereof, for any act or omission that constitutes a breach of his functional duties;

Active Corruption in the private sector¹³: commits the crime of active corruption in the private sector anyone who, by themselves or with their consent or ratification, through an intermediary, gives or promises to give to a private sector worker, or to a third party with knowledge of it, a financial or non-financial advantage that is not due to them, for any act or omission that constitutes a breach of his functional duties;

Active corruption with international trade prejudice: commits the crime of active corruption with international trade prejudice who, with their consent or ratification, gives or promises to give to a national, foreign or international organization official, or to a national or foreigner political officer holder , or to a third party with their knowledge, a financial or non-financial advantage which is not

¹⁰ Article 17.°, Law n.° 34/87, 16 of july.

¹¹ Article 18.°, Law n.° 34/87, 16 of july.

¹² Article 8.°, Law n.° 34/87, 16 of july

¹³ Article 9.°, Law n.° 34/87, 16 of july

due to them, in order to obtain or retain business, a contract or other undue advantage in international trade.

The RHG is concerned about all these types of corruption that affects the sectors of society in which it operates. Its position regarding these phenomena, whether in its institutional relationships with service providers, suppliers, customers and public institutions, or in its internal relationships with employees, directors and administrators, is total repudiation and punishment for the possible practice of such conduct.

RHG therefore takes the position that such conducts are prohibited both at the level of its institutional relations and internally, and, ultimately, such practices may incur internal disciplinary sanctions or criminal liability, if such practices are carried out by its collaborators, directors or administrators, a matter that will be further developed in Chapter 6. Applicable Sanctions.

As far as institutional relationships with service providers, suppliers, customers and public institutions are concerned, our employees, directors or administrators should avoid relations with those whose suitability and integrity (measured through internal mechanisms or which is publicly known) is likely to place them in a situation where they are bound by business or commercial relationship.

Therefore, in the event of doubts about the suitability or integrity of any service providers, suppliers, customers and public institutions, it is the practice of RHG employees to develop mechanisms (*a priori*) to prevent this type of phenomenon, such as policies aimed at knowing the background of the people and entities with which they relate.

4. Standards of Conduct in relationships with different *Stakeholders*

This chapter sets out the conduct and principles to be adopted by RHG employees, directors and administrators will be set out in three dimensions: i) in its relationships with customers, suppliers and service providers; ii) in its relations with public or political entities, patronage and sponsorship; iii) in its internal relations.

4.1. Standards of Conduct in relations with customers, suppliers and service providers

In contractual relations, namely in their negotiation and execution, with clients, suppliers or service providers, there must be no conduct or facts that could be considered corruption (whether active or passive), or complicity in influence peddling or favoritism. Therefore, within the scope of RHG's activities, in the person of its employees, directors or managers, it is forbidden to make or promise any illegal payment (or other form of advantage) directly or indirectly in favor of a client, supplier or service provider.

With regard to gifts or invitations, they may only be offered or accepted if their value is symbolic or low in the light of the circumstances, if they are in line with socially accepted practices and customs in the sector in which the RHG operates and if, cumulatively, they do not raise any doubts as to the honesty of the donor or the impartiality of the recipient.

Therefore, gifts, presents or invitations should not be accepted from employees, directors and administrators of RHG when there may be doubts as to the honesty and purpose of the giver, if they raise suspicions of a conflict of interest or if they may constitute (or be interpreted as) acts of corruption in disguise

Nevertheless, the present Code of Conduct defines the procedures to be followed by employees, directors and administrators when receiving or offering gifts and invitations, so that the procedure is as transparent as possible.

Thus, when receiving or offering gifts or invitations, employees, directors and administrators of RHG must bear in mind the following:

- ✓ Any receipt or offer of gifts or invitations that are not of symbolic or low value, or in accordance with the current accepted practices and customs of the sector in which RHG operates, may only be made with the hierarchical superior previous approval;
- ✓ A written request must be sent to the hierarchical superior with the grounds and sufficient details to justify the receipt or offer of the gift or invitation;
- ✓ The hierarchical superior should take into account the value of the gift or invitation (which should be symbolic or low), according to the rules of common sense and judgement, as well as the socially accepted practices and customs of the sector.

On the other hand, it is expressly forbidden to receive advantages offered by suppliers or service providers (whether monetary or in kind) to employees, directors or administrators for contracting or intermediating in the acquisition of any type of services or contracting with suppliers (“commissions”).

4.2. Standards of conduct in relations with public and private entities, patronage and sponsorship

Regarding the relation with public entities, RHG’s employees, directors and administrators assume a transparent, integral and cordial conduct, and any acts or conducts that constitute, or may indirectly constitute, acts of corruption, specifically “facilitation payments”, are prohibited.

“Facilitation payments” are “small bribes made with the intention of ensuring or speeding up the execution of a routine or necessary action to which the party making the payment is entitled”¹⁴, whether they are made for the exercise of a lawful or unlawful action. In other words, “facilitation payments” are commissions or gifts given to public entities by private entities with the aim of obtaining a certain service or speeding up a certain procedure that can be requested legally (examples of this are obtaining licenses, expediting a certain administrative procedure).

With regard to political contributions, these are characterized by donations or gifts made to political parties, or other political organizations or trade union organizations, political party leaders, elected officials or candidates for political or public offices. Contributions of this nature are expressly forbidden if they are made by employees, directors or administrators to obtain any kind of benefit, whether legal or illegal, for RHG.

Patronage is a financial support given by a legal person without the intention of receiving or deriving any direct economic benefit from the organization carrying out a non-profit activity, the main and only purpose of which is to support an general interest activity or action. Sponsorship, on the other hand, is a contribution aimed at obtaining a direct benefit, such as greater exposure for the RHG brand.

It is important to remember that both patronage and sponsorship do not constitute a criminal offence or an ethically reprehensible practice. However, both must be carried out in accordance with the applicable law and must not be aimed at obtaining an undue advantage or exerting an unjustified influence, in other words, not only the impartiality of the recipient, but also the honesty of the giver, must be assessed. It is therefore important to develop internal mechanisms for patronage and sponsorship so that they are clearly and transparently documented, so that they are not interpreted as concealing an act of corruption.

¹⁴ Anticorruption Glossary – Available online in: https://transparencia.pt/wp-content/uploads/2019/10/Gloss%C3%A1rio-Anti-Corrup%C3%A7%C3%A3o_2019.pdf

4.3. Standards of conduct in internal relations

With all these rules implemented within RHG, there is an internal commitment among all our employees, directors and administrators: it is expressly forbidden to carry out any act that suggests any conduct that could be seen as corruptive, or that actually constitutes an act of corruption. Moreover, the exercise of any pressure by RHG administrators or directors towards its employees, in particular, to carry out any type of practice described here in this Code of Conduct is reprehensible and could lead to disciplinary or criminal consequences.

Our employees, directors and administrators have the Whistleblowing Channel at their disposal to report any corrupt practices they become aware of through the performance of their duties. This channel is managed by independent officers who will follow up the complaint in a confidential and proactive manner in order to discover the truth and consequently hold the offenders accountable.

5. Applicable sanctions

Any act carried out in violation of this Anti-Corruption Code of Conduct will give rise to disciplinary or criminal sanctions (if such conduct is provided for in the portuguese criminal legislation). Failure to comply with these rules constitutes a transgression that will justify the application of disciplinary sanctions under the Portuguese Labour Code, without prejudice to any proceedings that may be brought by the company.

Any act carried out that is objectionable under the applicable laws or regulations on corruption is likely to give rise to disciplinary and criminal sanctions for the employees, directors or administrators in question and, in addition, criminal sanctions may apply directly to RHG.

The appropriate sanctions and actions will be those provided for in the applicable law to the employees, directors or administrators in question and will be adopted in compliance with the applicable legal procedures and in compliance with the rights and guarantees applicable to the employees in question.

Such sanctions could in compliance with applicable law, include dismissal for wrongdoing and claims for compensation at the initiative of RHG, even if the breach of the rules was detected by the Group itself as part of an internal control.

6. Monitoring, Application and Publicity

The Code of Conduct is mandatory within RHG and must be complied with by all its employees, directors and administrators.

The Code of Conduct is reviewed every three years or whenever there is a change in the entity's duties or organic or corporate structure that justifies a review of its elements.

RGH will ensure that the present Code of Conduct is publicized to all its employees and made available on its official website (www.realhotelsgroup.com) within 10 days of its implementation and respective revisions.