

Plan for the Prevention of  
**Risks of Corruption and  
Related Infractions**

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**Issue:** Compliance Department

**Recipients:** CIMPOR PORTUGAL and its stakeholders

**Scope of application:** This Plan for the Prevention of Risks of Corruption and Related Infractions covers all internal and external risks that may impact the organisation's ability to achieve its business goals. It applies to all business units part of CIMPOR Group in Portugal.



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## **1. Framework**

On 6 April 2021, the Resolution of the Council of Ministers no. 37/2021 was published approving the National Anti-Corruption Strategy 2020-2024, recognising Prevention as the first line of defence against the corruption phenomenon.

Following the approval of the Strategy, the National Anti-Corruption Mechanism (MENAC - Mecanismo Nacional Anticorrupção) was created, and the General Regime for Prevention of Corruption (RGPC - Regime Geral de Prevenção da Corrupção) was established through Decree-Law no. 109-E/2021 of 9 December. This Decree-law is "applicable to legal entities with headquarters in Portugal which employ 50 or more employees and to branches on the national territory of legal entities with their headquarters abroad which employ 50 or more employees".

In accordance with this regime, CIMPOR PORTUGAL CABO VERDE OPERATIONS, SGPS, S.A. approved this Plan for the Prevention of Risks of Corruption and Related Infractions ("PPR") and continued monitoring its implementation and analysis.

This PPR is divided into three main parts:

- i.** Introduction of CIMPOR;
- ii.** Identification of risks of corruption and related infractions and respective preventive measures;
- iii.** Plan implementation and monitoring.

As a management tool, the PPR cannot be seen as a static document. It reflects on the applications introduced by the Decree-Law, to keep the systematically identified risks and the respective prevention and control measures under constant monitoring, and it discloses a new way of presenting the risks and respective preventive measures in the organisation.

CIMPOR intends this exercise to be transversal to all of the Group's activities and different locations in Portugal. This plan covers the analysis and assessment of the risks of corruption and related infractions by reference to the legally attributed competencies as well as the competencies attributed by the Articles of Association, involving each of the units of the internal organisational structure and respective fields of action.

## **2. Introduction of CIMPOR**

CIMPOR is an international cement group that is part of OYAK Group, one of the largest Turkish industrial groups, which operates in the cement, energy, chemical, mining, metal, finance, automobile, and logistics sectors. It is the first and largest supplementary professional pension fund, with 130 companies and more than 34,000 employees in 25 different countries and on 6 continents.

CIMPOR PORTUGAL CABO VERDE OPERATIONS, SGPS, S.A., is a holding company

headquartered in Portugal that manages the shareholdings of its subsidiaries operating in the cement, ready-mix concrete, aggregates and mortar sectors.

## 2.1. Values

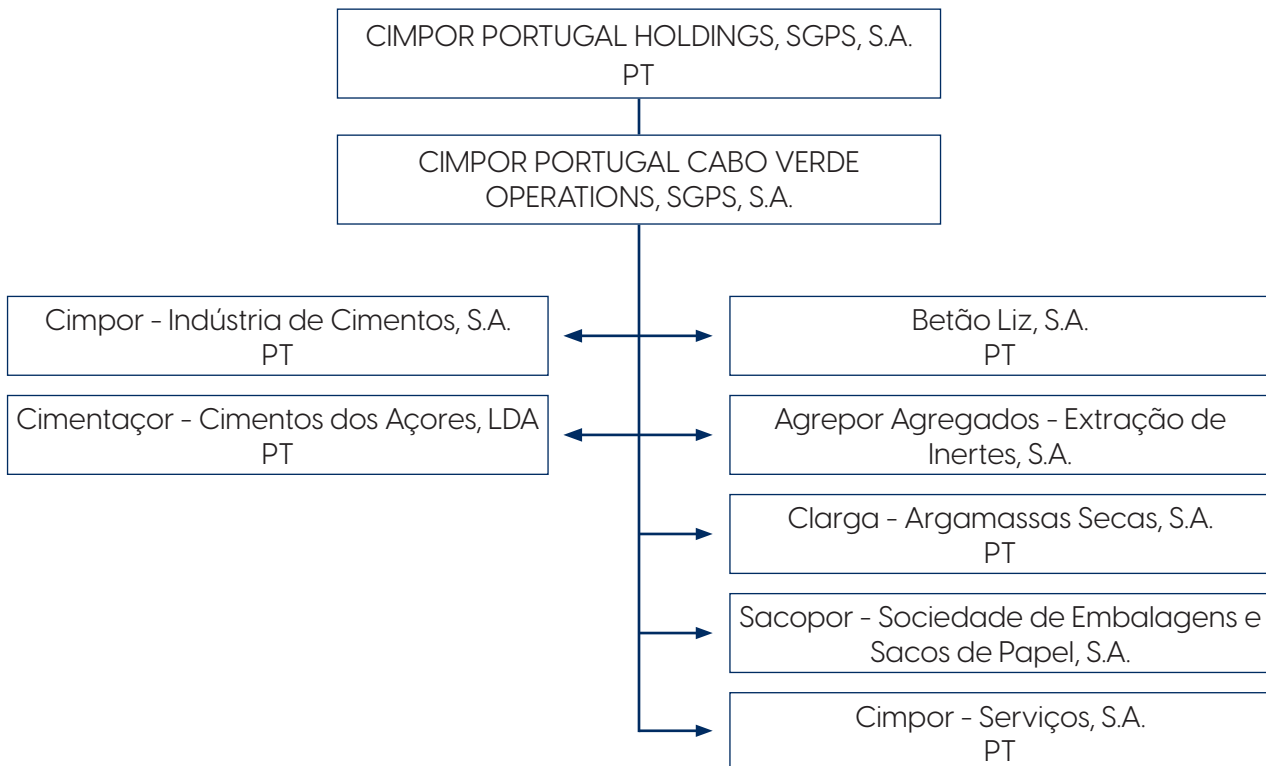
CIMPOR aims to be an example of integrity and trust for its shareholders, employees, suppliers, business partners, competitors, the environment and society.

The activity that guides its conduct aims to be guided by essential values such as good faith, loyalty and trust.

Following high standards of ethical conduct, CIMPOR imposes, as a fundamental principle to be respected by all, compliance with the applicable legislation in the jurisdictions where it operates, and violation of the law is “zero tolerance”.

## 2.2. Shareholder Structure of CIMPOR PORTUGAL

To identify and manage the risks of corruption and related infractions at CIMPOR PORTUGAL, it is essential to identify and characterise the Group's corporate structure in Portugal.



*Clarga and Cimentaço are not covered by the Decree-Law but are still included in this Plan.*

## **2.3 Our Industrial Facilities**

CIMPOR currently has the following industrial facilities in Portugal:

- 3 Cement Factories: Souselas, Alhandra and Loulé;
- 2 Cement Grinding Units: Murtas and Sines (inactive);
- 7 Cement and Mortar Commercial Warehouses;
- 42 Ready-mix Concrete Plants;
- 15 Quarries (cement and aggregates);
- 2 Mortar plants: Maia and Alhandra;
- 1 Cement Bag Factory: Alenquer.

## **2.4 General Responsibilities at CIMPOR**

From a risk management perspective, CIMPOR has internal roles and responsibilities incorporated into the daily management process. Below, we will list the various activities of the existent roles at CIMPOR PORTUGAL.

### **2.4.1. Board of Directors (BoD)**

The Board of Directors (BoD) assumes responsibility for governance, the risk strategy, the risk management policy, and the Group's risk appetite.

Additionally, the BoD leads the Group's risk culture, sets appropriate expectations, and encourages people to step forward and indicate where the risks lies.

In this context, the BoD is responsible for approving all the policies and procedures necessary for implementing CIMPOR's compliance policy, including, in particular, the General Framework for the Prevention of Corruption, of which this Plan is part.

### **2.4.2 Chief Executive Officer (CEO)**

The Group's CEO reviews and approves the risk management policy and, consequently, the impact and likelihood criteria as well as the risk rating limits of the heat map.

It also oversees the incorporating risk consideration into all strategic decisions and deals with risk interactions in the Subsidiaries.

### **2.4.3 Chief Financial Officer (CFO)**

Besides other legal responsibilities, the CFO is responsible for providing information to the BoD on the main risks to the reliability of the financial statements.



#### **2.4.4 Board of Directors of Subsidiary Companies**

The BoDs of the subsidiary companies are responsible for the risk management process at the subsidiary level and ensure and maintain compliance with local requirements.

They specifically integrate risks with strategy, long-term planning, and the annual budget to improve these plans with respect to addressing the corresponding uncertainty. They maintain management commitment to improve risk management performance.

They manage the risks in their area of responsibility and report periodically to the CEO. They are responsible for investing sufficient resources to maintain a robust system to meet risk management objectives and targets.

They are responsible for the following:

- i.** Developing and implementing an appropriate risk management system, including procedures;
- ii.** Submitting regularly a risk report to the CEO;
- iii.** Assess development within all significant risk areas as well as emerging risks;
- iv.** Adjust the company's risk level to the approved risk appetite.

#### **2.4.5. Compliance Officer (CO)**

The Compliance Officer (CO) supports operational management by defending the risk management process and coaching as required, adjusting them to the dynamics of the operating conditions and the legislative and regulatory framework. This support includes:

- i.** Providing professional advice on the risk management process;
- ii.** Providing advice on current and ongoing risk management practices and giving recommendations for areas of improvement;
- iii.** Facilitating risk identification, calculation, monitoring, and reporting;
- iv.** Training on compliance.

The Legal Director and Compliance Officer of CIMPOR PORTUGAL was appointed by the Board on June 2022 to be responsible for the implementation and monitoring of this Plan and Responsible for Regulatory Compliance ("RRC").

#### **2.4.6 Internal Audit (IA)**

Internal Audit (IA) aims to add value and improve an organisation's operations. It helps an organisation to achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The IA activity should assess the effectiveness and contribute to improving risk management processes.

Determining whether risk management processes are effective is a judgment resulting from the IA assessment, herein including the following:

- Organisational objectives support and align with the organisation's mission;
- Significant risks are identified and assessed;
- Appropriate risk responses are selected; Such responses align risks with the organisation's risk appetite; and
- Relevant risk information is gathered and communicated promptly throughout the organisation, enabling Employees, Management, and the BoD to fulfill their responsibilities.

The IA activity aims to provide an understanding of the organisation's risk management processes and their effectiveness and to assess the potential for risk to occur and how the organisation manages it.

IA collaborates with the CO in carrying out the activities related to risk management and incorporating the results of risk assessment when preparing the audit plan for the year.

#### **2.4.7 Senior Management**

The role of Senior Management is vital because of in-depth knowledge of local markets and operations, legal systems, and the political or cultural environment. Senior Management provides visible leadership daily. It ensures that risk is integrated into everything it does and into every major decision it makes, managing its risks and improving the effectiveness of CIMPOR's Compliance Programme.

Senior Management is responsible for (i) ensuring that risk management is integrated into all critical decisions, (ii) identifying, assessing, controlling, and mitigating risks, adopting the necessary preventive and corrective measures, (iii) developing and maintaining adequate internal control mechanisms, (iv) preparing the respective internal reports of non-compliance practices, (v) participating in the definition, monitoring, assessment and review of this Plan, and (vi) maintaining communication with external Stakeholders regarding the reciprocal management/reduction of risks in relationships.

#### **2.4.8. Employees in General**

CIMPOR's employees are responsible for day-to-day risk management, that is, they check that business activities are in accordance with the established policies and procedures and manage the risks within their set risk level limits. They work on obtaining management support and authorisation for risks beyond the

individual risk level limits and identifying all significant risks generated by their activities and reporting them to their line manager.

### **3. Identification of Risks of Corruption and Related Infractions and Respective Preventive Actions**

#### **3.1 Methodology**

One of the main objectives of the Risk Management System is to guarantee the stability of CIMPOR financial situation and the performance of its operations.

An effective risk management system is an integral element of ensuring business continuity, action to create long-term value, and sustainability strategy.

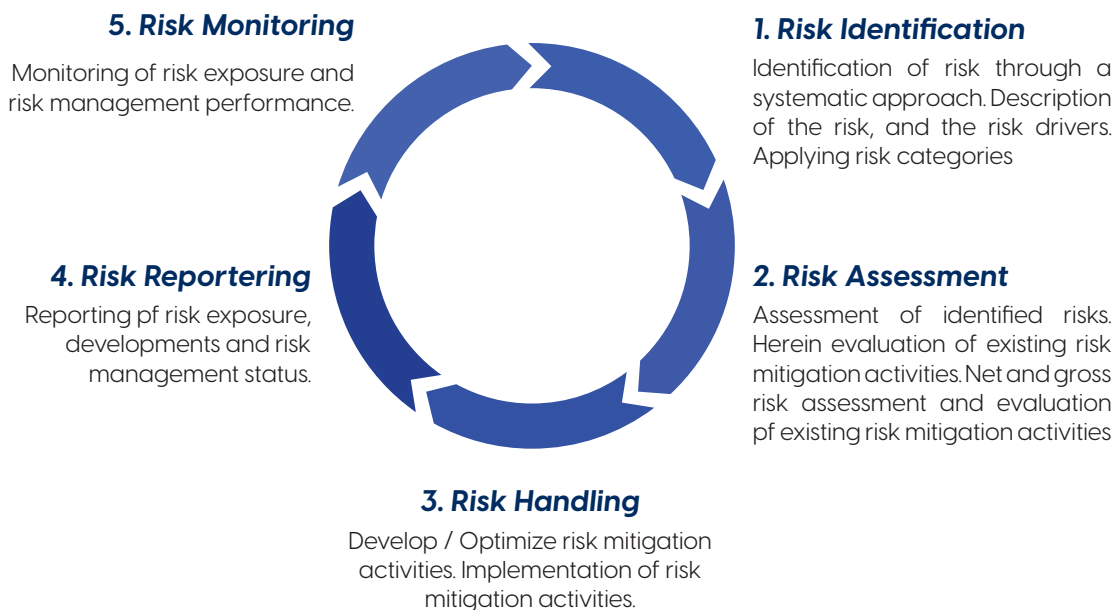
For this, financial, reputational, strategic, operational, and compliance risk analyses are performed to enable CIMPOR to handle any uncertainty it may encounter in the future.

CIMPOR's risk appetite is described as "cautious"; that is, when conducting its business, it has a preference for safe options that have a low degree of risk and may have only limited reward potential.

In preparing the risk assessment, management is required to review the aggregate level of risk within the scope of its functions.

#### **3.2 The Overall Risk Management Process**

The Group's risk management policy provides management with the means to identify, measure and treat risk through the following steps.



### 3.3 Risk Assessment

Each new risk or an existing risk which has changed in terms of impact or likelihood is subject to a qualitative or quantitative evaluation of likelihood and impact using predefined criteria.

Risks must be reviewed periodically, and emerging risks must be discussed and benchmarked with subsequent updating of risk registers. The risk assessment activity follows the below outlined steps to assess the impact and likelihood of a risk.



Firstly, the risk is assessed as none of CIMPOR's existing actions to handle (mitigate) the risk exist. This assessment identifies the gross risk, which is also an inherent risk. It is basically the ability to manage the inherent risk, allowing the Group to profit.

Secondly, we need to understand which actions are in place to mitigate the risk and how effective these actions are.

Thirdly, we assess the risk, considering the mitigating actions. We thereby assess the actual risk exposure the Group faces - a net risk or residual risk.

#### 3.3.1 Gross Risk Assessment

It is essential to understand the extent of the risk that CIMPOR bears before the existing mitigation controls. Therefore, existing process controls are not considered when estimating the likelihood and impact of a gross risk.

The potential impact that the risk may have on CIMPOR is assessed in the following terms:

- **Financial** - Potential financial negative impact on EBITDA – either as recurring or non-recurring.
- **Image** - Bad publicity for the CIMPOR Potential negative impact on employees, customers, unions and/or other key stakeholders.

- **Strategic** - Potential strategic impact. Management, planning, major initiatives, and execution failure.
- **Operational** - Potential operational impact on sales and marketing, performance, supply chain, production, people, information technology, hazards, and physical assets.
- **Compliance** - Potential non-compliance with regulations and/or codes of conduct and legal issues. In general, changes in regulations with potential negative impacts.

A risk can, in some cases, have more than one type of impact. In those cases, it is important to remember whether these impacts are accumulative or substitute each other. This needs to be considered when specifying the final risk impact level. When evaluating the risk likelihood, it is good practice to consider the timeframe within which the risk is expected to occur.

### 3.3.2 Net Risk Assessment

When estimating the likelihood and impact of net risk assessment, process controls already in place at their current level of effectiveness are considered.

Net risk is assessed, and the following fields are filled in/revised for the new risk or the existing risk which has changed:

- **Risk impact** (for net risk assessment) - Assessment of plausible risk consequences without considering existing risk-mitigating measures.
- **Risk likelihood** (for net risk assessment) - Expected likelihood not considering the existing risk-mitigating measures.

### 3.4 Risk Matrix

By multiplying the rating awarded for 'likelihood' and 'impact', Management will be able to determine its overall assessment or risk level for each risk as follows:

Impact Likelihood	1. Insignificant	2. Minor	3. Moderate	4. Major	5. Severe
5. As good As Certain	Medium (5)	Medium (10)	High (15)	High (20)	High (25)
4. Highly Likely	Low (4)	Medium (8)	Medium (12)	High (16)	High (20)
3. Likely	Low (3)	Medium (6)	Medium (9)	Medium (12)	High (15)
2. Rare	Low (2)	Low (4)	Medium (6)	Medium (8)	Medium (10)
1. Unlikely	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

**Gross risk** is assessed, and the following fields are filled in/revised for the new risk or the existing risk which has changed:

- **Risk impact** (for gross risk assessment) - Assessment of plausible risk consequences without considering existing risk-mitigating activities.
- **Risk likelihood** (for gross risk assessment) - Expected likelihood not considering the existing risk-mitigating activities.

### 3.4.1 Risk Mitigation

Management actions should be assessed on how effectively they mitigate the risk. The effectiveness of risk mitigation actions must be assessed both concerning the design of the activity and the performance/consistency. When looking at the design, it is essential to understand if the mitigating action reduces the risk exposure with respect to impact and/or likelihood.

Overall, the sum of the effectiveness of the risk-mitigating actions is expressed in one of three ways:

- **Fully** - The current actions are expected to reduce the identified risk to acceptable levels, and Management does not expect to take any further action to mitigate this risk. When Management is 'fully' confident in its action, a 'high' or 'medium' rated risk can be reduced to a 'low' residual risk.
- **Partially** - The current actions will go at least halfway toward addressing the present risk. Management understands the risk but cannot yet determine whether the current action will be fully effective because it:
  - Needs more time to make such an evaluation;
  - Considers that its current actions are only part of the solution and that further action will be needed to be fully effective in managing this risk;
  - Considers that the current actions are not working as well as it had initially intended.
  - Where Management is 'partially' confident in its action, a 'high' rated gross risk level can be reduced to a 'medium' residual risk or a 'medium' risk level to a 'low' one.
- **Limited** - Management does not consider the current action to be adequate to mitigate the present risk. This is because the extent of the risk is not yet fully understood, and so the proper corrective action cannot yet be determined. It may also be that the risk has only recently become obvious, and the action by Management is still in the planning stages or has recently been introduced.

### **3.4.2 Risk Handling**

This stage involves identifying the range of options to treat/handle risks, assessing the options, and preparing and implementing action plans. This risk level is named the planned residual or target risk level. Based on the desired future risk level, Management must decide how to handle the risk going forward.

Treating risks is just as much about seizing opportunities as it minimizes the downside. The objective is to find the right balance to optimise returns to the business by maximising gains from opportunities while minimising losses from risks. Evaluation of downside risk involves consideration of non-financial as well as financial impacts.

### **3.5 Identification of Risk**

Risk Management enables the timely identification and prevention of areas and events with potential damage to CIMPOR by means of the methodology already established. Management risks are facts that involve potential deviations in the development of service activities, generating positive or negative impacts on their results.

The main risks for corruption and related infractions identified at CIMPOR PORTUGAL were basically two: the conflict of interests and gifts and hospitality. The diligently implementation plans by the Management, driven by the Group's Compliance Culture, brought these two types of risk to low level when considered the reviewed net score.<sup>1</sup>

## **4. Implemented Preventive Measures**

With the change in its shareholder structure, strongly driven by the Group's Compliance culture at the level of CIMPOR GLOBAL HOLDINGS, B.V., CIMPOR PORTUGAL has, since 2019, been implementing various measures to ensure adequate and effective management in terms of preventing corruption and related infractions. Among others, these measures include:

<sup>1</sup> To obtain the list with the main risk areas of CIMPOR, we request that the responsible for the implementation and monitoring of this Plan and Responsible for Regulatory Compliance be contacted by the following email: rcn@cimpor.com

Type of measures	Description
Internal control measures in the Management, HR, and Financial areas	The segregation of duties, the implementation of electronic approval systems with approval workflow defined by the Group, the process of recruiting and selecting candidates, the monitoring of potentially existing situations of conflict of interest, the centralisation of procurement with approval at different levels, and the background screening procedures for assessing the risk of third parties are examples of the measures implemented by CIMPOR PORTUGAL.
Effective Global Compliance Programme	<p>The Global Compliance Programme was established in May 2020 at the request of the BoD of CIMPOR GLOBAL HOLDINGS, SGPS, S.A., and for that purpose, the Global Compliance Officer was appointed.</p> <p>Within the scope of this Global Compliance Programme, the Head of Legal of CIMPOR PORTUGAL was appointed Compliance Officer, also taking on responsibilities in this area.</p> <p>Each employee must disclose the existence of a conflict of interest, in accordance with the Policy approved.</p> <p>Each employee must report the receipt of any gift or corporate hospitality in accordance with the Procedure approved.</p> <p>Each employee should declare his/her acknowledgment of the Code of Business Ethics.</p>
Ethics Hotline	A whistleblowing channel (Ethi.co- www.cimporethico.com) was integrated to cover all the geographical areas of CIMPOR, including Portugal, and is available to all stakeholders by telephone, internet and/or email in multiple languages.
Policies and Procedures	<p>All compliance policies and procedures are approved by the BoD of CIMPOR GLOBAL HOLDINGS BV. After approval, all policies and procedures are published in CIMPOR PORTUGAL's. Here are some examples.</p> <ul style="list-style-type: none"> <li>• Code of Business Ethics, including disciplinary procedure</li> <li>• Supplier Code of Conduct</li> <li>• Whistleblowing Policy</li> <li>• Procedure regarding gifts and hospitality</li> <li>• Conflict of Interest Policy</li> <li>• Anti-Bribery and Anti-Corruption Policy</li> <li>• Among others.</li> </ul>
Third-Party Risk Management	<p>The Sanctions Compliance Programme was developed as a core operational framework, including the implementation of the following main policies:</p> <ul style="list-style-type: none"> <li>• Anti-Bribery and Corruption Policy</li> <li>• International Sanctions Policy</li> <li>• Policy to Combat Money Laundering and Terrorist Financing</li> </ul>



Type of measures	Description
Specific Training - Continuous Training and an e-learning Programme	<p>Corruption, bribery, violation of competition, and money laundering, among others, have been strongly monitored in recent years, namely in continuous training of all Employees. In addition, CIMPOR PORTUGAL created and implemented an e-learning program for compulsory training on compliance.</p> <p>CIMPOR PORTUGAL has created several awareness-raising activities such as webinars and periodic emails to Employees with infographic messages on different ethics and compliance issues.</p>

## **5. Plan implementation and monitoring**

### **5.1 Execution of the Plan**

CIMPOR PORTUGAL's compliance policy is strongly aligned with the rigour and business discipline of the Group to which it belongs. It has extended its control procedures, assuming an increasingly rigorous commitment to compliance.

### **5.2 Monitoring Programme**

Compliance with the PPR defined to mitigate the identified risks of corruption, and related infractions is monitored by the RRC to ensure its adequate implementation.

The PPR is monitored periodically, and in October, the mid-term evaluation report is prepared on the situations identified as high risk. Besides this, in April of the following year, an annual evaluation report is drawn up, explicitly quantifying the degree of implementation of the identified preventive and corrective actions, as well as the forecast for their full implementation.

Every three years, the PPR is reviewed, or whenever there is a change in the duties or organic or corporate structure of CIMPOR PORTUGAL that justifies a review of the risks and situations that may expose CIMPOR to acts of corruption and related infractions or the preventive and corrective measures to mitigate them.

## 6. Glossary

IA	Internal Audit
BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIMPOR	CIMPOR Group
CIMPOR GLOBAL	CIMPOR Global Holdings BV
CIMPOR PORTUGAL	CIMPOR PORTUGAL CABO VERDE OPERATIONS, SGPS, S.A. and its subsidiaries headquartered in Portugal
CO	Compliance Officer
Senior Management	Directors and Coordinators of CIMPOR PORTUGAL
PPR	Plan for the Prevention of Risks of Corruption and Related Infractions
RRC	Responsible for Regulatory Compliance
GRPC	General Regime for Prevention of Corruption
Subsidiaries	Subsidiaries of CIMPOR PORTUGAL CABO VERDE OPERATIONS, SGPS, S.A. in Portugal





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