



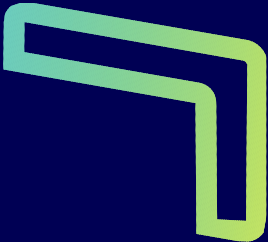
DOCUMENTATION LEVEL:
2 | CAPABILITIES
What are our core practices

GUARDIANS PROCESS

Corruption

Risks

Prevention Plan



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Risk Assessment and Corruption Risks Prevention Plan – Articles 6 and 18 of the Portuguese “Regime Geral de Prevenção da Corrupção” (RGPC)

A) Entity

Critical TechWorks, S.A. (hereinafter CTW), with registered office at Rua Dr. António Luís Gomes, nr. 10, 4000-091 Porto, registered on Conservatória do Registo Comercial de Lisboa, legal person nr. 514852046, and share capital of EUR 2.372.448,00 (two millions, three hundred and seventy-two thousand, four hundred and forty eight euros).

B) Applicability

Article 2 of RGPC explains this regime is applicable to the legal entities with headquarters in Portugal, which employs 50 or more workers. Given the current number of employees, RGPC is applicable to CTW's reality and, as such, obliged to have and implement a corruption prevention risks plan, in which corruption-related risks are identified, analyzed, and classified, as well as the situations that might expose CTW to corruption acts or related infringements.

C) Elements collected

The following documentation has been collected for this report:

- Procedures, policies and certifications, already implemented and currently into force at CTW, such as:

- Board of Directors minute nr. 31
- Procurement process
- Corporate Hospitality and Gifts
- Speak Freely Policy and Guidelines
- Book of Honour
- ESG Cooperation Guidelines
- Corruption Prevention Policy
- Corruption Prevention Annual report
- Guardians Risk Plan Corruption
- E-learning storyboard
- Compliance in Motion Tour
- Risk Management Process

External audits have also been carried out, as well as by the Compliance team, where certain topics have been discussed and doubts taken from specific situations of possible corruption cases – beyond the internal online mandatory trainings.

D) Activity

CTW's activity focuses on software development and services related to the automobile industry sector, as well as the performance of any activities which are complementary, subsidiary or ancillary to the abovementioned.

E) Geographic area

- Porto;
- Lisboa;
- Braga.

F) Possible infringements

According to article 3 of the RGPC, regarding the activity described and performed by CTW, shall be deemed as corruption crimes and related infringements, and considered for purposes of identification and assessment of risks, the following: crimes of corruption, undue receipt and offer of advantages, embezzlement, economic participation in business, abuse of power, prevarication, trafficking of influences, fraud in obtaining or deviation of subsidies or credits, provided for in the Portuguese Penal Code and other legislation.

G) Risk evaluation

G.1 Risk identification

The purpose of this phase is to generate a list of the corruption risks and related infringements, through which CTW identifies the source of the risks, impact areas, events, respective causes and potential consequences.

The identification includes risks which source may be or not be under control of CTW. It is equally considered, by significancy criteria, the causes and scenarios that show what consequences may occur in result.

G.2 Sources of corruption risks and related infringements

According to article 3 of the RGPC, it shall be deemed as corruption crimes and related infringements, and considered for purposes of identification and assessment of risks, the following: crimes of corruption, undue receipt and offer of advantages, embezzlement, economic participation in business, abuse of power, prevarication, trafficking of influences, fraud in obtaining or deviation of subsidies or credits, provided for in the Portuguese Penal Code and other legislation.

As such, shall origin risks of committing any of the abovementioned infringements, the following:

- a. Money Laundering and Terrorist Financing;
- b. Communication of Irregularities;
- c. Conflict of Interests;
- d. Corruption and Bribery;
- e. Monitoring and Remediation;
- f. Accounting Records.

G.3 Risk analysis

Analysis of the risk provides an entrance for the risk assessment and the measures to address such risk, which implies considering the risk causes and sources, its impacts and its probability of occurrence.

The risk is analyzed, determining the impacts and probability and other risk attributes, whether the existent controls and are actually in place and effective.

The current Plan considers for the risk analysis the following criteria regarding impact and probability, and the way they are combined to determine a variable level of risk:

G.4 Probability of occurrence

Probability				
1 Very Unlikely	2 Unlikely	3 Medium Probability	4 Likely	5 Very Likely
1 Once every 3 years	2 Once or twice in a 3-year period	3 Once or twice per year	4 Once per semester	5 Monthly

G.5 Expected Impact:

	1 Very Low	2 Low	3 Medium	4 High	5 Very High
Reputation	Loss of internal credibility	Loss of credibility with third parties	Negative communication on social media	National media scandal	International media scandal
Clients	Investigation processes / Clients audits	Suspension of client's invitations for direct awards	Permanent suspension of works / Termination of Contract	Loss of private clients / Temporal inhibition of contracting a public client / Inhibition of contracting third parties for ≤ 2 years.	Definite prohibition of contracting a public client in a strategic market; Inhibition of contracting third parties for ≥ 2 years.
Operational	Temporary suspension of the works (less than 2 weeks)	Temporary suspension of the works (more than 2 weeks)	Loss of license / authorization to enter in markets through invite	Loss of license / authorization to operate in public contracts	Impossibility to operate
Compliance and regulation	Workers' conviction	Workers' supervisor conviction	Executive management conviction	Board of Director's conviction	CTW's conviction
Finance	Up to 1.000,00 €	From 1.000,00 € to 10.000,00€	From 10.000,00 € to 100.000,00 €	From 100.000,00 € to 1.000.000,00 €	Superior to € 1.000.000,00

G.6 Risk Level

	5	10	15	20	25
Impact	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
		1	2	3	4
	Probability				

Probability

Low Risk
Medium Risk
High Risk

G.7 Risk treatment

The risk treatment is performed through a selection of one or more options to modify the risks and the implementation of such options, consisting of a cyclic process that includes:

- a. Assess a treatment for the risk;
- b. Decide if the levels of residual risks are tolerable;
- c. If not, create a new treatment for the risk;
- d. Assess the effectiveness of such treatment.

The options for the risk treatment are not mutually exclusive and could be the following:

- a. Avoid the risk by means of a decision to not initiate or continue the activity that constitutes such risk;
- b. Minimize the probability of occurring the risk;
- c. Minimize the impact resulting from the occurrence of the risk.

By selecting the most appropriate options of risk treatment, CTW compares the costs and efforts of implementing such measures according to the expected resulting benefits.

A monitoring of the taken measures for the risk treatment is also carried out, in order to assure such measures stay effective.

H) Revision

The Corruption Prevention Risk Plan is evaluated in October of each year regarding situations identified as high or very high risk, and reassessed in general every year.

The Corruption Prevention Risk Plan is reviewed each 3 years or whenever occurs a change in the duties or in the company's organic or societary structure that justifies such revision.

I) Risk Plan publishing

The Corruption Prevention Risk Plan shall be published so it can be accessible to all workers, in the intranet and in CTW's website.

Annex I – Risks assessment

Risk Factor identified	Risk of corruption or related infringement	Potential corruption scheme	Probability of occurrence	Potential impact	Risk	Mitigation measures	Existing Controls
Corruption and related infringements	Corrupt payments made to a public employee or to a collaborator of the BMW Group, in form of payments in advance or travel / expenses fraudulent refunds	Collaborator offers €2.000,00 to a public employee to select CTW as an awardee of a services provision. The payment is made in advance allegedly to cover costs for CTW related to travels of the collaborator, but which would never happen	1	3	Low	Book of Honour; Corruption Prevention Policy; Audits; Procurement Process	Procurement Process in force, invoices control software, purchasing software with control of the authorizations by value, audits, authorization process of the payments made to third parties, validated by the BoD
Corruption and related infringements	Corruption of a public employee or a BMW Group collaborator, through the hiring of a collaborator who is closely related with that person	Hiring the son of a governor with decision powers on relevant topics for CTW, to influence important decisions-making for CTW's activity	1	3	Low	Book of Honour; Corruption Prevention Policy; Third-party due diligence tool; Audits; Process defined for the hiring of new collaborators	Recruitment process; Third-party due diligence
Corruption and related infringements	Indirect bribes disguised as sponsorship or donation to a charity institution or other non-profit organizations	Offering money to a non-profit organization which further deliver such funds to a public employee or to a collaborator of BMW Group, to influence important decisions-making for CTW's activity	1	3	Low	Book of Honour; ESG Cooperation Guidelines; Corruption Prevention Policy	Audits from Fiscal Council to the internal controls; Audits from external auditors; Finance Department control
Corruption and related infringements	Corruption, undue receipt and offer of advantages, money laundering and terrorist financing	Offering or delivering presents, remunerations of any nature or promising and/or offering advantages to an authority, public employee or person who works on the public sector, in order to act against the duties inherent to their functions or influence the practice of such acts in favor of CTW.	2	4	Medium	Corruption Prevention Policy; Corporate Hospitality and Gifts; ESG Cooperation Guidelines	Audits; Compliance Department control; Finance Department

Corruption and related infringements	Corruption, undue receipt and offer of advantages, money laundering and terrorist financing	Receiving presents, remunerations of any nature or promises and/or advantage offers, from CTW's current and potential suppliers and service providers, to promote inappropriate influence and illegitimate favoritism on awarding a services provision from the entity who offers	2	4	Medium	Corruption Prevention Policy; Corporate Hospitality and Gifts; ESG Cooperation Guidelines	Audits; Compliance Department control; Finance Department
Corruption and related infringements	Inappropriate payments for the purpose of assuring an approval, to accelerate or to avoid sanctions on an administrative process.	CTW pays the City's Mayor to, e.g., concede a license important for CTW's activity	1	3	Low	Book of Honour; Corruption Prevention Policy	Offers approval; Software to control invoices and payments
Conflict of Interests	Intervention in business relationships or occasional transactions with third parties with whom may exist a personal interest, e.g. for economic participation reasons, or friendly / familiar connections	Collaborator influences the award of a services provision contract to a company which one of the managing partners is his brother	2	4	Medium	Book of Honour; Corruption Prevention Policy; Procurement Process; Procedure of suppliers' evaluation and suppliers' code of conduct; Audits	Invoices control software; Audits; Procurement Process; Suppliers evaluation process
Conflict of Interests	Hiring a candidate to a CTW's job offer, who is a direct family member of someone in CTW who decides which candidates are selected	Collaborator doesn't reveal his familiar relationship and keeps himself as a decision-maker in the recruitment process	2	4	Medium	Book of Honour; Corruption Prevention Policy; Process defined for the hiring of new collaborators; Audits	Audits; Recruitment process
Communication of irregularities	Lack of access or lack of knowledge of the channels to report irregularities	May result in not reporting or inappropriately reporting irregular situations occurred, thus not allowing CTW to manage the incidents and act on the sources of risk	2	4	Medium	Book of Honour; Speak Freely Policy and Guidelines; Internal whistleblowing platform (Speak Freely); Trainings	Audits; Trainings; Compliance Department

Revision History

Version	Date	Description	Author/Reviewer
1.0	Jan 2024	First version approval	Compliance Guardian

Information Classification Level and Access List

Classification level	Public
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