



**RISK PREVENTION PLAN  
FOR CORRUPTION  
AND RELATED OFFENCES  
(PPR)**

## **PART I FRAMEWORK**

### **Chapter I**

#### **Preliminary Note**

The applicable legislation on corruption prevention lays down very specific obligations for business entities, in particular as regards the content of their procedures and deadlines.

It is, after all, a question of compliance, in the domestic legal system, with a set of rules laid down in international legal instruments, in particular the United Nations Convention of 31 October 2003.

The Pestana Group thus fulfils its obligation to approve and apply the Risk Prevention Plan for Corruption and Related Offences, hereinafter referred to simply as the PPR, to its business communities. This is in compliance with the obligations in force in Portugal on the same matters and in the countries where the business entities which comprise the Group carry out their activity.

## Chapter II

### Introduction

The Pestana Group has been equipping itself since 2017 with internal legal instruments to ensure strict compliance with the law, any law, by its employees.

Indeed, in addition to the legal provisions that already provided for this, such as the rules on criminal law, on commercial companies, on the preparation of reports and presentation of accounts according to international standards and conducting audits of them, on anti-money laundering rules, on data protection rules and employment law itself, the Pestana Group has adopted several internal documents with a view to strengthening compliance with the various applicable laws.

It initially applied the Code of Conduct and Ethics, a testament to its choice to do business based on the highest standards of ethics and compliance with rules.

This defined the reference of domestic regulations to prevent the occurrence of offences in the tax, corporate, regulatory, information, and employment fields, and their consequences in terms of psychological and sexual harassment and, in particular, corruption.

Subsequently, between 2019 and 2021, it adopted the Compliance Manual which corresponded to a development of the Code of Conduct and Ethics. That manual has established a compliance policy based on a reporting structure, control mechanisms, a strong commitment to training and fostering a culture of compliance within the Pestana Group as well as the adequate and timely handling of reported offences.

In 2022, the whistleblowing channel with witness protection was approved and put into effect, which comprised the third structural element of the Pestana Group's internal policies on compliance with the law.

Meanwhile, new pieces of legislation have come into force that contain precise recommendations, in evidentiary and formal terms, on companies' instruments in these

matters, in particular as regards the PPR, the Code of Conduct and the Whistleblowing Channels.

An overall reassessment of the hitherto designated Compliance Manual is carried out, which will henceforth be referred to as the PPR, having in view the legal provisions now applicable and which did not exist at the time of its preparation and taking into account the fact that 3 years have passed since its entry into force, which is also why it should be subject to review.

This document maintains the matrix for compliance with the law, any law, and not only matters which specifically concern corruption. It is structured around 3 main topics:

- a) Analysis and identification of non-compliance risks and adoption of procedures to prevent non-compliance as well as to reduce the impact of existing risks and the timely and effective application of procedures to react to situations of non-compliance that have occurred or are suspected;
- b) Periodic analysis or, in the cases determined by law, the effective application of the PPR and definition of the adjustments that may be justified;
- c) Strengthen employees' commitment by disseminating the Group's values and policies and through specific training activities.

The PPR, at a time when the Pestana Group is strengthening its international presence, can therefore be an essential instrument in reinforcing its structure and making its policies more consistent, as well as improving its management and sustainability.

## **Chapter III**

### **The Pestana Group**

The Group, with a five-decade journey of success, manages about 110 hotels through its Pestana Hotels & Resorts, Pestana Collection Hotels, Pousadas de Portugal and Pestana CR7 Lifestyle Hotels brands.

In order to offer complete and more attractive products, the Pestana Group operates in other business areas such as tourism real estate, travel agency, golf, casinos, construction and industry.

The Pestana Group operates in 16 countries on 3 continents - Africa, America and Europe. It is the largest multinational hotel group of Portuguese origin. It has more than 12,000 rooms available and a team of about seven thousand employees who provide memorable moments to more than 4 million guests per year.

## **Chapter IV**

### **Purpose and Values**

1. The Pestana Group aims to provide memorable experiences that may create value for its customers, through:

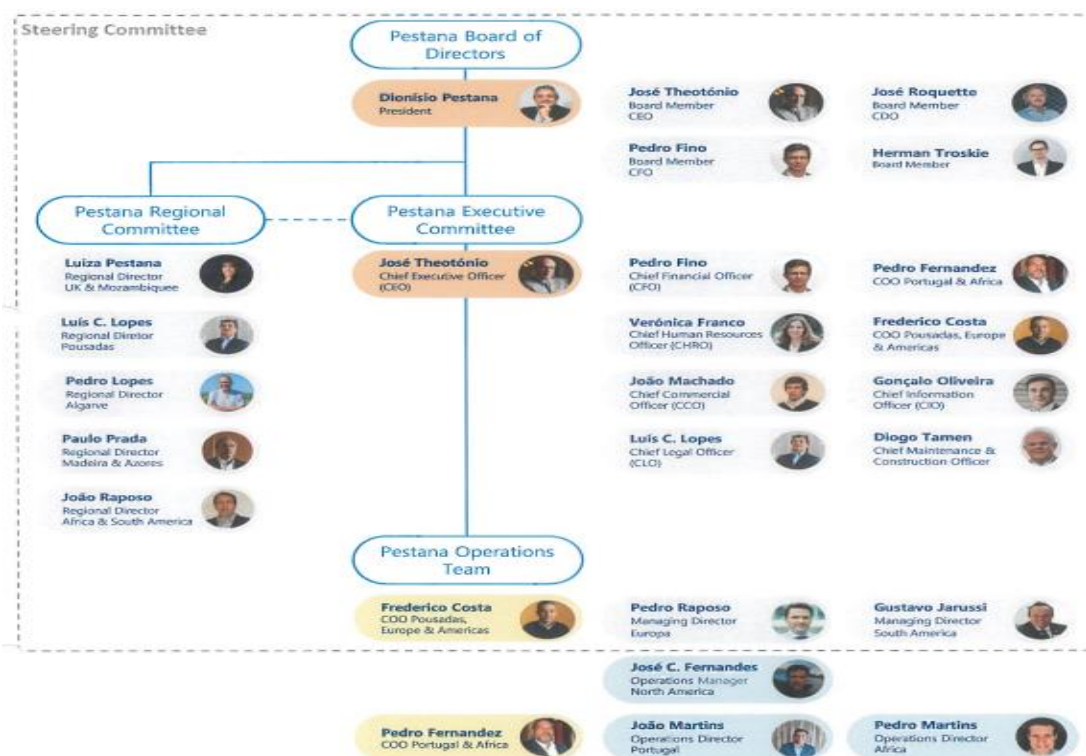
- a) Differentiated and innovative products;
- b) Excellence in the provision of services;
- c) Sustained profitability;
- d) Correct attitude in society;
- e) Motivated, qualified and committed teams

2. The defined purpose is implemented with reference to the following key values:

- a) Be cooperative;
- b) Be passionate;
- c) Be efficient;
- d) Be conscientious;
- e) Be flexible.

## **Chapter V**

### **Organisational structure**



**Pestana Board of Directors:** The Pestana Board of Directors is the highest governance body of Pestana Hotel Group. It includes the President, the CEO, the CDO, the CFO and one representative of the International holding. It defines the global strategy of the Group and key decisions (i.e. major investments and divestments, business expansion, new developments).

**Pestana Executive Committee:** The Pestana Executive Committee includes nine executive members. It defines the strategy for the different businesses of Pestana Hotel Group and executes annual and multi-annual business plans. The Pestana Executive Committee meets on a weekly basis.

**Pestana Regional Committee:** The Pestana Regional Committee includes five members who are responsible for overseeing Pestana businesses at a regional level.

**Steering Committee:** The Pestana Steering Committee includes 17 members and meets on a monthly basis to discuss the most relevant company projects, results, policies and strategies.

**Pestana Operations Team:** The Pestana Operations Team includes the seven representatives for all regions. It is responsible for the global operations of the hospitality business. It contributes to the company strategy and executes the annual operations plan.

## PART II

### INTERNAL CONTROL AND RISK MANAGEMENT METHODOLOGY

## **Chapter I**

### **Object and scope**

#### **Clause 1**

##### **Purpose**

This PPR is the Pestana Group's main instrument for preventing and reacting to the risk of breaking the law, especially in the area of corruption and related offences.

#### **Clause 2**

##### **Corruption and Related Offences**

1. Corruption and related offences are those of corruption, receipt and offer of improper advantage, embezzlement, graft, extortion, abuse of power, prevarication, influence peddling, money laundering or fraud in obtaining or diverting grants, subsidies or credit laid down in criminal law. These crimes may be carried out directly or through intermediaries, specifically a public agent, for their benefit or for the benefit of a third party, when such agent may act or refrain from acting in the performance of official duties, even if the acts or omissions are not contrary to the duties of the office.
2. "Public agent", for the purposes of this PPR, shall mean anyone who is entitled to act or is authorised to act on behalf of any entity with legal, executive, administrative or judicial powers in any State, whether with or without remuneration, as well as anyone who acts or is authorised to act on behalf of an international public organisation, with or without remuneration. In any case, he or she shall be regarded as a "public agent" if he or she acts on the basis of one of the concepts set out in the Anti-Bribery Convention, adopted by the United Nations General Assembly on 31 October 2003.
3. The participation in an act of corruption and related offences in the private sector includes, in particular:
  - a) Acceptance of a promise, request or acceptance by itself or, by dint of their consent or ratification, by any intermediary on behalf of him or herself or a third party, without being due any pecuniary or non-pecuniary advantage or the promise thereof, for any act or omission that constitutes a violation of their functional obligations or the assignment of unjustified preference for competing entities;

- b) The offer, promise or award, by itself or, by dint of their consent or ratification, by any intermediary, the person provided for in the previous point or the third party informed thereof, of the pecuniary or non-pecuniary advantage, which is not due, to proceed with the purpose indicated in that point.
4. The risk of corruption and related offences also constitutes a breach of the principle of legality, proportionality and transparency, as defined in the following chapter.

### **Clause 3**

#### **Scope**

1. This PPR applies to all entities of the Pestana Group and its establishments and departments currently located in 16 countries on 3 continents, whatever the nature of their activity.
2. This PPR applies to all Pestana Group employees, who are deemed to be those who perform work for it, including members of its governing bodies and other managers, workers and service providers, even if these are legal entities.

### **Chapter II**

#### **Principles**

### **Clause 4**

#### **Principle of legality**

1. Group employees must act with care, diligence and responsibility in fulfilling their duties, carrying out their activities in accordance with applicable legislation as set out in the Code of Conduct and Ethics.
2. Pestana Group employees must comply with applicable laws and regulations on the prevention of corruption in their geographical area, including the Foreign Corrupt Practices Act and Foreign Extortion Prevention Act and the United Kingdom Bribery Act.
3. Failure to comply with the provisions referred to in the preceding paragraph may result in disciplinary sanctions being applied regardless of the criminal, administrative or civil effects that may ensue.
4. Whenever any company, department or employee of the Pestana Group has doubts regarding the interpretation of any legal provisions, they should request a reasoned opinion or clarification from the respective legal department.

## **Clause 5**

### **Proportionality principle**

1. The Pestana Group adopts appropriate procedures to prevent infringement of the applicable rules taking into account the risk, nature, size and complexity of the activities carried out.
2. Procedures should be clear, reasonable, practicable, accessible and effectively applied in order to achieve the objective of compliance with the law.

## **Clause 6**

### **Principle of transparency**

1. Employees must act with transparency and not participate in illegal practices to meet targets or obtain the resources required to carry out their activity.
2. Pestana Group employees are forbidden from providing, offering or accepting bribes, illegal payments or gifts contrary to the values and rules set out in the Code of Conduct and Ethics.

## **Clause 7**

### **Involvement of the Boards of Directors**

1. The Boards of Directors of the Pestana Group companies are committed to compliance with the law, especially with regard to corruption and related offences, and must promote the application of the rules of the Code of Conduct and Ethics and of this PPR.
2. The Boards of Directors of the Pestana Group companies ensure that each employee is assigned duties in a clear manner in order to guarantee adequate accountability for the tasks assigned to them in the company hierarchy, including monitoring and control functions.
3. Without prejudice to the functions of global Head of Compliance within PIH, which are already assigned to Director José Theotónio, a member of the Pestana Group's Executive Committee will be appointed as head of compliance with regulations in the different business entities and will ensure and monitor the effective application of this PPR.

## **Chapter III**

### **Procedures**

#### **Clause 8**

##### **Risk areas**

1. Using the definition of the International Organisation for Standardisation, ISO, risk is the effect of uncertainty on objectives, which is often expressed as the combination of the probability of an event with its impacts.
2. For the purposes of this PPR, the Pestana Group's risks may be of the following nature:
  - a) functional: relating to the conduct of its business, including both the strategic and operational aspects, and also covering environmental, cyber and physical security risks;
  - b) financial: relating to procurement and sales procedures, payments, receipts and treasury management, market relations and credit, as well as accounting and reporting;
  - c) reputational: relating to good name and image, including its impact on institutional and social relationships and on the attraction and retention of talent;
  - d) compliance: regarding compliance with the law and agreements with consequences in terms of sanctions and the prevention of access to financing or entering into contracts.
2. The Pestana Group considers that, to varying degrees as defined in the Annex to this PPR, there is a risk of corruption and related offences in all areas of its business.

#### **Clause 9**

##### **Risk management**

1. The Pestana Group applies consistent policies and carries out training for employees regarding transparency and integrity, due to the presence of risk in all of its business and the objective of preventing and managing it in functionally and ethically correct terms.
2. The Pestana Group also adopts good practices for managing the risks inherent to its business, namely in terms of clarity and reasoning for decisions, segregation of duties, payment authorisation by senior employees, data protection, validation of contractual drafts and templates by the legal area, control and recording access to both physical and digital spaces and, finally, cybersecurity and insurance.

3. The Boards of Directors of the Pestana Group companies, with the monitoring of the Executive Committee member appointed pursuant to Clause 7(3) above, will annually assess the risks associated with their activities and adopt any changes that may be justified with regard to risk prevention and correction measures, and take those into consideration in the decision-making process.

## **Clause 10**

### **Identification, analysis and classification of risks and other exposure situations of the Pestana Group**

1. The definition of the Pestana Group's risks corresponds to their identification and analysis as well as their respective classification and is carried out by a Risk Committee made up of members of the Executive Committee with responsibilities for the following departments:

- a) Financial (presiding);
- b) Legal;
- c) Portugal Hotel Operation;
- d) Human Resources;
- e) Insurance;
- f) Information Technology.

2. The Pestana Group adopts preventive or corrective measures due to the risks identified, analysed and classified under the preceding paragraph, with the aim of monitoring them.

3. Risk identification involves the listing and analysis of all situations in the different departments of the Pestana Group where risks of corruption and related offences may occur.

4. The risk analysis corresponds to the assessment of how likely risks are to occur, which are rated according to levels 1 to 5, as follows:

- a) level 1: highly unlikely;
- b) level 2: unlikely;
- c) level 3: likely;
- d) level 4: very likely;
- e) level 5: certain.

5. Risks can also be graded from 1 to 5 due to their impact on the Pestana Group, both in terms of financial and operational activity and reputational matters, as follows:

- a) level 1: very low;
- b) level 2: low;
- c) level 3: medium;
- d) level 4: high;
- e) level 5: very high.

6. The Pestana Group's risks are classified based on the sum of the levels relating to the probability of their occurrence with those relating to the size and importance of their impact on the organisation and may vary in the following terms:

- a) total of 2: very low;
- b) total of 3: low;
- c) total of 4 or 5: moderate;
- d) total of 6 or 7: high;
- e) total of 8, 9 or 10: very high.

## **Clause 11**

### **Preventive and corrective measures**

1. The Pestana Group adopts, based on the classified risks, the preventive and corrective measures that it deems appropriate and that reduce the likelihood of their occurrence and the impact of the risks and situations identified.
2. In high-risk situations, the Pestana Group adopts more comprehensive prevention measures and gives priority to their implementation.

## **Clause 12**

### **Pestana Group risks reference framework**

1. The table which constitutes the Annex to this PPR and of which it forms an integral part, identifies and analyses the risks of the Pestana Group and classifies them, taking into account the criteria and the rating of the impact set out in Clause 10.
2. That Annex also includes the preventive and corrective measures that the Pestana Group considers appropriate with a view to reducing the probability of occurrence and the impact of the risks and situations identified, giving priority to those classified as high-risk.

## **Clause 13**

### **Risk control**

1. The preventive and corrective measures may be situation-specific for certain cases, but they may also comprise procedures of an operational nature generally applicable to the organisation or to management policies, of a cross-cutting nature for the entire Pestana Group.

2. In addition to the directly applicable legal provisions, namely legislation concerning money laundering, employment or commercial companies, risk control is mainly carried out by the following management policies or instruments, within the strict scope of this PPR:

- a) Code of Conduct and Ethics for employees of the Pestana Group;
- b) Code of Conduct and Ethics for suppliers to the Pestana Group;
- c) Whistleblowing channel;
- d) Annual Training Plan;
- e) Protocol for entering into contracts.

## **Chapter IV**

### **Responsibility for management of the implementation, control and review of the PPR**

## **Clause 14**

### **Appointment of the officer responsible for the implementation, control and review of the PPR**

1. The officer responsible for the implementation, control and review of the PPR is appointed by the Executive Committee of the Pestana Group and is the compliance officer provided for in paragraph 3 of clause 7 above, final part.

2. The officer responsible for the implementation, control and review of the PPR, unless otherwise decided, is the member of the Executive Committee responsible for Legal area.

## **Clause 15**

### **Powers of the officer responsible for the implementation, control and review of the PPR**

1. The officer responsible for the implementation, control and review of the PPR will:
  - a) Ensure compliance with this PPR as well as any rules inherent to the activity of the Pestana Group, whether criminal, tax, accounting, corporate, financial, employment, administrative or other, with a special focus on situations of corruption and related offences;
  - b) Report any breaches of the law of which he/she becomes aware of to the Board of Directors of the respective company;
  - c) Submit proposals for changes to this PPR and the Code of Conduct and Ethics.
2. The officer responsible for the implementation, control and review of the PPR also monitors its implementation by drawing up the following reports:
  - a) In October of each year, the mid-term evaluation report for high or maximum risk situations;
  - b) In April of the year following its implementation, the annual evaluation report, which in particular contains the quantification of the degree of implementation of the identified preventive and corrective measures and the forecast of their full implementation.

## **Chapter V**

### **Final provisions**

## **Clause 16**

### **Communication and training**

1. The Pestana Group ensures that all its employees participate in internal training programmes so that they know and understand the policies and procedures implemented for preventing corruption and related offences.
2. The content and frequency of training aimed at employees, including managers, take into account how exposed they are to the risks identified, analysed and classified.

## **Clause 17**

### **Disclosure**

1. This PPR and its revisions, as well as the reports set out in Clause 15(2), will be distributed to employees and other stakeholders through their publication on the intranet and on the Pestana Group's official website.
2. This PPR will be provided to employees in physical format whenever they request it and will be put in suitable places at the establishments when management deems this to be appropriate, without prejudice to the previous paragraph. This takes into account, in particular, the fact that some employees do not have access to the internet or do not have access to it on a regular basis.

## **Clause 18**

### **Entry into force**

1. This PPR, which reformulates, revises and replaces the Compliance Manual, shall enter into force the day after its approval.
2. The PPR will be reviewed every 3 years or whenever there is a change in the roles or organisational or corporate structure of the Pestana Group that justifies a review of the identification, analysis and classification of risks and the preventive and corrective measures to be taken.

Approved on February, 14, 2025.