

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 2 of 31
		Version 1.1
		Effective date
		Identification number 01.01



GOOD BUSINESS CONDUCT MANUAL



CONTENTS

Contents

1	Introduction	4
2	Policy of Good Business Conduct	4
2.1	Concept	4
2.2	Purpose	5
2.3	Scope and Perimeter of Application	5
2.4	Structure and Responsible Bodies	5
2.4.1	Good Business Conduct Committee (Ethics channel).....	6
2.4.2	Audit Department (AUD).....	7
2.4.3	Relationship with the Corporate Bodies of TAP Group Companies.....	8
3	General Principles of Good Conduct.....	8
4	Identification and Prevention of Risks of Corruption	10
4.1	Risk, Degree of Risk and Prevention Measures.....	10
4.2	Good Conduct Standards - Presents, Acts of Hospitality and Facilitating Payments.....	10
4.3	Good Conduct Standards - Negotiation Processes	12
4.4	Sponsorship Rules.....	13
4.5	Reporting Situations of Corruption.....	14
4.6	System of Communication of Undue Practices (“Whistleblowing”)	14
4.6.1	Introduction to the System of Qualified Participation of Undue Practices.....	14
4.6.2	Confidentiality guarantees	15
4.6.3	Scope of the Use of the System	15
4.6.4	Instruction on using the system.....	15
4.6.5	Description of the Report Handling Process	16
5	System of Incompatibilities and Conflicts of Interest	16
6	Risk Monitoring, Reporting and Control.....	18
7	Annexes	19
	Identification of Areas / Risks and Prevention Measures.....	22

Annex 1 - Recommendation No. 5/2012 of the Corruption Prevention Council

Annex 2- Identification of Risks and Preventive Measures by Area of the TAP Group

Annex 3 - Applicable Legislation

Annex 4 - Glossary

Annex 5 - Occurrence Communication Forms

Annex 6 - Individual Declaration Forms

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 4 of 31
		Version 1.1
		Effective date
		Identification number 01.01

1 Introduction

This Good business conduct manual establishes principles and standards of conduct that are an integral part of the good management of the Company (TAP Group) and provide the ethic and integrity values that have to be reflected in all actions and interactions arising from our business activity.

This manual must be an instrument of practices and guidelines to coordinate and bind the actions of the members of the Corporate Bodies, workers and respective hierarchies in their relationships with the different stakeholders.

By standardising them with the other Company regulations, we intend to provide a standardised, systematised and objective reflection of the practices of good business conduct that underlie the ethical behaviour and the proper prevention and management of the risks of corruption and related infringements in the TAP Group.

The document drawn up under the Prevention and Management of the Risks of Corruption and Related Infringements Plan covers three basic aspects:

- Principles and Policy of Good Business Conduct;
- Identification and Prevention of Risks;
- Monitoring, Reporting and Control.

Awareness and clear identification of practices that breach good business conduct will aid in the prevention, detection, punishment and eradication of misconduct.

All TAP Group workers must accept and follow the directives, rules, principles and values given in this Manual and sign a declaration of commitment to that end.

Any breach of the rules and principles given in this Manual may have legal and disciplinary consequences for the culprits in accordance with the law and applicable regulations.

This Manual will be revised whenever the applicable legislation, the Company dynamics and its values and/or the assessment of the risks so require.

2 Policy of Good Business Conduct

2.1 Concept

Good Business Conduct is an essential part in strengthening and consolidating our Company

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 5 of 31
		Version 1.1
		Effective date
		Identification number 01.01

since it contributes towards bolstering its reputation and the development of high confidence indices among the different stakeholders, Clients' and business partners' esteem as well as social acceptance and integration, all of which have a positive impact on the Company's sustainability.

2.2 Purpose

The purpose of the Good business conduct manual is:

- (i) To define, establish and implement the main guidelines for the conduct and action of the TAP Group Company employees, fostering a culture of integrity, transparency and equal opportunities, by encouraging an ethical and responsible commercial policy, of a culture of accountability, ensuring compliance with the laws, regulations, standards and directives that apply to their activity in all countries where it operates.
- (ii) To ensure the clarification and standardisation of the reference standards in conducting the activity, aiding in taking decisions in ethical dilemmas, encouraging the development of the best corporate governance practices and ethical conduct.

2.3 Scope and Perimeter of Application

The Good Business Conduct practices that apply to the TAP Group must be considered in the decisions, actions and day-to-day interactions and apply to:

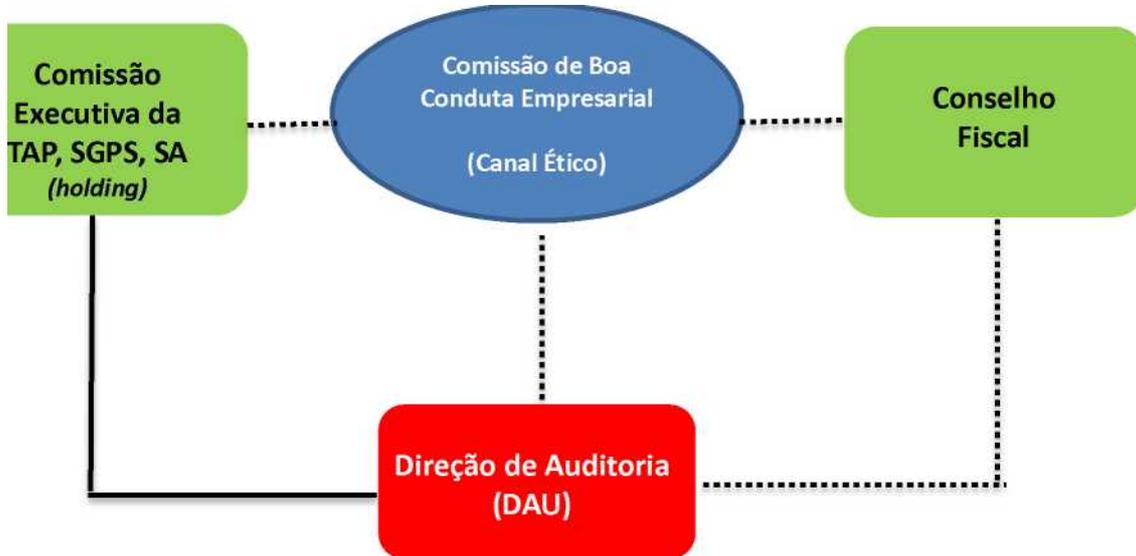
- (i) Governing Body Members;
- (ii) Employees working in Portugal and abroad;
- (iii) Employees with different kinds of work contract;
- (iv) Any third party who represents the company or acts on its account;
- (v) Public and private stakeholders;
- (vi) Other stakeholders who are directly or indirectly related with the TAP Group companies.

Note: The individuals mentioned in (i) to (v) are generically called "Individuals" in this Manual unless any one of them, in particular, is being referred to, in which case the designation given above will be used.

2.4 Structure and Responsible Bodies

The good business conduct risk management organisation will be comprised of:

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 6 of 31
		Version 1.1
		Effective date
		Identification number 01.01



2.4.1 Good Business Conduct Committee (Ethics channel)

The GDCC is an ad-hoc committee composed of 3 members, one of who belongs to the Audit Department, one from the Holding's Executive Committee and one from the Audit Committee, whose job it is to ensure the strategic monitoring and control of all matters related to Good Business Conduct and the practical application of this Manual.

The Good Business Conduct Committee is responsible for:

- (i) Deciding about the right and best way to deal with situations they become aware of that are breaches of the Good Business Conduct contained in this Manual.
- (ii) Resorting to specialised internal or external advice, clarification and counselling, depending on and according to the specificity and/or complexity of the situations that have been identified or reported;
- (iii) Submitting to the Holding's Executive Committee all cases that due to their complexity or seriousness require it;
- (iv) Proposing to the Holding's Executive Committee corrective or educational measures regarding the ethical procedures the Company should adopt, as well as any revisions of this manual. Producing, with assistance from the Audit Department, an Annual Report on TAP Group Good Business Conduct.

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 7 of 31
		Version 1.1
		Effective date
		Identification number 01.01

2.4.2 Audit Department (AUD)

The Audit Department in the current TAP Group organisation diagram will be renamed AUD and, apart from its present responsibilities, it will also be given the following tasks that are inherent to the Compliance area:

- (i) To define, propose and /or implement directives, measures and methodologies to identify and monitor risks to good business conduct, as well as assessing the compliance with the guidelines and standards regarding the TAP Group good business conduct policy.
- (ii) To preventively assess the Risks of Corruption and Related Infringements in all the markets where the TAP Group operates as well as those associated with the different Company activities.
- (iii) To control and monitor transactions undertaken on behalf of the Company and/or in its name, adjusting their action to ensure good Company practice, as detected in the risk evaluation.
- (iv) To submit the situations that could configure acts of corruption or related infringements that have been identified directly or reported by employees or third parties, to the Good Business Conduct Committee, which will advise the Board of the company in question and the Holding's Executive Committee;
- (v) To ensure adequate and pertinent information (national and international) for the procurement areas of the TAP Group companies regarding the risk of Corruption and Related Infringements of entities/markets they wish to contract and keep an updated copy of the Transparency International's Perception Index;
- (vi) To identify any conflicts of interest and propose measures through the adequate internal mechanisms at their disposal;
- (vii) To present the public authorities with the necessary assistance, namely by providing any timely information requested pursuant to the law;
- (viii) To encourage the standardisation, whenever applicable, of the good business conduct matters and best practices throughout all the TAP Group companies.
- (ix) To provide support to the Good Business Conduct committee in doing its job;

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 8 of 31
		Version 1.1
		Effective date
		Identification number 01.01

2.4.3 Relationship with the Corporate Bodies of TAP Group Companies

The Corporate Bodies of TAP Group Companies are all equally and without exception covered by the action of the structure defined in 2.4 and are committed to the values and procedures established in this Manual and other related regulations.

All these Corporate Bodies must provide the Good Business Conduct Committee and the Audit Department with all the cooperation and support for them to undertake their respective missions and provide all the information that is requested, encouraging the application of the regulations, rules and procedures given in this Manual in their businesses.

3 General Principles of Good Conduct

The General Principles of Conduct of the Company Individuals derive from the general principles of law, internal regulations in force in the Company, the respective Code of Ethics, and this Manual.

The actions of the Individuals must be guided by an acute sense of responsibility steered by rules, values, principles and practices that are ethically correct, that must be seen, defended and complied with by everyone.

In this scope, the following duties of a culture of accountability that apply to all the workers and TAP Group employees, are fundamental:

- (i) To comply with all the obligations arising from the work contract and the regulations that govern it, along with the regulations and guidelines defined by the Company's Corporate Bodies;
- (ii) To respect colleagues and all other people they come into contact with from inside or outside the company and treat them with courtesy;
- (iii) To do their job and responsibilities with assiduity, diligence and zeal;
- (iv) To ensure the rational conservation and careful use of the tangible and intangible assets and resources they have been entrusted with by the Company shareholders to undertake their jobs or that are placed at their disposal;
- (v) To encourage and/or do everything to improve Company productivity, trying to ensure the quality of the results;

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 9 of 31
		Version 1.1
		Effective date
		Identification number 01.01

- (vi) To comply with the responsibility of their jobs and not disclose information (unless authorised by their superiors or when obliged to under strict compliance with the law), regarding its organisation, production methods or business plans/models, investments, financial information, databases, studies, projects, reports, specialised technical knowledge, information about Individuals, clients or suppliers. In all circumstances they must use and manage the information with diligence and keep it confidential, respecting the interests of the Company and any third parties that are its legitimate owners;
- (vii) To meet demanding standards of personal conduct and act in strict compliance with the law and standards that apply to their activity;
- (viii) Their conduct should be guided by strict objectiveness, integrity and impartiality, always remembering that everyone is equal in the eyes of the law. They must always be impartial in their views and opinions and act with independence and equidistance regarding all the entities and people they have any relationship with because of their jobs, exclusively pursuing the Company's interests;
- (ix) Adopt a responsible conduct that honours themselves and the TAP Group, using reservation and discretion and preventing any actions that could compromise the Company's reputation;
- (x) Behave with a high level of professionalism, the high quality of the services they provide the community and efficiency in doing their jobs;
- (xi) They must not, in exchange for doing their job, and in the terms provided in this Manual, accept or request gifts, presents or offers of any kind, avoiding in all their activity bringing the TAP Group into discredit and any suspicion about themselves or the Group striving to gain and deserve the confidence and consideration of the passengers/clients, suppliers and everyone who they interact with in general;
- (xii) They must do their job with quality, transparency and thoroughness, allowing the information that supports the decisions of the Corporate Bodies (Board of Directors) to be prepared and provided in a timely manner;
- (xiii) Act with courtesy in their relationship with third parties and establish a relationship which, presuming its good faith contributes towards ensuring the exercise of their rights and compliance with their duties with correctness and equality of opportunities;

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 11 of 31
		Version 1.1
		Effective date
		Identification number 01.01

- (i) Acts of hospitality that can be provided to clients, employees and commercial partners are allowed as long as they have a symbolic value (equal to or less than €100), do not distort the competition, do not cause any loss to third parties nor are a way of pressuring or influencing decisions. They must be kept within reasonable limits of what is socially accepted in the sector and in the countries where the TAP Group companies operate;
- (ii) The way to gauge the reasonableness of these acts involves determining the intention underlying the hospitality and whether it is common practice in the sector of activity and also the degree of influence they have in the free will of the person who receives it;
- Among the acts of hospitality that comply with the commercial practices that are commonly accepted in most countries and therefore do not give rise to criminal liability, are:
 - ✓ The occasional offer of meals under the scope of Company business;
 - ✓ The sporadic offer of tickets to artistic or sports events, one-off charges with commercial partner travel expenses, as a demonstration of good commercial relationships;
 - ✓ Low-value presents, such as merchandising or small promotional objects (equal to or less than €100)

Facilitating payments

- (i) Facilitating payments are low-value payments, commonly practised in some countries, aimed at speeding up certain routine diligences that public sector officials have to do. Under Portuguese law and the “2010 Bribery Act”, this practice may be considered a crime of corruption (for a lawful act) with loss for international commerce, punishable regardless of the location where it took place or the specific circumstances behind it.
- (ii) The Company will not be held criminally liable if these payments are based on taxes, fares or other legally foreseen charges. Therefore, in its commercial activities abroad the Company must send written notice to its local partners to:
 - Be familiar with the laws of the country regarding inspection certificates, taxes and other legal charges so as to be able to characterise them and differentiate them from illicit solicitations;
 - Incorporate in its business plan realistic deadlines for imports/exports, transport and delivery of goods so as to discourage any payments to facilitate customs clearance

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 12 of 31
		Version 1.1
		Effective date
		Identification number 01.01

and the import/export of goods;

- Include a clause in the agreements to be entered into with local partners regarding Good Business Conduct procedures to be adopted;
- Adopt specific procedures taking into account payments to practice lawful acts, namely:
 - Question the legitimacy of payments requested by authorities or public officials;
 - Demand a receipt and the detailed identification of the official who demanded the payment;
 - In case of doubt, request the presence of a superior.
- Avoid paying "customs inspection fees" or any other administrative fee in cash or directly to the official, unless it is proven to be required by law and always in exchange for a receipt;
- Require that the local partners inform the Portuguese embassy of the kind of payments that are demanded.

4.3 Good Conduct Standards - Negotiation Processes

Procurement, sale, agency, consulting, intermediation and other contracts

- (i) TAP Group Procurement and Sales are governed by the "Procurement and Sales Manual", which is an internal regulation that establishes the internal procedures that apply to procurement and sales processes to ensure thoroughness and transparency in preparing, formulating and applying Company decisions and their relationship with suppliers and clients involved in conducting the procurement and sales processes.
- (ii) All contracts with agents, intermediaries, consultants, suppliers and commission agents must include a clause about knowledge of the existence of the TAP Group Good Business Conduct rules, taking into account the acceptance of TAP's ethical principles and particularly the compliance with its anti-corruption policy.
- (iii) The negotiation processes suppose a prior general assessment of the risk of corruption and related infringements regarding domestic or foreign agents, intermediaries, consultants, suppliers and commission agents and support should be sought whenever possible from entities with their own competence and the Audit Department, according to the risk level assessment.
- (iv) The risk of corruption and related infringements assessment process demands that the necessary contracts are established with the entities that can guarantee the

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 13 of 31
		Version 1.1
		Effective date
		Identification number 01.01

information needed to gauge the reliability and credibility of the entities to contract (embassies, police, local business associations, local chambers of commerce, TAP representatives at the location). Whenever necessary, the Audit Department can consult the local advisor to conduct due diligence into the history, curriculum and reputation of the business partners who represent the Company and that act on its behalf, as well as an assessment of the historical risk of corruption of the countries / markets where it operates, also ensuring that it is not on any embargo list.

4.4 Sponsorship Rules

Sponsorship aims to ally the promotion of a brand to the development and enrichment of various events of unquestionable social, sports or cultural coverage. Therefore, amounts are transferred to the companies that organise the events for sponsorship and who in turn undertake to publicise the TAP brand to the people who participate in the event. This situation raises serious risks of corruption. This situation can prove to be negative, namely when the award of the sponsorship depends on getting or keeping other deals that could distort the competition or lead to losses for third parties. The following principles must, therefore, be followed:

- (i) The sponsorship contracts cannot be used as a means of exercising influence or pressure on any commercial decision by the benefited entity nor camouflage any other type of business association. The award of sponsorship must be transparent, thorough, coherent and kept within the reasonable limits of what is commonly and socially acceptable.
- (ii) The Boards of Directors of TAP Group Companies or their members with delegated powers in the matter shall define the respective internal policy about awarding sponsorship, which shall include:
 - The areas of social, sports or cultural coverage that the company undertakes to sponsor;
 - Keeping an up-to-date record of all the entities that were awarded sponsorship and the reasons for doing so;
 - Assessing with particular care the sponsorship that involves entities that have commercial relationships with the Company;
 - Favouring events that are clearly associated with the Company, even if only symbolically;
 - Favouring entities that cover a target audience that is considered to be socially relevant and/or that pursue activities that match the Company's internal or social policy;

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 14 of 31
		Version 1.1
		Effective date
		Identification number 01.01

- Whenever possible, the sponsorship should be given in kind, namely by assigning flights, using capacity that is unused in the Company and avoiding it being diverted.

4.5 Reporting Situations of Corruption

Obligation

All situations that due to their nature and seriousness mean they must be notified to the authorities shall be processed as defined by law (see Annex 3 - Applicable legislation).

Corruption is a public crime (Annex 3) so the authorities are obliged to investigate as soon as they become aware of the crime, either through a report or any other way.

Procedure

Notwithstanding 4.6 System of Irregular Practice (“Whistleblowing”), any situation or circumstance that indicates an act of corruption or related infringements has been committed must be reported through one of the following means:

1. Through the Ethics Channel (see 4.6.4);
2. To a superior;
3. To the competent public entities.

The Company's workers are considered to be Employees with the sense given in the Criminal Code (article 386) so, pursuant to article 242, point 1, paragraph b) of the Criminal Process Code, the reporting of situations of corruption is mandatory.

4.6 System of Communication of Undue Practices (“Whistleblowing”)

4.6.1 Introduction to the System of Qualified Participation of Undue Practices

The TAP Group has adopted the System of Communication of Undue Practices (“Whistleblowing”), which was one of the ways available for reporting situations associated with breaches of the Code of Ethics, suspicions of fraud, corruption and related infringements.

The system ensures the reception and processing/handling of the communications that are received as well as the control of the actions that arise and situations of possible conflicts of interest.

The users of this system must be guided in its use, following the instructions and clarify

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 15 of 31
		Version 1.1
		Effective date
		Identification number 01.01

any doubts about how to use the system.

The system can be used by TAP Group workers or third-party entities that want to report situations covered by this scope.

The report will be made to the Good Business Conduct Committee, whose powers and responsibilities are defined in point 2.4 in this Manual.

4.6.2 Confidentiality guarantees

By implementing this Communication System, the TAP Group ensures all situations reported through the system will be handled confidentially.

4.6.3 Scope of the Use of the System

This system applies to situations where there are substantiated suspicions of practices that breach the rules established in this Manual and/or the TAP Group Code of Ethics. TAP employees can report other situations outside this scope to their superiors.

4.6.4 Instruction on using the system

The report must be addressed to the Good Business Conduct Committee.

The report of irregularities can be made through any of the defined channels. Only use one channel so as to avoid duplicating the records:

- Email channel: It can be sent by email, classified as "confidential" addressed to canaletico@tap.pt
- Postal channel: It can be sent by letter in a sealed envelope marked "Confidential" and addressed to the Secretário da Sociedade, Aeroporto de Lisboa, Rua C, Edifício 25 - 8º, 1704-801 Lisboa or Canal Ético, Aeroporto de Lisboa, Rua C, Edifício 25 - 1º Andar, 1704-801 Lisboa.
- Intranet channel: access the Company Intranet and go to canaletico.pt

The body of the report must describe in as great detail as possible the information about the situation you want to report. Mention all the details that could help the investigation of the situation and state whether you are willing to provide additional clarification if necessary.

Any report can be accompanied by additional information. This additional information can be sent in files with standard formats.

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 16 of 31
		Version 1.1
		Effective date
		Identification number 01.01

4.6.5 Description of the Report Handling Process

Once the communication has been received, it is stored in a central repository with access restricted to the Audit Department and the Good Business Conduct (Ethics Channel) Committee, who are responsible for controlling the report handling process and for checking the conclusion.

5 System of Incompatibilities and Conflicts of Interest

Conflicts of interest

The TAP Group companies undertake to adopt measures to ensure impartiality in their actions and in the decision-making processes, in situations with the potential for incompatibility or conflict of interest involving the Company or its Individuals. The system of incompatibilities and conflicts of interest of members of the Company's Corporate Bodies is governed by the law and the articles of association, notwithstanding the respect for the general principles enshrined in this Manual and in the Company's Code of Ethics.

- (i) There is a conflict of interest whenever in their jobs, the Individuals are called to intervene in screening procedures or decisions regarding contracts or acts where they themselves, their spouses, relatives and so on up to a 4th degree relative or kin, or people they live with or their common-law spouse or even companies in which they own any stake directly or indirectly, are directly or indirectly involved;
- (ii) Whenever there is any situation related with an Individual or with the assets, that could call into question the normal compliance with their duty or objective and effective performance of their job, the employee shall inform their superior. If they are a member of the Board of Directors, they must advise the other members of the body they belong to and find a solution that allows them to ensure impartial, objective and transparent performance;
- (iii) The solution to the conflicts of interest must comply with the applicable legal, statutory, regulatory and contractual provisions.

Incompatibilities /Relationships with Suppliers

(from "TAP Group Procurement and Sales Manual")

(i) It is forbidden for any Individual, namely from the procurement area or the requisitioning area:

- To participate in the procurement and sales processes (preparation and acceptance of

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 17 of 31
		Version 1.1
		Effective date
		Identification number 01.01

purchase and sale bids, decisions to award goods and services contracts, divestment or sale of goods or services, or in formulating or supervising the enforcement of these contracts), that directly or indirectly involve relatives (pursuant to point 5(i) who are able to influence the negotiation process;

- To participate in the procurement and sales processes that involve entities with which they have a professional relationship, labour attachment or entities where they have any kind of direct or indirect stake as a partner, shareholder or member of the respective corporate bodies (except for socio-professional associations).
- (ii) Whenever an Individual is or may be in one of the situations described in the previous paragraphs, they must advise their superior in writing along with the reasons for the incompatibility and excuse themselves for intervening, in any way whatsoever, in the preparation, appreciation or decision in the procurement process or call for tenders or in the drawing up or supervision of the enforcement of that contract. When the Individual depends directly on the Board of Directors, this communication must be sent to the board member they report to. Non-compliance with these stipulations will be considered an infringement subject to a disciplinary proceeding.
- (iii) The Company must respect any well-grounded request to be excused from intervention in a procedure that is presented, based on the facts mentioned above.

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 18 of 31
		Version 1.1
		Effective date
		Identification number 01.01

6 Risk Monitoring, Reporting and Control

The monitoring system is defined depending on the Company's specific risks of corruption, detected in the risk assessment or inherent to the sector of activity and is complied with as defined in the Risk Management Manual.

Risk management, as mentioned in the respective Manual, has a structured and disciplined focus that aligns strategy, processes, personnel, technology and knowledge in order to manage the uncertainty faced by organisations in the way they create value.

The monitoring and control are conducted by the Audit Department and reported to the Good Business Conduct Committee and then the results are sent to the respective Boards of Directors and the Company's Executive Committee, allowing directives, principles and methodologies to be drawn up to identify, mitigate and monitor corrupt practice within the Company.

Although the Annual Good Business Conduct Report is for the TAP Group as a whole, it must contain specific provisions for each subsidiary company.

The Audit Department is responsible for advising all Group employees with information about the existence of forms for the Communication of Occurrences (Annex 5) and Individual Declaration (Annex 6) and for monitoring the respective collection and processing to ensure the rules in this Manual are complied with.

The national and international rankings regarding Good Business Conduct in the respective sector of activity must be disclosed regularly by TAP Group companies and it is equally important to publish the position of those companies in the rankings that were mentioned.

Each TAP Group company shall appoint an Audit Department and Good Business Conduct Committee liaison and reporting individual who must be authorised to provide the information that is requested.

The Good Business Conduct Committee shall also provide regular information to the Corruption Prevention Council and other bodies with responsibilities in the matter.

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 19 of 31
		Version 1.1
		Effective date
		Identification number 01.01

7 Annexes

ANNEX 1

Recommendation No. 5/2012 of 7 November 2012

***“CORRUPTION PREVENTION COUNCIL
 Recommendation No. 5/2012
 CPC Recommendation of 7 November 2012***

Subject: Management of conflicts of interest in the public sector

Whereas:

The matter of conflicts of interest is of fundamental importance in the relationships between citizens and public entities;

The proper management of conflicts of interest is indispensable for a culture of integrity and transparency with all the underlying benefits for public management;

The guidelines and recommendation from international organisations such as the UN, OECD and the Council of Europe Group of States against Corruption (GRECO) deserve to be taken on board;

Recalling the CPC recommendation of 1 July 2009 regarding a plan to prevent the risks of corruption and related infringements;

The Corruption Prevention Council (CPC) meeting on 7 November 2012, approved the following:

Recommendation:

- 1 — The public entities, even though they may be constituted or governed by private law, must have properly publicised mechanisms to monitor and manage conflicts of interest that also include the period that succeeds the exercise of public functions with an indication of the legal consequences;
- 2 — In order to facilitate compliance with this Recommendation, the reference text attached under the title Conflicts of Interest in the Public Sector is approved and is an integral part hereof;
- 3 — All destination entities of this Recommendation must include a reference about conflict of interest management in their reports on implementing risk prevention plans.

7 November 2012. —The Chief Advisor to the Audit Court and the CPC, Guilherme

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 20 of 31
		Version 1.1
		Effective date
		Identification number 01.01

d'Oliveira Martins. — The Director -General of the do C/Secretary General, José F. F. Tavares. — The Inspector General of Finances, José Maria Leite Martins. — The Secretary-General of the Ministry of Economy and Employment, Maria Ermelinda Carrachás. — The Deputy Attorney General, Manuel Pereira Augusto de Matos. — Lawyer, João Loff Barreto. — Economist, João Amaral Tomaz.

Conflicts of interest in the public sector

(CPC Recommendation of 7 November 2012)

Summary:

- 1 — Introduction — framework and notion of conflict of interests
- 2 — Legal framework
- 3 — The prevention of conflicts of interest — Management guidelines

...

3 — The prevention of conflicts of interest — Management guidelines

Taking into account the current importance of matters of conflicts of interest in the public sector, including the period that succeeds exercising public office, the Corruption Prevention Council believes it is fundamental to strengthen the range of measures that aim to create an administrative culture of thoroughness and transparency in this field.

As such, the Corruption Prevention Council recommends that the managers and managerial bodies of all public sector entities, including those that for any reason and in any way have to manage money, amounts or public assets, create and apply measures in their organisations that avoid conflicts of interest, such as:

- a) Manuals of good practice and codes of conduct regarding all the areas of action, including the period that succeeds the exercise of public office, in compliance with the legal framework and the organisation's ethical values;
- b) An indication of the potential situations of conflicts of interest regarding each functional area in its organic structure;
- c) An indication of situations that could give rise to a real, apparent or potential conflict of interest that involves workers who leave their public job to take up private employment as workers, consultants or others;
- d) Promotion of adequate measures to avoid and manage conflicts of interest regarding situations that involve workers who accept jobs in private entities that were covered by decisions in which, directly or indirectly, whoever had public jobs or because via that job had access to insider information of interest to the private entity or even that they could have any influence on the public entity where they worked through former colleagues;
- e) Identification and characterisation of the risk areas, namely those that arise from the accumulation of jobs, which must be dealt with under the scope and the same terms of the Management Plan for Corruption Risk and related infringements;
- f) Identification of specific situations of conflicts of interest and the respective

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 21 of 31
		Version 1.1
		Effective date
		Identification number 01.01

punishment for culprits, in accordance with the existing punitive framework;

- g) Encouragement of an organisational culture where there is strict intolerance of situations of conflicts of interest;
- h) Encouragement of individual accountability of all workers that recognises and highlights good practice and the good examples of public service and encourages active attitudes of refusing contact and processing regarding administrative procedures where they have any kind of interest, even if only through third parties;
- i) Development of professional training actions for reflection and awareness about this topic for workers from all areas;
- j) All workers sign declarations that there are no conflicts of interest regarding each procedure that they are entrusted with under the scope of their job or which they have influence over in any way;
- l) All workers who have accumulated different functions sign an updated declaration where they declare unequivocally that the accumulated jobs do not collide in any way with the public jobs they do, nor call into question the impartiality and thoroughness that must guide their actions;
- m) Declarations regarding gifts at work;
- n) Promotion of mechanisms to monitor the application of these measures, as well as the respective punishment.”

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 22 of 31
		Version 1.1
		Effective date
		Identification number 01.01

ANNEX 2

Identification of Risks and Preventive Measures by TAP Group Areas

Identification of Areas / Risks and Prevention Measures

ORGANISATIONAL UNIT	MAIN ACTIVITIES	IDENTIFIED RISKS	PROPOSED MEASURES
IMS	Hiring contractors/service providers	Transparency in the contractor selection process	Compliance with the PSM and regulations in force regarding the supplier selection process
		The relationship between workers and suppliers	Compliance with the Incompatibilities Regulation
		Breaches that can be assigned to the contractor	Application of the terms of the tender programme and specifications
		Extra works/services	Prior definition of unit prices for the works to be done
			The demand for proof of the 'unforeseen' nature of works and that is not technically and economically separable from the initial contract (includes situations of emergency interventions)
	Work Warranty Period	Definitive reception 1 year or more (depending on the kind of work), after the work has been concluded with the release of the last 10% of the agreed amount, bank guarantee or bond insurance	
Sale of buildings/vehicles	Transparency in the buyer selection process	Compliance with the PSM and procedures defined by SGGI as examples of the requirement to get evaluations before any sale process	



GRUPOTAP

GOOD BUSINESS CONDUCT MANUAL

Page 23 of 31

Version 1.1

Effective date

Identification number 01.01

ORGANISATIONAL UNIT	MAIN ACTIVITIES	IDENTIFIED RISKS	PROPOSED MEASURES
Finances	Payments	Undue / unauthorised payments	Delegation of powers
			Power of attorney to make payments
			Compliance with the financial area regulations
			Control of authorisations using a computer system
	Taking out funding		Decision centralisation at the Board of Directors of the Executive Committee
	Procurement of goods and services for the business areas	The existence of conflicts of interest/collusion	Compliance with the PSM regarding the supplier selection process.
			Compliance with the Incompatibilities Regulation
		The existence of omissions /deficiencies in the contractual clauses	Compliance with the provision in the "Entering into and Managing Contracts" document.
			Legal Department analysis of contracts
	Lack of supplier assessment	Assessment of supplier performance.	
Restocking	Management, reception and warehousing	Use of the SAP / LOG computer systems	



GRUPOTAP

GOOD BUSINESS CONDUCT MANUAL

Page 24 of 31

Version 1.1

Effective date

Identification number 01.01

ORGANISATIONAL UNIT	MAIN ACTIVITIES	IDENTIFIED RISKS	PROPOSED MEASURES
HR	Recruitment	Breach of equity principles. Non-objective selection criteria. The relationship between assessors and those being assessed.	Compliance with the procedures established for internal and external recruitment.
	Performance Assessment		Compliance with the performance assessment manual.
	Career evolution		Compliance with the clauses in the company agreements in force.
	Information processing that impacts salaries	Processing errors	Compliance with the clauses in the company agreements in force and other regulations.
		Relationship between workers	Use of the SAP / RH computer systems
	Hiring training companies	The existence of conflicts of interest/collusion	Compliance with the PSM regarding the supplier selection process
	Compliance with the Incompatibilities Regulation.		

ORGANISATIONAL UNIT	MAIN ACTIVITIES	IDENTIFIED RISKS	PROPOSED MEASURES
ME	Purchase of specific goods and services for the business areas	Transparency in the supplier selection process	Compliance with the PSM
		The relationship between workers and suppliers	Compliance with the Incompatibilities Regulation
	Restocking	Management, reception and warehousing	Use of the Scorpions computer system
	Sale of scrap metal	Transparency in the buyer selection process	Compliance with the Maintenance Technical Standard - Elimination of useless materials
	Sale of goods and services	Transparency in the contracting process with clients	Compliance with the PSM regarding the supplier selection process
	Contracting commission agents	Transparency in the contracting process with intermediaries (commission agents)	

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 25 of 31
		Version 1.1
		Effective date
		Identification number 01.01

ORGANISATIONAL UNIT	MAIN ACTIVITIES	IDENTIFIED RISKS	PROPOSED MEASURES
MEGASIS	Acquisition of computer equipment, software and studies	Transparency in the supplier selection process	Compliance with the PSM regarding the supplier selection process
	Performance Assessment	The relationship between workers and suppliers	Compliance with the Incompatibilities Regulation.

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 26 of 31
		Version 1.1
		Effective date
		Identification number 01.01

Annex 3 Legislation

■ *From the Portuguese Criminal Code*

CORRUPTION

- Receiving undue advantage (Article 372)
- Taking bribes (Article 373)
- Paying bribes (Article 374)
- Aggravated punishment (Article 374-A)
- Dismissal or reduction of sentence (Article 374-B)

RELATED INFRINGEMENTS (EQUIVALENT TO CORRUPTION)

- Mismanagement in the public or cooperative sector (Article 235)
- Influence peddling (Article 335)
- Embezzlement (Article 375)
- Embezzlement of Use (Article 376)
- Economic participation in business (Article 377)
- Graft (Article 379)
- Abuse of power (Article 382)

■ **Law 20/2008, of 21 April**

(with the alterations introduced by Law No. 30/2015 of 22 April)

- Criminal system of corruption in international trade and in the private sector

■ **From TAP Articles of Association**

- Ethics and Incompatibilities (Article 11)

■ **Law 34/87, of 16 July**

(with the alterations introduced by Law No. 108/2001 of 28 November, Law No. 30/2008 of 10 July, Law No. 41/2010 of 3 September, Law No. 4/2011 of 16 September, Law No. 4/2013 of 14 January, Law No. 30/2015 of 22 April)

Crimes of Liability of Political Post Holders

■ **Law 93/99, of 14 July**

(with the alterations introduced by Law No. 29/2008 of 4 July and Law No. 42/2020 of 3 September)
Witness Protection Law

 GRUPOTAP	GOOD BUSINESS CONDUCT MANUAL	Page 27 of 31
		Version 1.1
		Effective date
		Identification number 01.01

Annex 4

GLOSSARY

ABBREVIATIONS

BD	Board of Directors
Company	TAP Group

CONCEPTS

Corruption	The practice of any act or its omission, whether it is lawful or not, in exchange for receiving or the promise of receiving any undue compensation for the person or any third party.
Paying bribes (active corruption)	Anybody who personally, or via a third party, gives or promises a worker or third party, with their knowledge, pecuniary or non-pecuniary advantage that they are not due, either for a lawful act or otherwise.
Accepting bribes (passive corruption) for an illicit act	A TAP Group employee who requests or accepts, for themselves or a third party, pecuniary advantage or the promise of pecuniary or non-pecuniary advantage for themselves or a third party, to perform any act or omission contrary to the duties of their position.
Corruption causing losses to international trade	Anyone who, for themselves or a third party, gives or promises the domestic or foreign employee, or third party with their knowledge, pecuniary or non-pecuniary advantage to get or keep a deal, a contract or other undue advantage in international trade.
Related infringements	Infringements that are similar to corruption, that are harmful to the good operation of the company's activity, to the markets where it operates and the ethical relationship with the related parties.
Sponsorship	Sponsorship aims to ally the promotion of a brand to the development and enrichment of various events of unquestionable social, sports or cultural coverage through the transfer of amounts in settlement of publicity.

ANNEX 5

Communication of occurrence forms / whistleblowing

FORMULÁRIO DE REPORTE DE PRÁTICAS IRREGULARES

À
Comissão de Boa Conduta Empresarial
(Canal Ético)

A preencher pela Recepção do Canal Ético

PARTICIPAÇÃO Nº _____

DATA: ___/___/201__

ASSINATURA: _____

IDENTIFICAÇÃO (FACULTATIVA)

[a sua identificação permitirá ser informado da sequência dada à sua participação]

EMPRESA

RELATO DETALHADO DOS FACTOS:

IDENTIFICAÇÃO DOS INTERVENIENTES (nos factos, objeto do relato)

DATA OU PERÍODOS EM QUE OCORRERAM OS FACTOS (indicar se a irregularidade ainda se mantém)

MODO COMO TOMOU CONHECIMENTO DOS FACTOS:

SUPORTE DOCUMENTAL (IDENTIFICAR OS DOCUMENTOS QUE EVIDENCIAM OS FACTOS RELATADOS, E ANEXAR)

ASSINATURA : _____ **DATA:** ___/___/201__

ANNEX 6

Individual Declaration Forms



DECLARATION ⁽¹⁾

(-----name-----), member of the Board of Directors of the company

_____ declares on their honour that they will abstain from interfering in decisions that involve their own interests and that may be taken by the Corporate Body they are a member of.

They also declare their total commitment to the principles defined in the company's articles of association, the Good Business Conduct Manual, the Code of Ethics and the TAP Group Procurement and Sales Manual, thus pursuing the highest values of independence, equity and transparency.

(signature)

(Date)



DECLARATION

I, (_____ *name* _____), worker number _____ ,
declare I am aware of the Good Business Conduct Manual and the Code of Ethics
in force in the TAP Group, the texts of which I have been given to read and
undertake to fully comply with their rules and adhere to their principles while
performing my professional activity.

, _____ of _____ 20__

Signature: _____

Company:

Good Business Conduct Manual, approved in the Executive Committee meeting of TAP, SGPS, SA on 20 July 2016 (see Minutes No. 8, deliberation No 8.03)

The Executive Committee:

Chairman

Fernando Pinto

Board Directors

David Pedrosa

Maximilian Urbahn