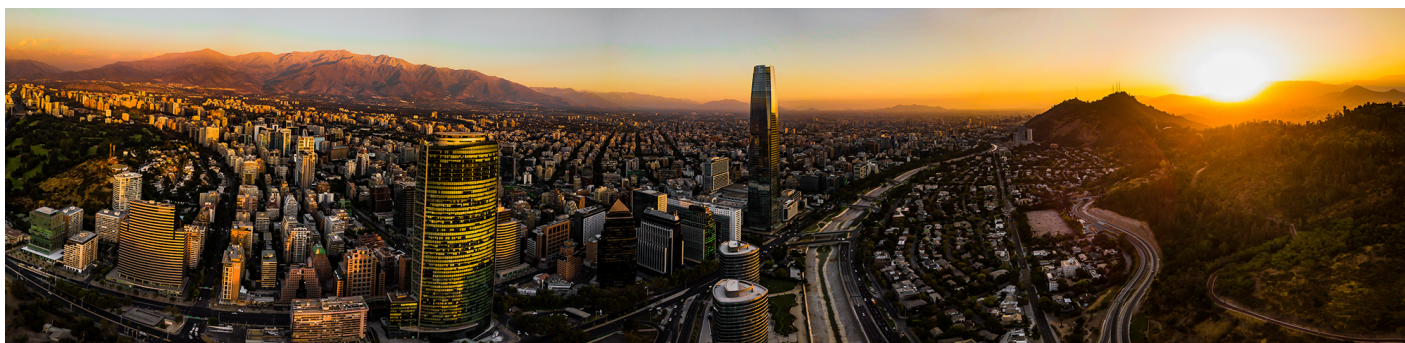




FSDEA 2016

Fundo Soberano de Angola

Pillar 1: Legal

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).

1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.

1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

The Fundo Soberano de Angola (abbreviated hereafter to FSDEA), was officially established in 2011, and initially set under the name of Fundo Petrolífero or FP, through Presidential Decree 48/11 dated 9/3/2011 and is set up as a government agency that operates as a Sovereign Wealth Fund wholly owned by the Republic of Angola.

The FSDEA is hereby created pursuant to the provisions of the Law No. 26/10 of 28 December 2010, approving the State Budget for the year 2011.

The FSDEA is a legal person, equipped with a legal personality, with administrative, financial and property autonomy.

In 2013 the Presidential Decree No. 89/13, of 19 June, has changed the name of Oil Fund or FP for FSDEA and approved its organic status.

During 2013 through the Presidential Decrees N° 107/108 and 108/13, both of 28 June, the Angolan Government approved the Investment Policy FSDEA and FSDEA of the Management Regulations, respectively.

The FSDEA shall be governed by the provisions of this law, by the Management Regulations and by other applicable legislation.

This law is a sufficient basis for demonstrating the provisions of previous items for all legal effects, including those of registration, with the competent departments obliged to carry out the actions necessary for regularising the situation, with an exemption from any taxes or fees and through a simple notice from the Chairman of the Board of Directors.

Principle 2

The policy purpose of the SWF should be clearly defined and publicly disclosed.

The FSDEA's investment policy defines in Article 1 the following objectives:

- Promoting, financing and supporting, within the Republic of Angola and abroad with the development of infrastructure and industry, particularly the short-term development and infrastructure in the energy, water and in other sectors categorised as strategic;
- Increased national wealth, maximising returns and adjusting risk;
- The creation of an additional source of wealth for the country, through a strategic and responsible management of allocation of sovereign resources, for the benefit of present and future generations;
- Contribution to efficient fiscal policy, considering the long-term interests of Angolan citizens;
- Safeguarding against any future events that may impact on the Angolan economy.
- FSDEA shall be managed efficiently, in a diversified, profitable and prudent manner, in accordance with the general investment policy to be drawn up by the Board of Directors and approved by the President of the Republic (the “Investment Policy”).
- The Board of Directors shall periodically revise the Investment Policy and submit recommendations for altering the same to the President of the Republic.

Principle 3

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

The Consultative Committee is the advisory and consulting body of the Board of Directors, being responsible for issuing a favourable opinion on the Investment Policy, the annual investment strategy and the Internal Policies and Regulations of the Fund, as well as for pronouncing on any other issue which the Board of Directors intends to submit to it.

The Advisory Council consists of the following:

- the Minister of Finance (President);
- the Minister of Planning and Territorial Development;
- the Minister of Economy;
- the Governor of the National Bank of Angola.

Principle 4

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

FSDEA shall be financed by the following revenues:

After Initial Capital Endowment amounting to US\$5 billion, the FSDEA should be given the surplus of Strategic Financial Oil Reserve Base for Infrastructure concerning the state budget for the previous year. (Article 2 of Presidential Decree N°. 107/13).

The disbursements to the government are also set out in legislation, specifically in the 4th and 5th paragraphs of Article 4 the Fund Management Regulations. These disbursements are requested by the Finance Minister, in exceptional circumstances and with the authorisation of the President, to meet the needs arising from natural disasters and to protect the country during a severe economic crisis.

The balances which are determined at the end of each financial year shall be carried forward to the following year, under the terms of the current budget execution decree.

Expenses resulting from charges and liabilities deriving from the exercise of its activity pursuant to article 4 and the application of this Presidential Decree shall constitute expenses of the Oil Fund, namely including the charges and liabilities incurred in association with all of the costs and expenses incurred by the FSDEA shall be duly allocated in accordance with the applicable law.

Principle 5

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

FSDEA shall use an accounting system which complies with the Official Accounting Plan for the financial system. The financial year of the Fund shall coincide in time with that of the State.

FSDEA shall organise its accounting in such a way as to reflect faithfully all asset management actions.

The FSDEA shall present to the President of the Republic and to the Ministry of Finance its annual and multi-annual activity plans, annual and multi-annual budgets, annual management report, annual financial statements and annual investment strategy, under the terms set in the applicable legislation according to the Article of Management Regulations of the FSDEA.

Pillar 2: Institutional

Institutional Framework and Governance Structure.

Principle 6

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

According to Article 5 of the Organic Statute, the following are bodies of the FSDEA:

- the Board of Directors;
- the Fiscal Council;
- the External Auditors.

The Board of Directors consists of three members, with one Chairman and 2 (two) members, who shall exercise their functions for renewable three-year periods, starting on the date of their appointment.

The members of the Board of Directors shall be appointed by Presidential Decree. Members of the Board of Directors, including the Chairman, may not hold any public position that competes with his or her position as a member of the Board of Directors.

Principle 7

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

The goals set by the State set out in Article 1 of the Investment Policy.

The members of the Board of Directors are appointed by the President under Article 8 of the Organic Statute of the FSDEA.

The Chairman of the Board of Directors is responsible for leading and coordinating the executive functions for implementing the Investment Policy of the Fund, for managing his activity and for guaranteeing the legal representation of the Fund with regard to third parties.

The Advisory Council is the advisory and consulting body of the President of the Republic, being responsible for issuing a favorable opinion on the Investment Policy, the annual investment strategy and the Internal Policies and Regulations of the Fund, as well as for pronouncing on any other issue which the Board of Directors intends to submit to it.

Principle 8

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

The Board of Directors is the body which administers the Fund, which is responsible for ensuring its management and carrying out all the actions which prove necessary for the administration of the Fund and the continuation of its attributions, under the terms of Articles 6 and 7 of the Organic Statute and of the Article 4 of the Investment Policy.

Principle 9

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

The Chairman of the Board of Directors is responsible for leading and coordinating the executive functions for implementing the Investment Policy of the Fund, for managing his activity and for guaranteeing the legal representation of the Fund with regard to third parties.

Principle 10

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

FSDEA is hereby created pursuant to the provisions of the Law No. 26/10 of 28 December 2010, Approving the State Budget for the year 2011.

FSDEA is a legal person, equipped with a legal personality, with administrative, financial and property autonomy.

FSDEA shall be governed by the provisions of this law, by the Management Regulations and by other applicable legislation.

Principle 11

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

Together with the opinion Fiscal Council and after approval by the President of the Republic or if appropriate, by the Ministry of Finance, the annual management report on financial statements shall be published in one of the national newspapers with the widest circulation, under the terms of the Article 27 of the Presidential Decree N° 48/11, of 9 of March.

Principle 12

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

The activity of FSDEA and its accounts shall be, in accordance with paragraph 11 of Article 11 of FSDEA Investment Policy, subjected to regular annual audits carried out by independent auditors of recognized suitability and confidence, which shall submit the works executed and the respective results to the President of the Republic in the form which the latter party determines.

The external auditors shall be appointed annually by the President of the Republic, who shall set their remuneration.

The external auditors shall be obliged to submit copies of the reports thus drawn up to the Minister of Finance and to the Board of Directors

Principle 13

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

The Board of Directors shall approve a code of ethical conduct (the "Code of Conduct") and submitted to the President of the Republic for approval, to which all of the officials, workers and staff working for the Fund or connected to the Fund shall be subject, under subparagraph 1) of Article 7.

Principle 14

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

Article 11 of the FSDEA Investment Policy which addresses this issue establishes economic and financial fundamentals, and follow clear rules and procedures on the hiring process.

The Chairman of the Board of Directors is responsible for leading and coordinating the executive functions for implementing the Investment Policy of the Fund, for managing his activity and for guaranteeing the legal representation of the Fund with regard to third parties.

Principle 15

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

Point d) of paragraph 2 of Article 7 of the FSDEA Management Regulations states that the following guidelines should be used in companies in which the Fund invests: business ethics, compliance with laws and relevant regulations, effective management of relations with employees and regulators, and the opportunities

offered to the company.

The FSDEA may freely determine the means by which it shall pursue its objectives, notably including:

- The provisions of the parties of guarantees for the performance of obligations of other legal persons, whether public or private, whether or not specifically created to develop projects, by the FSDEA or by other public and private entities, whether Angolan or foreign;
- The incorporation, subscription of share capital taking of holdings in the share capital of companies managing holdings in companies or commercial companies, with registered office in the Republic of Angola or outside it;
- Participation in consortium contracts or other forms of partnerships to be developed in Angola or abroad, with Angolan or foreign public or private entities;
- The creation or subscription of holdings in private investment funds created either under Angolan or foreign law.

Principle 16

16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

The governance framework is set out in Chapters II and III of the Organic Statute of FSDEA.

According to Article 6 of the Board of Directors is the governing body which is responsible for carrying out such acts as are necessary for the administration of the Fund. Also stated under the Article 4 of the Management Regulation.

The Chairman of the Board of Directors, the executive administrators and the directors shall act in accordance with the Investment Policy and the annual investment strategy. The meetings of the Board of Directors shall be called by its Chairman, it being necessary for a majority of its members and its Chairman to be present in order to meet validly. The decisions of the Board of Directors shall be taken by a majority of votes cast by its present members, with the Chairman of the Board of Directors having the deciding vote in the event of a tie.

The Chairman of the Board of Directors may also delegate or sub-delegate the power to carry out acts of administration delegated to it to other directors or to any director cited pursuant to No. 4 of article 14, pursuant to No. 1 of this article.

Principle 17

17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

The External Auditors shall be responsible for issuing an opinion on the balance sheets and annual financial statements of the FSDEA.

The activity of the FSDEA and its accounts shall be subjected to regular annual audits carried out by independent auditors of recognised suitability and confidence, which shall submit the works executed and the respective results to the President of the Republic in the form which the latter party determines.

The FSDEA shall use an accounting system which complies with the Official Accounting Plan for the financial system. The financial year of the Fund shall coincide in time with that of the State.

The FSDEA shall organise its accounting in such a way as to reflect faithfully all asset management actions.

Pillar 3: Investment

Principle 18

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

The FSDEA shall be managed efficiently, in a diversified, profitable and prudent manner, in accordance with the general investment policy to be drawn up by the Board of Directors and approved by the President of the Republic (the "Investment Policy").

The Investment Policy shall include the following strategic elements:

- the requirement for a definition of the annual investment strategy;
- the identification of target markets abroad;
- parameters and procedures for the selection and evaluation of investment opportunities
- parameters and procedures for analysing the performance of investments;
- provisions for the coordination of action with Angolan or foreign, national or international financial institutions, which finance each project; and
- parameters for the selection of financial investment instruments of any excess funds of the FSDEA, which are periodically found to be available.

Principle 19

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.

FSDEA may make use of derivatives for hedging risks under the terms and conditions which are defined by the Ministry of Finance, within the limits set annually by the National Assembly. The Board of Directors shall periodically revise the Investment Policy and submit recommendations for altering the same to the President of the Republic.

The Investment Policy shall include:

- parameters for the diversification of the portfolio of investments, including, in particular:
- parameters (including limits) for the allocation of investments in the FSDEA in various sectors of the economy, activities, geographical regions and classes of goods;

- approval of limits on annual investment instalments for each project or by entity or group of entities;
- approval of loans and the Fund's policy on granting credit (including, in particular, criteria for the granting of loans to debtors, total lending limits and exposure limits for a particular debtor.

Principle 20

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

Point d) of paragraph 2 of Article 7 of the FSDEA Management Regulations states that the following guidelines should be used in companies in which the Fund invests: business ethics, compliance with laws and relevant regulations, effective management of relations with employees and regulators and the opportunities offered to the company.

Principle 21

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

The Fund intends to exercise its right to vote through their representatives in the management of the companies. Their representatives should attend meetings of companies in which the Fund holds securities in order to protect the rights and interests of the Fund, in accordance with Article 7 of the FSDEA Management Regulations

Principle 22

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

Principle 23

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

The Board of Directors prepares a quarterly activity report

This report follows the best practices of presentation templates of autonomous funds and includes the overall performance and return indicators

The net assets of the FSDEA consist of all of the assets, rights and obligations acquired and contracted in pursuing its objectives, notably including the revenues stipulated in article 6, any holding or participation interest in any project developed pursuant to the terms of this Presidential Decree or any other undertaking of the Fund and any tangible assets acquired by the Fund, related to the said projects or undertakings.

Without prejudice to the terms of the Land Law and respective regulations, the FSDEA may administer and dispose freely of the assets comprising its net assets, without being subject to the regulations relating to the private domain of the State.

The FSDEA shall maintain an updated inventory of all of its property assets.

Without prejudice to the provisions of the applicable law, the FSDEA may also administer and dispose freely of any assets in the public domain of the State which have been allocated to its activity, being obliged to maintain the respective register updated.

Principle 24

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.