

An aerial photograph of a large, multi-story hotel building at dusk. The hotel has a warm, orange-toned facade and many windows are lit up. In the foreground, there is a large swimming pool with blue water, surrounded by numerous lounge chairs and large blue patio umbrellas. To the right of the pool, there is an outdoor dining area with tables and chairs, also covered by blue umbrellas. The background shows a coastal road and the sea under a twilight sky.

# PREVENTION PLAN FOR THE RISKS OF CORRUPTION AND RELATED INFRACTIONS

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 2021<sup>1</sup>.

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 December<sup>2</sup>, 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 December<sup>34</sup>, 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, at

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<sup>1</sup> Available online in: [https://dre.pt/dre/detalhe/resolucao-conselho-ministros/37-2021-160893669?\\_ts=1674777600034](https://dre.pt/dre/detalhe/resolucao-conselho-ministros/37-2021-160893669?_ts=1674777600034)

<sup>2</sup> Available online in: [https://www.pgdlisboa.pt/leis/lei\\_mostra\\_articulado.php?nid=3543&tabela=leis](https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=3543&tabela=leis)

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

<sup>4</sup> 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.

least, one (i) Prevention Plan of the 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 Prevention Plan for the Risks of Corruption and Related Infractions (“PPRCIC”).

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. Prevention Plan for the Risks of Corruption and Related Infractions – Purpose and Scope of Application**

Acts and omissions associated with corruption and related infractions trigger potential risks in many sectors of activity. RHG, aware that the sectors in which it carries out its activities are not unaware of this type of risks, seeks with this document to specify them and identify the mechanisms for prevent them, in accordance with its guiding principles such as legality, trust, ethics, loyalty and transparency.

This PPRCIC covers all areas of RHG's activity, including administration, operations and support areas, as well as all the people in its organization, be they employees, directors and administrators, as well as all its service providers and suppliers.

The PPRCIC's main objectives are:

- ✓ Identify the risks of corruption and related infractions for each area of its internal structure;
- ✓ Analyze and classify the risks and situations that could expose RHG to acts of corruption and related infractions;
- ✓ Establish preventive measures to reduce their likelihood of occurrence and their impact;
- ✓ Definition and identification of those responsible for managing the PPRCIC.

As far as its applicability within RHG is concerned, PPRCIC applies to its entire organization and its employees, directors or administrators, as well as to all its service providers and suppliers.

PPRCIC applies across the board to all HRG activities, whether in preparatory work or contract negotiations, or during the execution of activities or contracts.

Furthermore, as this strategy is part of the RGPC framework, in order to ensure compliance with this plan internally, it is also planned to organize training sessions for all employees, directors and administrators on this subject.

### **3. Risco e a Gestão de Risco – Identificação e Classificação**

*“Risk can be defined as an event which, if it occurs, will have a negative impact on the achievement of the organisation's mission and objectives”<sup>5</sup>.*

In other words, risk can be defined as an event or set of events, situations or circumstances which, depending on whether or not they occur, will have a negative impact on the pursuit of the objectives of an organizational unit, in this case RHG.

On the other hand, risk management comprises *“a process developed by the board, management and others, applied in the strategic definition throughout the organization, designed to identify potential events that may affect the entity, and manage the risks to acceptable levels, providing reasonable assurance that the organization's objectives will be achieved”<sup>6</sup>.*

Risk management can therefore be understood as the processes by which an organizational unit analyses the risks inherent in the pursuit of its activities with the aim of first correctly identifying them, and then ensuring that they are managed appropriately in accordance with the internal control systems set up for this purpose.

Therefore, in order to identify, analyze and classify the risks and other situations that could expose RHG to acts of corruption and related offences, the company's areas of activity were taken into account, as well as the probability of each specific situation occurring and its impact on the organization, the establishment of preventive and corrective measures (internal control system) to reduce the probability of occurrence and its impact on the organization, the appointment of a person responsible for the PPRCIC execution, control and review.

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<sup>5</sup> Camões Evaluation and Audit Office, Institute for Cooperation and Language, I.P. – Portuguese Ministry of Foreign Affairs – “*Linhas de Orientação para a Gestão do Risco*” (2014).

<sup>6</sup> Camões Evaluation and Audit Office, Institute for Cooperation and Language, I.P. – Portuguese Ministry of Foreign Affairs – “*Linhas de Orientação para a Gestão do Risco*” (2014).

Specifically, with regard to the identification of risks, some situations/activities have been defined that are likely to stimulate situations of non-compliance, for example:

- ✓ Financial gifts or in kind to expedite any type of process;
- ✓ Use of cash or others for private interests;
- ✓ Granting subsidies, sponsorships or donations to organizations with dubious practices;
- ✓ Accepting or giving gifts or presents in breach of RHG procedures;
- ✓ Facilitation Payments;
- ✓ Improper access to HRG facilities or confidential information;
- ✓ Influencing the results of ongoing work/audits through service providers;
- ✓ Give advantage to someone in hiring processes (staff or service providers);
- ✓ Engage with public bodies or politically exposed persons in a non-transparent way;
- ✓ Billing for fictitious services.

It is therefore important to connect the PPRCIC with the Anti-Corruption Code of Conduct implemented within the RHG, which lists the situations of corruption and related offences that may occur, without prejudice to consulting the legal instruments for this purpose, duly identified in that document.

Consequently, taking into account the framework to be carried out, as well as the activities pursued by the HRG, it was decided to catalogue and characterize by "area" the situations of potential risk of corruption and related infractions, labelling the risks on a scale of high, moderate and low risk, based on the degree of probability of occurrence, severity and effects, as shown in **Table I** below.

	<i>Gravity</i>	<i>Probability of Occurance</i>	<i>Effects</i>
<b><i>High</i></b>	It can trigger significant financial losses, damaging RHG's credibility.	Frequent and ongoing process within the activities carried out by RHG.	Irreversible
<b><i>Moderate</i></b>	It can trigger financial losses for the RHG and disrupt its normal operation.	Sporadic process within the activities carried out by RHG.	Reversibility of the most severe effects.
<b><i>Low</i></b>	It does not cause financial losses to RHG and the offences do not disrupt the normal running of the company or damage its image.	Exceptional process within the activities carried out by RHG.	Reversibility of all effects

**Table II** shows a matrix listing the prevention and internal control measures for the risks identified, according to the areas/departments and other relevant internal procedures.

Área Departamento	Risco Associado	Gradação dos Riscos			Medidas Preventivas	Gradação Ponderada dos Riscos
		Gravidade	Probabilidade	Efeitos		
Transversally in relation to the company's activity	Conflicts of interest and corruption and related infractions in general	M	L	M	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators.	M



Transversally in relation to the company's activity	Undue access to HRG facilities by third parties	M	L	M	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators. Complying with access mechanisms to company facilities (central services - biometric data control); Implementation of internal regulations regarding access to facilities. Implementation of access mechanisms to hotel facilities.	M
	Billing a fictitious service or over/under billing a client in exchange	H	L	L	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators. Implementation of control and management procedures with regard to outflows of money and funds.	L
	Accepting or giving offers or gifts from third parties or to third parties	M	L	L	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators. Implementation of procedures to establish the limits/requirements for receiving/giving gifts.	L
	Favoring the hiring of service providers in exchange for a "commission" (either in cash or in kind).	H	L	M	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators. Implementation of procedures to establish the limits/requirements for receiving/giving gifts.	M

Transversally in relation to the company's activity/IT	Undue access to confidential RHG information by third parties/Vulnerability of internal sites and systems	H	L	M	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators. Promoting and publicizing information policies for employees, directors and management regarding IT security;	M
Administration	Making facilitation payments to public entities to expedite a certain decision or to decide in a certain direction	H	L	L	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators. Recording and documenting all procedures involving public entities. Implementation of control and management procedures with regard to outflows of money and funds.	L
	Granting subsidies, sponsorships or donations to organizations with dubious practices	E	L	L	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators. Implementation of procedures relating to patronage, sponsorship and subsidies. External audits.	L
Human Resources	Favoring a particular candidate in a recruitment process	E	L	L	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators. Implementation of recruitment procedures and Human Resources Policy. Recording and documenting all recruitment processes.	L

Tresoury	Payment of undocumented/unaccounted expenses	E	L	L	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators.. Implementation of control and management procedures with regard to outflows of money and funds.	L
Logistics	Management of material goods, in particular savings and stocks, as well as the use of departmental vehicles	E	L	L	Promote and publicize the Anti-Corruption Code of Conduct to all employees, directors and administrators. Implementing control mechanisms for the materials needed to achieve the organization's goals, namely stocks, office supplies and fleet management.	L

Legend: H – High; M – Moderate; L – Low.

The classification of the above risks and their grading derives directly from what is established in the RGPC (Law no. 98/2021)

#### **4. Monitoring and Publicity**

Implementation of the PPRCIC is subject to monitoring, carried out as follows:

- ✓ Drafting, in October, of an interim evaluation report regarding situations identified as high or maximum risk;
- ✓ An annual assessment report is drawn up in April of the following year, including quantification of the degree of implementation of the preventive and corrective measures identified, as well as a forecast of their full implementation.

The PPRCIC is reviewed every three years or whenever there is a change in RHG's organizational or corporate structure that justifies revising its elements.

The PPRCIC will be publicized to all employees, directors and administrators within 10 days of its implementation.