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GUARDIANS PROCESS

# Corruption Prevention Policy

CTW-2022-CPD-00258



Critical  
TechWorks

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# Corruption Prevention Policy: Overview

**At Critical TechWorks, we care about how we get to the top and the joy in motion in the world around us.**

This policy is aimed at preventing acts of corruption in dealings with:

**Improper benefits granted to public officials with a professional connection with the automotive and technology industries, suppliers and general service providers, subcontractors, and any entity with whom CTW maintains any kind of commercial relationship.**

## Subcontractors

In order to select an entity to provide services or supplies goods / materials / equipment to CTW when needed, a preliminary process must be carried out to avoid eventual signs of preferences for one company in detriment of another.

## Cooperation with universities and research institutions

Grants made to (a) universities and research institutions or (b) their officials (e. g. institute heads, chair holders, university lecturers) in return for the duties of an official, are generally not permitted. The concept of "return for the duties" is to be understood broadly.

## Dealing with public authorities handling official approvals

Maximum caution should be exercised to avoid the risk of corruption inherent in granting benefits to public officials actively involved in official approval procedures (e. g. site development, customs procedures, plant licenses or homologation procedures) or other official activities.

## Political lobbying

Lobbying is an important aspect of networked communications and public relations for companies, aimed at persuading political decision-makers of certain economic and regulatory interests of CTW.

## Speak Freely use

Anyone who wishes to raise concerns about suspected or alleged corruption matters should reach out as soon as possible through the Speak Freely channel or, at least contact the Compliance Guardian for further instructions.

## Sanctions for non-compliance

Compliance with the requirements described in this policy is subject of regular reviews by CTW's Compliance department, always in accordance with what is defined in Decree-Law nr. 109-E/2021, of December 9th.

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## PURPOSE

At Critical TechWorks, we care about how we get to the top and the joy in motion in the world around us. Therefore, we need to be aware of important topics and prevent unpleasant and unlawful situations as much as possible.

It's the aim of CTW to raise awareness of corruption risks, in accordance with the group requirements and with the current legislation in force on this subject – specially the Decree-Law nr. 109-E/2021, of December 9th – as well as to provide them with the necessary support to recognize critical situations and behave in a lawful manner in their everyday working lives.

This policy is aimed at preventing acts of corruption in dealings with public authorities, memberships of associations and institutions, to manage our relationship with the political world and our role in the cooperations with universities / research institutions, other companies (related and not related) and individuals when business dealings take place.

Corruption frequently occurs as a result of conflicts of interest, i. e. where professional activities are affected by the private interests of one of the individuals involved.

Every effort should be made to avoid conflicts of interest. If a conflict between professional and private interests appears unavoidable in a specific situation, the person involved must report it without delay by the means mentioned in this Policy.

Every CTW associate are prohibited, without exception, from committing acts of corruption. Any appearance of corruption should also be avoided. The prohibition of corruption applies without exception, even if adherence to the Policy appears inappropriate or uneconomical from the point of view of the individual CTW associate. This applies even if conflicting instructions are issued or conflicting behavior is tolerated by a member of management.

If a someone at CTW is concerned that their actions may not be lawful, they must notify the Compliance Guardian immediately.

# Definitions

**1. Corruption** – improper benefits granted to public officials with a professional connection with the automotive and technology industries, suppliers and general service providers, subcontractors, and any entity with whom CTW maintains any kind of commercial relationship. It also includes benefits granted to third parties closely associated with the recipient (third-party benefits);

**2. Benefits** may be of a material nature (e. g. gifts, use of vehicles, discounts, contracts award), but may also refer to non-material benefits, such as professional, social or personal advantages that enable the recipient to acquire a better position (e. g. honours, promotions, classified information e.g., regarding procurement processes).

**3. Allowances** are benefits in kind or other services that are granted in addition to the contractual obligation.

**4. Public officials** – For the purposes of this subtitle, the term "public official" is very broad, referring to all individuals who perform public duties, such as:

- Members of government and state secretaries;
- Elected officials (e. g. members of parliament or local councillors);
- Members of international organizations (e. g. UN, NATO, OECD), ambassadors and embassy staff, honorary consuls;
- Employees of state - owned companies;
- Officials of universities and research institutions;

- Judges and public prosecutors;
- Members of the police, customs authorities and fire services;
- Employees and agents of vehicle registration authorities.

On the other hand, the following are not considered public officials:

- Members of political parties not currently in public office;
- Members of non-governmental organizations ("NGOs") (e. g. Amnesty International, Human Rights Watch, Greenpeace).

## **5. Suppliers / Service Providers / Subcontractors**

– Person or entity that, resulting of a established commercial relationship between them and CTW, provides services or supplies goods / materials / equipment to Critical TechWorks.

# Subcontractors

CTW always prioritizes a competitive procurement process, ensuring fair and ethical treatment of bids from suppliers.

In order to select an entity to provide services or supplies goods / materials / equipment to CTW when needed, a preliminary process must be carried out to avoid eventual signs of preferences for one company in detriment of another. This is known at CTW as the Procurement Process, and is duly covered internally by an appropriate detailed Policy that explains such procedure, how this selection of supplier is performed and what are the limitations or restrictions.

Also, all potential suppliers of non-commodity items (services or material items) must undergo a Compliance Due Diligence which must be conducted through a background check platform that CTW has in place. In case background check provides CTW with relevant information, this will be aggregated by risk and classified accordingly. In case of confirmation of past wrongdoing

or Sanction Party Lists deemed incompatible with CTW's principles, supplier is to be excluded of the procurement process immediately.

From time to time, or by the near end of a commercial relationship that may be subject of renewal, CTW shall evaluate the performance of the services provision / goods supply following some criteria, and in case of an unsatisfactory result, such relationship might be ended, and the procurement process shall start over again.

The idea is that the business shall not continue for any other motive than the professional performance itself of the supplier. The fundamentals is based on the fact that CTW shall not favour any service provider, by any reason or criteria, in detriment of another, except for the rules set out in the Procurement Process, or share relevant information with them, regarding the process, which may put them in a more privileged position than others in the same circumstances.

# Memberships

Membership of a society, association, or institution, with all the attendant rights and duties, may come into consideration as a method for spotlighting and supporting corporate goals or CTW's corporate culture, provided it takes the form of corporate membership or, if corporate membership is not possible, the personal membership of a CTW employee on behalf of CTW.

This includes, for example, memberships in industry associations or in associations and institutions that are involved in the areas of business, research and development or culture.

Memberships must be approved by the BoD and/or Guardians Circle. Guardians Circle must also be informed immediately about changes or the termination of current memberships.

In the case of existing memberships, it must be ensured that no CTW membership fees are passed on to public officials, company representatives or media representatives who have an influence on a service or business decision favouring CTW. If this is the case, payment of membership fees must be withheld and membership must be terminated immediately.

# Cooperation with universities and research institutions

Grants made to (a) universities and research institutions or (b) their officials (e. g. institute heads, chair holders, university lecturers) in return for the duties of an official, are generally not permitted. The concept of "return for the duties" is to be understood broadly.

Examples of the duties of public officials at universities and research institutions are:

- Research activities;
- Acceptance of exams (also: supervision of scientific work);
- Participation in aptitude assessment and selection procedures for the admission of study applications.

Grants to universities or their officials in return for a duty may be permitted in exceptional cases, provided that the university complies with the applicable regulations for accepting third-party funds and confirms this to CTW. In this case, any appearance of the "buyability" of the university teacher must be avoided, and the confirmation from the university must be documented.

The following activities are not considered duties of public officials at universities and research institutions:

- Consulting activities;
- Lectures or presentations at BMW Group events, e. g. conducting panel discussions.

Grants for such activities are permitted, provided that they are proportionate to the performance of the official and any appearance of the "buyability" of the official is avoided.

These acts which are not prohibited by this Policy, shall be subject of previous approval by the BoD.

For grants at universities and research institutions or their officials, which are not in return for duties, CTW's ESG Cooperation Guidelines is applicable.



# Dealing with public authorities handling official approvals

Maximum caution should be exercised to avoid the risk of corruption inherent in granting benefits to public officials actively involved in official approval procedures (e. g. site development, customs procedures, plant licenses or homologation procedures) or other official activities.

In case of doubt, it is essential to refrain from offering any kind of benefit (e. g. hospitality) in accordance with CTW's Corporate Hospitality and Gifts Policy. For further details on the subject of hospitality, please see the abovementioned policy currently in force.

Specifically, public officials may not be offered or granted "facilitation payments" for performing their duties. Facilitation payments are generally small amounts paid to public officials to induce them either to perform an official act in the first place or to accelerate its execution. This prohibition applies regardless of whether such payments are culturally acceptable in the local country.

CTW may also grant allowances, special purchase or financing discounts for its products or services, to its public authority customers. However, such discounts may not be granted to individual public officials for the purpose of purchasing or financing a private vehicle.

In order to avoid any appearance of improper influence in official and business decisions, it is important to ensure that the following principles are observed when granting discounts and allowances:

- Availability to a broader group of people (e. g. general promotion for all customers of a branch; diplomat discounts for all members of the diplomatic corps, etc.);

- No connection with the specific professional or official position of the individual beneficiary (special discounts for those in leading positions, such as the "mayor", are prohibited);
- Discount unrelated to any upcoming official or business decision;
- Discount conditions (in particular, discount rate) are defined in advance.

Vehicles may be provided to public authorities to allow the respective employees to test BMW Group products. The duration of the provision depends on the amount of employees testing the product and the purpose of the test.

When vehicles are provided to public authorities, it is important to ensure that the vehicles (and the corresponding license agreement) are directly provided to the legal entity.

If eligible for a business car and their employer is a customer of the BMW Group, it is permissible to provide vehicles to public officials for professional test purposes, as long as the duration of the vehicle provision do not exceed three (3) workdays and shall not be carried out with a regularity that is not justified by material business reasons. Also, it may not include a prepaid gas card.

If vehicles are provided for other purposes than test purposes, e. g. in the context of a sponsoring, donation or membership, it must be fulfilled the requirements set forth in the correspondent sections of this Policy and in CTW's ESG Cooperation Guidelines.

# Political lobbying

Lobbying is an important aspect of networked communications and public relations for companies, aimed at persuading political decision makers of certain economic and regulatory interests of CTW.

Precautions must be taken to ensure that no improper influence is exerted in political lobbying. In case of doubt, it is essential to refrain from offering any kind of benefit (e. g. hospitality) in accordance with CTW's Corporate Hospitality and Gifts Policy. For further details on the subject of hospitality, please see the abovementioned policy currently in force

Lobbying is to be distinguished from financial support for parties as organizations (e. g. party donations). Donations to political parties are permitted according to local legal regulations, and may only benefit the parties concerned as an organization, but not individuals, mandate holders or public officials. In any case, the respective local legal framework for donations to parties and any publication requirements must be clarified with the Compliance department and in accordance with CTW's ESG Cooperation Guidelines.

Sponsoring of political organizations or persons in their capacity as their member or body is prohibited. Sponsorship services of CTW are permitted for political events, provided that they are granted in an event-related manner, for a short time and not regularly or in connection with the sole appearance of individual persons; in this context, the equivalence of the communication value must be documented with particular care.

# Speak Freely use

Anyone who wishes to raise concerns about suspected or alleged corruption matters should reach out as soon as possible through the Speak Freely channel or, at least contact the Compliance Guardian for further instructions.

The Speak Freely allows anyone in the organization to report potential acts of corruption to be submitted on an anonymous basis, without repercussions for the whistleblower, which will be further investigated, in accordance with the Law nr. 93/2021, of December 20th.

In case of doubt, please refer to CTW's Speak Freely Guidelines or reach out Compliance Guardian.

# Sanctions for non-compliance

Compliance with the requirements described in this policy is subject of regular reviews by CTW's Compliance department, always in accordance with what is defined in Decree-Law nr. 109-E/2021, of December 9th.

Failure to comply with the rules set out in the Corruption Prevention Policy constitutes serious misconduct, subject to disciplinary proceedings, without prejudice to possible civil, administrative or criminal liability in accordance with legal or regulatory provisions, in particular, the offences of corruption, improper receipt and offer of advantage, embezzlement, economic participation in business, concussion, abuse of power, prevarication, influence peddling, money laundering, fraud in obtaining a subsidy or misappropriation of a subsidy, grant or credit.

The Portuguese penal framework regulates the following corruption-related infringements and corresponding consequences:

- Corruption has a penal framework of one to five years of imprisonment, without prejudice to any aggravation;
- The offence of undue receipt and offer of advantage has a penal framework of up to three years of imprisonment or a fine of up to 360 days;
- The offence of influence peddling has a penal framework of 1 to 5 years of imprisonment;
- Money laundering has a criminal penalty of 2 to 12 years' imprisonment;
- Fraud in obtaining a subsidy has a criminal penalty of 1 to 5 years' imprisonment and a fine of 50 to 150 days, without prejudice to any aggravation;

- The offence of misappropriation of a subsidy, grant or credit has a criminal penalty of up to 2 years' imprisonment or a fine of not less than 100 days, without prejudice to any aggravation.

Without prejudice to the concrete assessment of the facts and compliance with the rules established in the applicable legislation, the violation of the provisions of this Policy may also determine the application of the following disciplinary sanctions:

- Reprimand;
- Recorded reprimand;
- Financial penalty;
- Loss of holiday days;
- Suspension from work with loss of pay and seniority;
- Dismissal without indemnity or compensation.

For each infringement of this Policy, a report is drawn up by the Compliance Department, identifying the rules violated, the sanction applied, as well as the measures adopted or to be adopted to mitigate and prevent the infringement detected.

# Policy public communication

The Corruption Prevention Policy will be disclosed online so that Shareholders, BMW Group, Suppliers, Stakeholders, Investors, and other entities with which CTW relates can be aware of it.

CTW makes this Policy and the Book of Honour available to all Employees and will promote its dissemination, its generalised knowledge and its mandatory practice.

**Review**

This Policy will be reviewed every three years or whenever there is a change in the duties or in the organisational or corporate structure of CTW that justifies its revision.

# Document Properties

## References

The following table presents the reference documents to this proposal.

Document	Reference	Version
[RD1] Law nr. 93/2021, of December 20th, regarding whistleblowing regime and whistleblower protection	Law nr. 93/2021, of December 20th	December 20, 2021
[RD2] Decree-Law nr. 109-E/2021, of December 9th, which establishes the corruption prevention regime	Decree-Law nr. 109-E/2021, of December 9th	December 9, 2021

**Table 1:** References

## Applicable Documents

Document	Version	Reference
[AD1] Speak Freely Guidelines	Latest	CTW-2020-CPD-00156
[AD2] ESG Cooperation Guidelines	Latest	CTW-2022-CPD-00101
[AD3] Corporate Hospitality and Gifts	Latest	CTW-2020-CPD-00131
[AD4] Risk Management Process	Latest	CTW-2019-PCS-00047

**Table 2:** Applicable Documents

# Document Properties

## Acronyms

The following table presents the list of acronyms used throughout this document.

Acronym	Description
CTW	Critical TW, S.A.
BMW	Bayerische Motoren Werke
BoD	Board of Directors
Hol	Head of Interactions
ESG	Environmental Social and Governance
NGO	Non-Governmental Organization

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**Table 3:** Acronyms



## Revision History

Version	Date	Description	Author/Reviewer
1.0	12/2022	Approved version.	Compliance Guardian
2.0	04/08/2023	Complement on non-compliance sanctions, policy publicity regime and review	Compliance Guardian

**Table 4:** Revision history

## Information Classification Level and Access List

Classification level	Internal
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**Table 5:** Information Classification Level and Access List

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