



**Policy for the prevention  
of conflicts of interest  
Banco de Fomento Angola**

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## **1. Regulatory framework and environment**

Articles 5(b) and 9(4)(e) of National Bank of Angola Notice 1/13 of 19 April 2013 ("Notice 1/13") require bank managements to define, set, implement and regularly review policies and processes for preventing conflicts of interest in order to secure and protect the interests of bank shareholders, staff, supervisors, customers and the public in general and to help maintain the stability of the financial system.

The regulatory framework adopted by BFA in compliance with Notice 1/13 differentiates between:

- its policy for the prevention of conflicts of interest, which regulates the policies and processes for preventing conflicts of interest between relevant persons working for BFA and its customers; and
- related party transaction policy, which regulates the policies and processes for managing transactions between BFA and a group of relevant related parties (shareholders, members of corporate bodies and managers).

## **2. Policy for the prevention of conflicts of interest - scope and purpose**

- 2.1. This policy for the prevention of conflicts of interest (the "Policy") sets out the rules that must be applied by BFA and/or the companies in the BFA economic group (the "BFA Group") pursuant to Law 12/15 of 17 June 2015 (Bases of Financial Institutions Act) and the members of their corporate bodies and staff in relations with the customers of the BFA Group in order to identify and manage potential conflicts of interest.
- 2.2. Based on legal requirements and good practice, this Policy aims to:
  - a) Put customer interests first whenever a potential conflict of interests arises between the interests of customers and those of BFA Group entities or members of their corporate bodies or staff in the scenarios described at 4.1. below;
  - b) Ensure the transparent and fair treatment of customers while protecting the commercial interests of the BFA Group whenever BFA Group staff are involved in potential conflicts of interest between: (i) the BFA Group and its customers; or (ii) between goods or service suppliers and BFA Group customers in the scenarios described at 4.2. below
  - c) Ensure BFA actions are transparent by informing customers and BFA management promptly of all conflicts of interest by maintaining a documentary register of all conflicts of interest and by reporting them regularly.
- 2.3. Unless otherwise stated herein, the actions and conduct of BFA Group corporate bodies and staff during the exercise of their duties are subject to legal requirements, the related party transaction policy and the code of conduct:

- a) Related party transaction policy: this sets out the rules applying in legal relationships between BFA and a related party (shareholders, members of corporate bodies and staff):
- b) Code of conduct: this sets out the rules for BFA staff conduct during the exercise of their duties.

### **3. Subjective scope - Relevant Persons**

3.1. The following collective persons and individuals listed below ("Relevant Persons") are subject to this Policy:

- a) Members of BFA Group management and supervisory boards;
- b) BFA Group staff: all individuals who have signed an employment contract or service agreement with the BFA Group;
- c) All other service providers to the BFA Group and other persons working under the control and responsibility of the BFA Group to provide services that form part of BFA Group activities;
- d) The spouses, common-law spouses (or partners), children, grandchildren, parents and grandparents of the above persons.

### **4. Objective scope - conflicts of interest**

4.1. For the purposes of this Policy, conflicts of interest are situations in which a Relevant Person who is acting for and on behalf of the BFA Group has a particular interest unconnected with BFA Group business in relations with customers that could potentially give rise to undue benefits if the Relevant Person:

- a) Can derive a gain or avoid a loss therefrom, to the detriment of the customer. This does not include situations in which the BFA Group is counterparty to a transaction in the normal course of its business;
- b) Has a personal interest in the outcome of services to, or transactions executed on behalf of, the customer, which interest is unrelated to that service or transaction;
- c) Is in a position to put the interests of one customer above those of another;
- d) Receives from a customer a benefit of substantial value (including non-monetary gifts) that might influence his/her behaviour and could conflict with the interests of customers or the BFA Group;
- e) Is the customer's counterparty or executes orders in his/her own name and behalf concerning financial instruments;
- f) Simultaneously executes transactions concerning financial instruments for both the BFA Group and customers; or

- g) Obtains a stake in, or becomes a director of, the customer entity or of an entity that operates in the same sector as the customer.
- 4.2. Conflicts of interest are also situations in which the BFA Group receives from (non-customer) third parties benefits for acting as intermediary in the sale of services, including the placement of financial instruments, as follows:
- a) Intermediation in the sale of financial services (insurance and financial consultancy);
  - b) Financial intermediation for issuers concerning financial instruments that might be transacted with customers (e.g. sale to customers of equities underwritten by the BFA Group);
  - c) Placement with customers of financial instrument issued by third parties or the BFA Group (e.g. bonds or units in investment funds);
  - d) Acting as the counterparty to the customer or executing orders concerning financial instruments for and on behalf of the customer;
  - e) Intermediation between customers concerning financial instruments;
  - f) Simultaneous execution of transactions concerning financial instruments for both the BFA Group and customers; or
  - g) The acceptance of directorships by staff or members of BFA Group management bodies with other issuers of financial instruments that might be transacted with customers or that might be the subject of developed or published investment recommendations.

## **5. Obligations of relevant parties**

- 5.1. Relevant parties must avoid involvement in conflicts of interests by:
- a) Not selling goods or services on their own behalf to customers;
  - b) Not taking part in any action or decision involving any entity with which the Relevant Person is concerned in any of the scenarios described at 5.2(g);
  - c) Not using any information obtained during the performance of their duties that is not already in the public domain (i.e. confidential information of the BFA Group or information on the business or interests of any customer) for their own benefit or the benefit of anyone associated with them;
  - d) Not accepting high-value gifts (including non-monetary benefits) that might influence their behaviour with regard to a customer.
  - e) Not executing transactions concerning financial instruments involved in BFA Group transactions (for their own portfolio or under a mandate from a customer) if the limits set by the BFA Group for the transaction would be overstepped;

- f) Not giving advice about financial instruments that are involved in a BFA Group transaction (for their own portfolio or under a mandate from the customer) outside the sales pitch set by the BFA Group for the transaction;
  - g) When a conflict of interests arises between customers, informing their line managers of the situation and taking action to ensure the fair treatment of all parties concerned.
- 5.2. Relevant parties must also inform the control body of anything that might generate, or has generated, a conflict of interests:
- a) Participation of the Relevant Person, or the persons associated with him/her, in any commercial company or association or membership of their corporate bodies;
  - b) Creation of a long-term commercial relationship or business partnership with a customer;
  - c) The offer of a substantial benefit by a customer, whether or not accepted;
  - d) Any transaction in which the Relevant Person directly or indirectly sells to a customer goods or services outside the BFA Group's area of business, whatever their value.

## **6. Special procedures for preventing conflicts of interest**

- 6.1. When acting as intermediary in the sale of financial services, the BFA Group:
- a) Ensures that the information provided is clear, up to date and complete and is unlikely to mislead the customer;
  - b) Does not require the customer to enter into a contract for a service for which the BFA Group will receive a benefit if an alternative is available on the market;
  - c) Gives customers full, truthful and clear information on the nature and amount of any remuneration it will earn for this work.
- 6.2. When providing consultancy and financial intermediation services to issuers concerning financial instruments offered to its customers, the BFA Group ensures that:
- a) Consultancy and intermediation to issuers are provided by persons not involved in placement;
  - b) No information is exchanged between staff working in different areas;
  - c) Access to privileged information and consultancy and financial intermediation duties are given only to staff operating in these areas;
  - d) No information that might influence other BFA Group activities or public or customer behaviours is disclosed unless it is already in the public domain;

- e) Staff with financial intermediation duties (especially in placement and trading on behalf of the BFA Group or customers) do not report to officers responsible for the production of investment recommendations.
- 6.3. When placing financial instruments issued by third parties or the BFA Group, the BFA Group provides customers with all legally required information and gives them full, truthful and clear details of the nature and amount of any remuneration received by the Bank for its intermediation services.

## **7. Procedures for managing conflicts of interest**

- 7.1. All conflicts of interest must be reported to the control body, which will take the following action:
- a) Immediate report:
    - i) If the Relevant Person is a member of staff: to the director responsible for the department in which the staff member works;
    - ii) If the Relevant Person sits on a board: to the chairman of the board of directors or of the supervisory board;
  - b) Analysis of the conflict of interests and recommendation of a course of action to ensure that the Relevant Person abstains from a particular action or from contacting a particular customer;
  - c) Documentary record of the conflict of interests from identification to resolution.
- 7.2. The proposal for managing the conflict of interests will be produced by the control body and decided by: (i) the hierarchically superior member of the management body; (ii) the chairman of the board of directors or of the supervisory board if members of corporate bodies are involved.

## **8. Control body**

- 8.1. Compliance is responsible for the application of this policy and, in addition to its existing duties, is also required to:
- a) Maintain a register of potential conflicts of interest including Relevant Persons;
  - b) Maintain an archive of identified conflicts of interest;
  - c) Report once a month to the board of directors and once a year to the supervisory board on conflicts of interest and the action taken.
- 8.2. Compliance may at any time request information and clarification from BFA Group bodies on measures to prevent and manage conflicts of interest, their implementation and effect and on effective conflicts of interest. Such requests must be met immediately.
- 8.3. Compliance must also maintain an up to date list of Relevant Persons and the entities in which they hold stakes or on whose corporate bodies they sit.

8.4. Compliance must report all failures to apply this policy to the executive committee of the board of directors and the audit and internal control committee.

## **9. Internal Audit**

Without prejudice to the powers of the compliance department, the audit and inspection department assesses compliance with this Policy as part of its regular inspections under the approved annual audit plan and reports to the executive committee of the board of directors and the audit and internal control committee the results of that assessment, together with any proposals for improving their adequacy and effect.

## **10. Final provisions**

This Policy must be reviewed at least once a year and whenever there are changes in the guidelines and procedures it contains. A record must be kept of all versions of the Policy for future consultation.

The Policy will come into effect upon approval by the Board of Directors.

Examined by the Executive Committee of the Board of Directors on 22 April 2019.

Approved by the Board of Directors on 24 April 2019.