



***Interim evaluation
report of the Plan for
the Prevention of
Risks of Corruption
and Related Offences
of the TAP Group***

October 2023

TAP
GRUPOTAP

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1 Background

On March 28, 2023, March 22, 2023, and April 28, 2023, the Boards of Directors of the companies Transportes Aéreos Portugueses, S.A. ("TAP"), Portugália - Companhia Portuguesa de Transportes Aéreos, S.A. ("PGA"), and UCS - Cuidados Integrados de Saúde, S.A. ("UCS"), respectively (for the purposes of this document, the three companies shall be collectively referred to as the "TAP Group"), approved the Plan for the Prevention of Risks of Corruption and Related Offences of the TAP Group (hereinafter, the "PPR"), thus complying with Decree-Law No. 109-E/2021, of December 9, which created the National Anticorruption Mechanism ("MENAC"), and established the General Corruption Prevention Regime ("RGPC").

In accordance with Article 6.4 sub-paragraph a) of the RGPC, the execution of the PPR is subject to monitoring and control, carried out under the following terms:

- a) Preparation, in the month of October, of an interim assessment report on identified situations of high or maximum risk;
- b) Preparation, in the month of April of the year following implementation, of an annual assessment report, containing in particular the quantification of the degree of implementation of the identified preventive and corrective measures, as well as the forecast of their full implementation.

This document constitutes the interim assessment report of the situations identified in the PPR as being of high risk ("Report"), highlighting the degree of implementation of the preventive and corrective measures identified in the PPR until October 15, 2023.

2 Interim Assessment of Identified High or Maximum Risk Situations

The PPR shows 14 high risks, relating to seven TAP and PGA business/support areas.

Below, are the mitigation measures proposed in the PPR, and their implementation status:

Activity	Risk Factors / Types of Risk	Likelihood of Risk Occurrence	Preventative / Corrective Measures	Implementation Status
People & Culture				
Recruitment	➤ No declaration of conflict of interest during the recruitment process	High	<ul style="list-style-type: none"> ➤ Control of recruitment processes; ➤ Dependence on/approval by various decision-making levels; ➤ Confidentiality of the recruitment process ➤ Disclosure and training on the Conflict of Interest Prevention and Management Policy; ➤ Mandatory completion of the conflict of interest declaration 	Partially implemented
Delivery of Compliance Policies to new employees	➤ Insufficient documents delivered upon the admission of new employees.	High	<ul style="list-style-type: none"> ➤ Delivery and detailed communication of Compliance Policies to all new employees, including declaration of conflict of interests. 	Partially implemented
Training on Compliance Policies for employees	➤ No training on Compliance Policies.	High	<ul style="list-style-type: none"> ➤ Training on Compliance Policies for Directors and Employees 	Not implemented (ongoing)
Accounting				
Receiving and offering gifts	➤ Lack of knowledge of the limit value above which one cannot receive or offer.	High	<ul style="list-style-type: none"> ➤ Disclosure of and training on the Policy on Offering and Accepting Courtesies. 	Partially implemented
Procurement				
Selecting and contracting suppliers	<ul style="list-style-type: none"> ➤ Lack of strict due diligence procedures for suppliers; ➤ No records on the consultation of supplier DD platforms ➤ Low employee turnover; ➤ No mandatory declaration of conflict of Interests; ➤ Possibility of influencing the choice of a particular supplier 	High	<ul style="list-style-type: none"> ➤ Implementation of a stricter supplier assessment model, including the respective registration; ➤ Conservation of records of consultations carried out as part of supplier due diligence; ➤ Implementation of the conflict of interest declaration; ➤ Systematic verification of the absence of incompatibilities, accumulation of functions, and conflict of interests; ➤ Greater employee turnover. 	Not implemented
Selecting and contracting public entities	➤ There are no specific procedures for contracting	High	<ul style="list-style-type: none"> ➤ The measures mentioned above. 	Not implemented

	suppliers that are public entities.			
Airport Services				
Sale or exchange of tickets at ATO	<ul style="list-style-type: none"> ➤ Possibility of paying in cash; ➤ Use of third parties to provide services in certain ATOs. 	High	<ul style="list-style-type: none"> ➤ Disclosure of rules on the cash payment limit; ➤ Disclosure and training on the Anti-Corruption Policy, and on the Policy on Offering and Accepting Courtesies (including with service providers). 	Partially implemented
Brazil Market — airport operations (ticket payments; upgrades; excess baggage, etc.)	<ul style="list-style-type: none"> ➤ Provision of services at branches 	High	<ul style="list-style-type: none"> ➤ Disclosure and training on the Anti-Corruption Policy; ➤ Disclosure and training on the Policy on Offering and Accepting Courtesies (including with service providers). 	Partially implemented
Africa Market — airport operations (ticket payments; upgrades; excess baggage, etc.)	<ul style="list-style-type: none"> ➤ High number of cash payments at ATOs; ➤ Possibility of paying large amounts in cash; ➤ No fixed limit amount beyond which cash payments cannot be made; ➤ No procedure to detect misappropriation of money. 	High	<ul style="list-style-type: none"> ➤ Disclosure of rules on the cash payment limit; ➤ Disclosure and training on the Anti-Corruption Policy, and on the Policy on Offering and Accepting Courtesies (including with service providers). 	Partially implemented
Africa Market	<ul style="list-style-type: none"> ➤ Situations of “small bribery” regarding passengers’ lack of documents 	High	<ul style="list-style-type: none"> ➤ Disclosure and training on the Anti-Corruption Policy, and on the Policy on Offering and Accepting Courtesies (including with service providers); ➤ Maintenance of document control procedures with SEF or with contracted specialized companies. 	Partially implemented
PGA				
Recruitment	<ul style="list-style-type: none"> ➤ Discretion regarding the recruitment process; ➤ No declaration of conflict of interest during the recruitment process. ➤ Unduly favouring or disfavouring candidates. 	High	<ul style="list-style-type: none"> ➤ Control of recruitment processes; ➤ Dependence on/approval by various decision-making levels; ➤ Confidentiality of the recruitment process ➤ Disclosure and Training on the Conflict of Interest Prevention and Management Policy; ➤ Mandatory completion of the conflict of interest declaration. 	Partially implemented
Sales & Distribution				
Brazil Market — Sales	<ul style="list-style-type: none"> ➤ Interaction with Brazilian public authorities; ➤ Favour requests: free tickets; upgrades; changing trips without fine, etc.; ➤ No policy or procedure on knowing whether and how to refuse; ➤ Autonomy regarding payments made, as long as they 	High	<ul style="list-style-type: none"> ➤ Disclosure and training on the Anti-Corruption Policy; ➤ Disclosure of and training on the Policy on Offering and Accepting Courtesies; ➤ Creation of and compliance with the reporting line, whenever there is a proposal for preferential treatment. 	Partially implemented

	are within the area's budget; ➤ Lack of reporting line in these cases.			
Brazil Market — Acquisition of goods and services	➤ Possibility of favouring certain suppliers; ➤ Intervention of Procurement only for purchases of higher amounts — at the department's discretion in contracts such as: leasing offices, telecommunications contracts; etc; ➤ No Contracting Policy.	High	➤ Disclosure and training on the Anti-Corruption Policy; ➤ Implementation of a Contracting Policy; ➤ Disclosure of purchasing procedures established in procurement processes.	Partially implemented
Customer Engagement & Marketing				
Partnerships with influencers	➤ Procedure processed exclusively by the Marketing & Branding Department, without going through the procurement process; ➤ No information on the influencer's family relationships.	High	➤ Implementation of a written standard procedure for hiring influencers, including due diligence on their family relationships; ➤ Go through the procurement process	Not implemented

All preventive and corrective measures identified in the PPR for high-risk situations are in the process of implementation, and are expected to be fully implemented by the beginning of 2025.

By the end of this year, mandatory eLearning courses for all Employees will be launched, on the following topics:

- i. Anti-Corruption Policy;
- ii. Conflict of Interest Prevention and Management Policy;
- iii. Policy on Offering and Accepting Courtesies; and
- iv. Whistleblowing Channel.

It should also be noted that the processes for awarding free tickets, upgrades, and ancillaries are being reviewed, with the aim of making them more rigorous and transparent.

It is also important to note that the TAP Group has a wide range of Ethics and Compliance Policies, which are already available on the Intranet for consultation by all Employees, namely the following:

- i. Code of Conduct (also available on the official TAP website);
- ii. Anti-Corruption Policy;
- iii. Conflict of Interest Prevention and Management Policy;
- iv. Policy on Offering and Accepting Courtesies;
- v. Whistleblowing Channel Policy;
- vi. Investor Relations Policy;
- vii. *Insider Trading Policy*;
- viii. Policy for Preventing Money Laundering and the Financing of Terrorism;
- ix. Supplier Code of Conduct; and
- x. Procurement Manual.

The electronic form for declaring a conflict of interest is also now available on the Intranet, which, in accordance with the Conflict of Interest Prevention and Management Policy, must be completed by all and any TAP Group Employee when in a situation of conflict of interest (either real, potential or apparent), as well as at the time of (i) taking up duties, (ii) starting to perform new duties within the TAP Group and, (iii) if no relevant changes occur, on an annual basis until January 31st each year.

Finally, specific clauses were introduced into the draft contracts expressly prohibiting corrupt or corruption-related practices. Additionally, the TAP Group's Anti-Corruption Policy and the Policy on Offering and Accepting Courtesies are attached to all contracts, thus fulfilling the aim of disclosing such Policies to third parties with whom the TAP Group establishes contractual relationships, namely with service providers, as recommended in the PPR.

3 Recommendations

Considering the assessment of the implementation and effectiveness of the mitigation measures proposed in the PPR, complemented by the risk assessment carried out by an independent consultant, from June to September 2023, in accordance with the ERM methodology (likelihood vs impact) to the various business/support areas of TAP, PGA and UCS, the following recommendations are proposed:

1. Update the PPR based on the risk matrix resulting from the risk assessment of corruption and related offenses carried out in 2023;
2. Implementation of the action plans proposed in the 2023 risk matrix for high or medium risk situations;
3. Keep implementing the preventive and corrective measures identified in the current PPR;
4. Disclose the PPR and this Report on the official Internet websites and in the Intranet of the TAP Group companies, in compliance with the provisions of Article 6.6 of the RGPC;
5. Communicate the PPR and this Report to the Ministry of Finance, to the Ministry of Infrastructure, to the General Inspectorate of Finance, and to MENAC, in compliance with the provisions of Article 6.7 of the RGPC.

4 Preparation and Approval of the Report

This Report was prepared by the Head of Regulatory Compliance of the TAP Group, and approved by the Boards of Directors of TAP and PGA on 12/19/2023, and of UCS on 12/21/2023.