



IDENTIFICATION, PREVENTION AND MANAGEMENT OF CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

POLICY

Ref: POL/DC/001/V01

Effective Date: 09/02/2022

Security Classification: **INTERNO**

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1 GENERAL PROVISIONS

1.1 PURPOSE AND SCOPE

The Corporate Governance Model of Banco de Fomento Angola, S.A. (hereinafter also referred to as "Bank", "Institution" or "BFA") and the entities it controls is guided by structural principles of good ethical conduct and by the soundest national and international standards and best corporate practices, aimed at strengthening its Internal Control System and to safeguard and uphold the best interests of its shareholders, governing bodies, staff members, Regulatory/Supervisory Bodies, customers, creditors and the general public.

In accordance with the aforementioned Corporate Governance Model, the members of the Board of Directors and the Supervisory Board and BFA's Staff members act independently and in accordance with criteria of high professional standards and loyalty to the interests of its Customers, Creditors and the general public.

Hence, BFA applies the standardisation and harmonisation accounting rules for the Banking Sector, in accordance with the International Accounting Standards and Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB), with a view to strengthening the credibility of the Bank within the Angolan financial system in order to ensure consistency with international accounting standards, as well as with the applicable rules concerning the Large Taxpayers (Large Corporations), in order to implement the transfer pricing framework for Related Party Transactions (hereinafter, "RPTs").

With the purpose of assuring the Shareholders, Investors and other Stakeholders that BFA's performance is in compliance with the best Corporate Governance practices, the current Policy outlines the Identification, Management, Mitigation and Control of Conflicts of Interest and Related Party Transactions (RPTs), setting out:

- a) The identification, reporting, handling and recording of actual or potential conflicts of interest situations, classifying or categorising conflict-inducing cases, whether by monetary compensation, counter payment or inducement, and ensuring that Customers are always treated in the light of the principle of equal treatment and non-discrimination;
- b) The acting principles, pointers and guidelines for management and controls;
- c) The rules and procedures to comply with in order to ensure the principle of equality of treatment and non-discrimination, general market conditions, transparency and disclosure of information, and consequently, the avoidance of abuse and misuse of the Bank's assets;
- d) The assurance that the financial statements truly, faithfully and completely reflect the identification of Related Party Transactions (RPTs);
- e) To ensure compliance with the legal regulations and requirements in force.

These corporate purposes aim to ensure the safeguarding and upholding of Customers, Depositors, Shareholders' and BFA's Staff Member's best interests, as well as the interests of the Regulatory and Supervisory Authorities.

The identification and management of conflicts of interest represent, therefore, a BFA's common commitment that involves the entire organisation's structure, underpinned by its governance model and grounded in principles of lawfulness, universality and equality, transparency and responsibility, with a view to ensuring the stability of the financial system on grounds of fairness, integrity and transparency.

Hence, BFA's organisational culture is an ongoing concern of its management and supervisory bodies, as well as of the members that comprise this bodies, which is firmly grounded on criteria of high professional care/standards and loyalty towards the interests of the Institution and its Customers.

The current Policy applies to all BFA's Staff members and entities controlled by the Bank (jointly identified as "BFA Group"), namely: (i) members of the Governing Bodies - Board of the Shareholders' General Meeting, Board of Directors and Executive Committee of the Board of Directors, Supervisory Board, (ii) Direct and Indirect Staff members, on a permanent or temporary basis, Service Providers and External Consultants.

1.2 LEGAL, REGULATORY AND NORMATIVE FRAMEWORK

The current document addresses the following Legislation, Regulations and Standards:

Table 1— Legislation, Regulations and Standards addressed

NAME	# DECREE-LAW NUMBER
Legal Framework of Financial Institutions	Law n.º 14/21 dated 19th May
Securities Code	Law n.º 22/15 dated 31st August
Corporate Governance Code for Banking Financial Institutions	Notice n.º 01/22 dated 28th January
External Audit	Notice n.º 09/21 dated 5th July
Brokerage Agents	Regulation n.º 1/15 dated 15th May
Lending to Qualified Shareholders	Noticed n.º 06/2020 dated 10th March
Large Taxpayers' Statute	Presidential Decree n.º 147/13 dated 1st October

Table 2 - References - contains a list of the documents referred to in this document:

Table 2— References

NAME	VERSION
Corporate Governance Principles - Guideline: Basel Committee on Banking Supervision	2015 version
Internal Governance Guidelines – European Banking Authority (“EBA”)	EBA/GL/2021/05
Disclosure of Related Party Transactions IAS 24	

Table 3 – Relevant Internal Regulations - contains a list of the internal regulations relevant to the subject regulated in this document.

Table 3— Relevant Internal Regulations

NAME	VERSION
Code of Conduct	2022 version

NAME	VERSION
Whistleblowing Policy	2022 version
Anti-Corruption and Bribery Policy	2020 version
Compliance Policy	2021 version
Corporate Governance Policy	2022 version

1.3 DEFINITIONS AND ABBREVIATIONS

The key terms used in the current Policy are detailed below:

1.3.1 ABBREVIATIONS

- a) **IAS** - International Accounting Standards
- b) **RP** – Parte Relacionada
- c) **RPTs** – Related Party Transactions

1.3.2 DEFINITIONS

- a. **External Auditor:** Natural or legal person registered in Angola, which is qualified to practice the external auditing profession.
- b. **Chinese Walls (Information Blockages)** – Control mechanisms whose purpose is to prevent the flow of confidential information in the possession of the BFA Group, during the course of a negotiation and consequently to guarantee the protection of Customers' or potential Customers' interests.
- c. **Whistleblowing or Ethics Channel** – Anonymous reporting channel, which enables the communication of irregular practices or cases. This is the primary channel for reporting any misconducts, infringements or irregularities that are contrary to the BFA Group's current rules on professional conduct and compliance.
- d. **Customer:** Natural or collective person with a deposit agreement signed with BFA, to whom it provides products and services and makes available its own communication channels, as well as any potential Customer with whom BFA, or any other entity of the BFA Group that intends to initiate an individual contractual relationship, as well as the Customer who, notwithstanding the termination of his business relationship with BFA is still bound or associated to the Bank by law (statutory requirement) or conventional imposition.
- e. **Normal Market Conditions:** These are conditions and underlying principles that are followed in the negotiation of the operation, namely, (i) Competitiveness (prices, rates, terms and conditions compatible with those practiced in the market); (ii) Suitability and Compliance (contractual terms relevance and internal controls appropriateness); (iii) Transparency (appropriate reporting of the conditions agreed upon, the accurate application and disclosure in the financial statements).
- f. **Conflicts of Interest** – Circumstances, cases or scenarios in which the BFA Group and/or its Staff members in the performance of their duties and operational activities have interests of their own from which they expect to obtain inducements (e.g. rewards, bonuses, offers, gifts, perks, etc) that may interfere, or be capable of interfering, with the corporate duties of loyalty, care, neutrality, independence and impartiality with disregard for the interests entrusted to them, which may be:
 - I. **Current:** Actual and self-evident scenario where the Staff member is clearly in a situation of Conflict of Interests;

- II. **Potential:** A case in which the Staff member may, in the future and in view of a specific case, incur in a situation of conflict of interests;
 - III. **Perceived:** A scenario that in an initial assessment may be classified as a conflict of interests, but upon proper analysis is not identified or is not considered to be a case of conflict of interests.
- g. Staff Member:** BFA staff members are understood to mean (i) members of the governing bodies - Board of the General Meeting, Board of Directors, Supervisory Board; and (ii) natural persons who are bound by an employment contract, either on a permanent or temporary basis, with BFA Group.
- h. Control:** It is the power to guide BFA's financial and operational policies in order to obtain benefits from its activities.
- i. Supplier:** A natural or legal person, public or private, national or foreign, who develops a commercial activity or provides services and that sets up a commercial relationship with BFA Group.
- j. Gratuities (Bonuses, Gifts, Leisure and Entertainment Offers or Other Perks):** Goods or benefits offered or received, which are perceived in exchange for obtaining some form of favour, preferential treatment or advantage. Gratuities are considered, by way of example, any good with monetary and non-monetary value, such as gifts, trips, meals, discounts, favours, fees, vouchers, leisure and entertainment tickets or any other similar goods and benefits.
- k. Major Influence:** It is the power to participate in financial and operational decisions at BFA but does not portray control over those policies/decision-making processes. Significant influence can be obtained by share ownership, status or by agreement.
- l. Self/personal interest:** Any advantages or benefits for BFA Group, Staff Members, individuals with whom it has close relations, as well as corporate entities in which they directly or indirectly hold any shareholding or financial, professional or political interest, that may interfere with the duties of fairness, diligence and independence that BFA Group and its Staff Members are bound to, within the scope of their professional activity within BFA Group, as well as with the careful respect for the interests that are entrusted to them.
- The conflicts may arise due to the following different types of interests:
- i. **Political Interest:** It occurs when a BFA Staff member or any of the persons identified in paragraph r) holds a position with high political influence. The seriousness of the conflict of interest depends on whether or not there are specific powers or obligations associated with the political function that prevent the Staff member from acting in the interest of the BFA Group.
 - ii. **Personal Interest:** It occurs when a BFA Staff Member, or any of the individuals identified in sub-paragraph r), holds at the same time a management position or is a staff member of the first line of reporting in an entity that is party to the potential case of conflict of interest. It also applies when a Staff Member, or any of the individuals identified in sub-paragraph r), has a significant commercial relationship with the counterparty to the business underlying the potential case of conflict of interests.
 - iii. **Past and Present Interest:** The interests that are deemed to be relevant to the concepts of political, personal, financial or professional interest are those that exist currently and for a period of time stipulated in this Policy or in additional internal rules.
- m. Financial Interests (Solicitation/Incentives):** Incentives are any fees, commissions or other monetary perks, as well as all non-monetary benefits or services.
- n. Confidential or classified Information:** Oral, written or electronic information, which is of a classified and confidential nature and to which BFA Group has access through an Agreement, with the aim that its treatment is based on confidentiality.

o. Materiality of Interests/transactions:

- i. Direct and/or indirect holding corresponding to 10% of the share capital or of the voting rights, significant influence in the entity's management, the performance of duties in the governing bodies and/or the management of companies or other collective entities, as well as any interest that may have an impact, even if only a potential one, on BFA Group's reputation;
- ii. Materialisation and consequent impact for disclosure, the RPTs of an amount equal to or greater than 0.1% of BFA's net assets, calculated in the last financial year, resulting from an isolated operation or repeated operations with the same purpose. The assessment of potential conflict of interest cases or scenarios will be based on their material and reputational risk. The transactions are considered relevant for levels of approval as well as disclosure.

p. Control Authority: Compliance Department**q. Degree of Kinship:** The bond that unites two people as a result of one of them descending from another (straight line of kinship) or both coming from a common parent (collateral line of kinship).

- i. Straight line kinship is the one that links father and son (1st degree), grandfather and grandson (2nd degree), great-grandfather and great-grandson (3rd degree).
- ii. The degree of kinship in the collateral line is the one that links brothers (2nd degree), uncle and nephew (3rd degree), right cousins (4th degree).
- iii. The degree of family relationship is the bond that binds each spouse to the other's relatives, which may occur in a straight line, connecting parents-in-law and daughters-in-law, stepfather or stepmother and stepchildren, grandparents or great-grandparents and grandchildren or great-grandchildren, or in a collateral line, connecting brothers-in-law, uncles and nephews and nieces, cousins by family affinity.

r. Related Parties: Holders of qualified or non-qualified participations, entities that are, directly or indirectly, in a control or group relationship, members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants up to the 2nd degree in the direct line, considered the ultimate beneficiaries of the transactions or assets.**s. Qualified Shareholding:** Direct or indirect ownership in a company of not less than 10% of the capital or voting rights of the participated company, or that, for any reason, makes it possible to hold a significant influence in the management of the participated institution.**t. Persons Related to Employees –** Any individual or entity, regardless of their legal form, who has a family/relationship, legal or business relationship with a Staff Member is deemed to be an Employee Related Person, including:

- i. Spouse or unmarried partner;
- ii. Relatives up to the 2nd degree, and relations up to the 1st degree, of the Employee;
- iii. Individuals sharing a household with the Employee;
- iv. Entities controlled by Employees or by any of the individuals listed in sub-paragraphs (i), (ii) and (iii);
- v. Entities in which Staff Members or any of the individuals mentioned in sub-paragraphs (i), (ii) and (iii) have a qualifying or non-qualifying holding;
- vi. Entities in which Staff Members or any of the individuals listed in (i), (ii) and (iii) take on management or supervisory functions.

- u. Parent-Subsidiary Relationship** – The corporate relationship that occurs between a natural or legal person and a company, when:
- i. Some of the following situations occur:
 - o The individual entitled holds a majority of the voting rights;
 - o The individual is a shareholder of the company and has the right to appoint or dismiss more than half of the members of the board of directors or of the supervisory board;
 - o The individual can exert a dominant influence over the company by virtue of an agreement or due to clauses of the company's Articles of Association;
 - o The individual is a company shareholder and it controls individually, by virtue of an agreement concluded with other company shareholders, the majority of the voting rights;
 - o The individual holds a participation equal to or greater than 20% of the company's share capital, as long as he effectively exerts a dominant influence over it, or if they are both placed under a single management body;
 - ii. It is also deemed, for the purposes of the application of the aforementioned sub-paragraph (i), specifically sub-headings 1, 2 and 4, that:
 - o The rights to vote the appointment or removal of a participant are equivalent to the rights of any other company dependent on the parent company or that is in a group relationship with it, as well as those of any other individual acting in his own name but on behalf of the parent company or of any other of those companies;
 - o From the rights mentioned in the foregoing subsection shall be subtracted the rights pertaining to shares held on behalf of an individual other than the controlling shareholder or another of the aforementioned companies, or pertaining to shares held as collateral, provided that, in the latter case, such rights are carried out in accordance with the instructions received, or the holding of shares is a regular loan transaction of the holding company and the voting rights are carried out in the interest of the collateral provider;
 - o For the application of sub-headings (1) and (2) of previous sub-paragraph (i), the entirety of the voting rights corresponding to the capital of the subsidiary company shall be subtracted from the voting rights corresponding to the holding held by that company, by a subsidiary of that company or by a natural person in its own name, but on behalf of any of these companies.
- v. Personal Capacity Transaction** – A transaction carried out by or on behalf of a Staff member in performing financial intermediation services (through a financial instrument), without prejudice to the definition/concept of self-interest, whenever one of the following criteria is met:
- i. The staff member operates outside the scope of the activities he/she carries out in a professional capacity;
 - ii. The transaction is carried out on behalf of Related Persons connected to the Staff Members;
 - iii. A Person in respect of whom the Staff Member has a direct or indirect material interest in the outcome of a transaction, other than a fee or commission charged for its performance.
- w. Related Party Transactions (“RPTs”)**: Any operation, business or legal agreement that implies the transfer of resources, services or obligations between the Bank/BFA Group and Related Parties (RPs), regardless of whether or not a price is charged.
- x. Ordinary or Standardized Transactions**: Transactions involving standardised products and/or services, available to the Bank's Customers at standardised prices/costs, which comply with the negotiating margin and conditions for Customers with the same profile, in accordance with generic market conditions.

1.4 REGULATORY REPEAL

The current Policy repeals the following internal organisational Standards (Policies):

- a) Identification, Prevention and Management of Conflicts of Interest Policy, dated 4th March 2021.
- b) Related Party Transactions Policy, dated 15th October 2018.

1.5 ACCOUNTABILITY

The current Policy is embodied in the following responsibilities of the relevant stakeholders:

1.5.1 SUPERVISORY BOARD

The supervisory Board is responsible for:

- a) To assess and review the measures put in place for Board of Director's Members concerning material conflicts of interest;
- b) To issue recommendations on the conflicts of interest management mitigation measures approved by the Board of Directors;
- c) To issue mandatory opinions and recommendations on RPTs in favour of:
 - i. Holders of a qualified shareholding (direct or indirect) or entities that are in a control or group relationship with the Bank, regardless of the stake percentage held;
 - ii. Members of the Bank's management and supervisory bodies who do not conform to a social nature or purpose or do not result from the Staff Policy;
 - iii. Individuals related with members of the Bank's management and supervisory bodies, where material transactions are involved.
- d) To record and keep on file the documentary information associated with the assessments undertaken.

1.5.2 BOARD OF DIRECTORS

The Board of Directors is responsible for:

- a) To lay down, formalise, implement and periodically review this Policy;
- b) To ensure that the assignment of portfolios to the Board of Director's Members does not lead to the accumulation of duties or tasks that may compromise their independence or give rise to conflicts of interest cases or scenarios;
- c) To assess and approve the proposals for action, based on the prior opinion of the Control Body, potential events or scenarios of conflicts of interest related to Board of Director's Members, with a view to solving and/or mitigating them;
- d) To decide on RPTs and assess the cases of material RPTs, as well as exceptional cases, even if these RPTs are of a lower amount than the thresholds stipulated by the Bank.

1.5.3 GOVERNANCE, NOMINATION, EVALUATION AND REMUNERATION COMMITTEE

The Governance, Nomination, Evaluation and Remuneration Committee is responsible for assessing the measures applied to the Board of Director's Members regarding non-compliance with the rules on Conflicts of Interest and for drawing up recommendations on the mitigation measures approved by the Board of Directors and the recommendations of the Supervisory Board and, whenever necessary, requesting additional measures from the Control Body.

1.5.4 AUDIT AND INTERNAL CONTROL COMMITTEE

The Audit and Internal Control Committee is responsible for supporting and advising the Board of Directors in the implementation of the current Policy and proposing recommendations for improvements to the internal controls management concerning compliance risk.

1.5.5 RISK COMMITTEE

The Risk Committee is responsible for:

- a) To assess and monitor the appropriateness and compliance of the RPTs and exposure thresholds.
- b) To assess and monitor, in conjunction with the Board of Directors, the disclosure of RPTs undertaken by the Bank.

1.5.6 EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

The Executive Committee of the Board of Directors is responsible for:

- a) To ensure the definition, approval and implementation of internal rules affecting the Directorates involved, namely of processes related to the identification, prevention, handling of conflicts of interest and RPTs, reporting, registration and disclosure;
- b) To monitor the degree of compliance with this policy and ensure proper implementation, compliance and control;
- c) To deliberate on reported cases of conflict of interest and to guarantee the consistency and judgement of the Control Authority with regard to these cases;
- d) To review the processes and procedures related to identification, prevention, handling, reporting of conflicts of interest and RPTs, as well as to ensure the existence of proper structures, means, tools and resources for the identification, prevention, management and controls;
- e) To carry out the correct separation of functions and to guarantee that it is firmly anchored on an independent and/or autonomous professional activity and also on a functional and/or physical separation between business and support areas or between operational and control activities/tasks;
- f) To approve RPTs within the thresholds stipulated by the Board of Directors and maintain preventive controls over approved and/or modified thresholds and cumulative within the calendar year and report periodically to the Board of Directors.
- g) To approve Supply/Services Agreements to be signed with Related Parties/Staff Members and related persons, as well as their extension, renewal, amendment or termination, in accordance with the thresholds stipulated within the Board of Directors' delegation of powers.
- h) To implement a Compliance risk management culture and taking measures to empower and develop the human resources;

The current Policy also entails the following responsibilities for the stakeholders identified below, in accordance with the BFA Group's Corporate Governance Model:

1.5.7 FIRST LINE OF DEFENCE

The first line of defence is primary accountable, within its scope of action, for attracting Clients/suppliers and has the specific responsibility of identifying and managing possible conflicts of interest.

1.5.7.1 GENERAL STAFF MEMBERS

As a general rule, the Bank's Staff Members are responsible for the following:

- a. To be well informed, understand and apply the current Policy and participate in the mandatory training courses;
- b. To ensure the appropriateness and compliance of this policy in the performance of their duties and day-to-day operations;
- c. To keep a RPTs record and ensure the formalisation of legally required and/or internally stipulated reporting and approval requirements;
- d. To identify the counterparties that, under the current Policy, are considered BFA 's Related Parties, and must immediately inform the Compliance Department of the transaction/negotiation in progress for registration and monitoring;
- e. To identify and manage the RPTs stipulated thresholds, as well as periodically and continuously monitor the RPTs enforced thresholds;
- f. To refrain from assessing or participating in the assessment and decision-making processes regarding the management of conflicts of interest cases, personal and related persons' transactions, namely operations, contracts or other acts in which any BFA's Staff Member has a self/personal interest;
- g. To refrain from performing operations in which they participate as order -givers or beneficiaries/Related Persons, and such operations must be carried out by other BFA's Staff Members;

It is the responsibility of the Departments/Business Units and/or Corporate Centres Managers to:

- i. To implement and promote solid internal controls to ensure compliance and action to identify, prevent, mitigate, control and report RPTs and conflicts of interest cases, as well as to ensure compliance with the decision-making governance flow;
- ii. To raise Staff Members' awareness concerning the contents of the current Policy and foster their awareness concerning the need for and importance of complying with it, encouraging them to raise questions or concerns regarding its application, without prejudice to the training sessions on the subject matter of this Policy provided by the Compliance Department.

1.5.8 SECOND LINE OF DEFENCE

The second line of defence is responsible for carrying out independent risk control and monitoring of possible conflicts of interest and RPTs.

1.5.8.1 RISK MANAGEMENT DEPARTMENT

The Risk Management Department is responsible for the following:

- a) To assess risk scenarios arising from actual cases or potential conflicts of interest which directly and/or indirectly may have an impact on BFA Group's operational and reputational risk;
- b) To ensure that RPTs credit exposure thresholds are properly identified and properly monitored and reported;
- c) To monitor RPTs risk level and to control their compliance within the established thresholds, triggering warnings whenever necessary as to the proximity of the thresholds and following up action plans to guarantee the thresholds are met;
- d) To support the Credit Risk Departments in issuing opinions on possible risk matters related to RPTs;
- e) To periodically monitor material RPTs, follow up on non-material ones and assess incremental credit exposures.

1.5.8.2 COMPLIANCE DEPARTMENT

The Compliance Department is responsible for the following:

- a) To develop, review and maintain the current Policy, as well as to drive the implementation and monitoring of its adoption;
- b) To facilitate and foster training sessions and to raise awareness of BFA's Staff Members about the current Policy;

- c) To keep a record of all cases that may potentially generate situations, episodes or scenarios of conflicts of interest, comprising all BFA's Staff Members;
- d) To draw up the List of Related Parties and ensure its quarterly updating, proposing its approval by the Executive Committee of the Board of Directors;
- e) To report periodically to the Board of Directors, the Executive Committee of the Board of Directors, the occurrence of conflicts of interest cases or episodes, as well as the measures taken or implemented to mitigate them;
- f) To report to the Audit and Internal Control Committee and the Executive Committee of the Board of Directors any non-compliance with the current Policy and any shortcomings in the cross-sectional internal control mechanisms;
- g) To propose to the Executive Committee of the Board of Directors the adoption of more demanding procedures than those identified in the current policy, whenever the relevant circumstances so recommend or justify;
- h) To request, at any time, from BFA Group's different Departments, information and clarifications on the measures for the prevention and management of conflicts of interest, their implementation and effectiveness, as well as specific conflicts of interest episodes or cases, which must be dealt with in a timely manner;
- i) To maintain and make available to the relevant Departments, through specific channels and/or systems created for this purpose, the list of Related Parties (RPs), general Staff Members and Related Persons;
- j) To advise on the current subject matter, whenever deemed useful or appropriate .

1.5.9 THIRD LINE OF DEFENCE

The third line of defence, in particular the Internal Audit Department, as part of its periodic assessments in accordance with the approved annual auditing plan, assesses compliance with this Policy and the procedures adopted, reporting to the Executive Committee of the Board of Directors and to the Audit and Internal Control Committee, the results of that assessment and making recommendations of potential measures to improve its appropriateness and effectiveness.

1.6 OMISSIONS

The cases of regulatory omission must be addressed to the Compliance Department prior to the adoption of any measures.

1.7 NON-COMPLIANCE

Non-compliance with the provisions laid down in this document is deemed to be a serious breach of the Code of Conduct and consequently subject to disciplinary action, civil and criminal liability. Hence, against this backdrop, it is the duty of all BFA's Staff Members to immediately report and/or inform about any suspected breach or infringement of the current Policy.

1.8 CONTACTS

Any queries regarding the content of this document must be addressed to the Compliance Department:

- a) Compliance Department: compliance.regulatorio@bfa.int

1.9 POLICY DISCLOSURE, REVIEW AND UPDATE

The current Policy is available for consultation on BFA's Internet Website.

This Policy is available for consultation by staff members on BFA's Intranet | [Regulations](#) | [Compliance](#) | [Policy](#).

The current Policy is reviewed annually or whenever changes occur that justify its review.

2 CONTENT REGULATORY COMPLIANCE

2.1 CONFLICT OF INTERESTS FRAMEWORK

Within the scope of the current Policy, Conflict of Interests are understood to mean:

- a) Conflict of Interests between BFA and entities controlled by the Institution;
- b) Conflict of Interests between BFA Group and a specific Customer or other Customers or potential Customer;
- c) Conflict of Interests between the BFA Group and a Customer/Supplier, with the business relationship ended, in which post-contractual legal obligations are still in force;
- d) Conflict of Interests between BFA Group Staff Members/Individuals Related to BFA Group Staff Members and a Customer or potential Customer/Supplier;
- e) Conflict of Interests between BFA Group Staff Members/Individuals Related to BFA Group Staff Members and the BFA Group;
- f) Conflict of Interests between the BFA Group/Staff Member and a particular Supplier or potential Supplier;
- g) Conflict of interests between a BFA Group service provider and simultaneously with a Bank Customer.

2.2 ACTIVITIES EXPOSED TO POTENTIAL CONFLICTS OF INTEREST EVENTS

The BFA Group identifies below (but not limited to), the areas and/or business activities most exposed to potential cases or scenarios of Conflicts of Interest, and also occurrences, episodes or events that have been legally executed between the BFA Group, Related Parties and Related Persons, are relevant for the actions and controls contained in the current Policy:

- a) Financial and capital market investment(s);
- b) Human resources management;
- c) Management and procurement of goods and services/supply and subcontracting/outsourcing;
- d) Legal services and credit recovery;
- e) Credit management and decision-making;
- f) Provision of services / Investment Advisory Services;
- g) Information Systems Management;
- h) Audit management and internal control systems;
- i) Development of products, financial services and investment funds;
- j) Real Estate management.

2.3 IDENTIFICATION OF CONFLICTS OF INTEREST

It is understood to be a matter of potential conflict of interests, the circumstances, cases or scenarios in which the BFA Group and/or BFA's Staff Members have particular interests in the relationship with Customers or third parties, which may enhance conflicts of interest's events: (i) unfavourable to actual or potential Customers, (ii) institutional or (iii) with Staff Members and Related Persons.

In a conflict of interest's case, episode or scenario identified in the practice of the banking activity, there is a self-interest that may interfere, or be capable of influencing, the performance of duties in an impartial manner and the compliance with the rules and requirements of professional conduct.

Additionally, the sheer dissimilarity or difference of interests is not, by itself, capable of being characterised or qualified as a conflict of interests, since the parties are able to settle them through negotiation and through the application of the contractual and legal provisions governing the banking activity.

Accordingly, actual or potential conflicts of interest's events or scenarios are described in Appendix 1 of the current Policy.

2.4 CONFLICTS OF INTEREST MANAGEMENT MEASURES

2.4.1 GENERAL PRINCIPLES

Within the scope of managing potential or actual cases or episodes of conflicts of interest, the BFA Group and/or BFA's Staff Members, in the performance of their duties and professional tasks, are committed to:

- a) To proceed and act with fairness when handling Customers and managing their interests as a cornerstone of the commercial relationship, a core value recognised in the BFA Group's Code of Conduct and ethical principles;
- b) To prioritise Customers' interests over its own self-interests.
- c) To cooperate in complying with the best practices for managing conflicts of interest, and also in the relationship with the Regulatory and Supervisory Authorities;
- d) To disclose as promptly as possible, and in any case no later than 5 days, any matter which may lead or has led to a conflict of interests;
- e) To follow the measures identified in the current Policy and consequently, to implement organisational standards and procedures at structural level for the prevention, identification, recording, control and reporting, with the purpose of maintaining across-the-board and appropriate internal controls of potential/actual cases or events of conflict of interests.

2.4.2 ORGANISATIONAL MEASURES

The BFA Group adopts an organisational structure with a view to safeguarding the separation of functions and must ensure that the management of potential or real events of conflicts of interest is carried out by entities other than those that gave rise to/caused such a scenario, and in such cases, must ensure the following:

- i. To isolate access to privileged or confidential information and implement physical/material security measures (Chinese Walls/Information barriers) in order to prevent the circulation of information between different departments, business areas and/or corporate centres;
- ii. To avoid the parallel and sequential involvement of BFA's Staff and Board of Director's members in different financial intermediation activities and investment ventures;
- iii. To prevent and restrict the possibility of a BFA employee or a Board of Director's member, on a stand-alone basis, may exert an inappropriate influence on the functional modus operandi, performance and decision-making of BFA's Staff Members or Departments/Business Units/Corporate Centres providing advisory and financial intermediation services (in financial markets and capital markets), assessment, credit management, procurement, investment banking and other particularly relevant areas of the business operational activity.

The specific and detailed organisational measures to prevent conflicts of interest, among others, are as follows:

2.4.2.1 INFORMATION BARRIERS (CHINESE WALLS)

- a) Information barriers (Chinese Walls) should be implemented, considering the proper separation of duties (Business Units, Offices or Departments that manage confidential information or classified data) and/or clear physical separation, in order to prevent and control the exchange of information between people involved in activities where conflicts of interest may occur or emerge;
- b) The Corporate Offices, Business Units or Corporate Centres, which directly manage Customers' portfolios should be divided or separated by physical and non-physical information barriers from those which deal with or provide investment services, i.e., the layers of protection (barriers) should be properly implemented between the different Corporate Offices/Units/ Centres in order to distinguish between those entities with regular access to confidential information of private nature and those entities which have access to and deal with public information;
- c) Independent supervision of teams providing services to or on behalf of Clients, whose interests may conflict, or who otherwise account for different interests that may enter into a potential conflict of interest's situation or scenario.

2.4.2.2 GRATUITIES E DONATIONS (BENEFITS OR REWARDS)

The BFA's Staff Members must not offer or accept any gratuities, gifts, bonuses, rewards, donations, perks and/or inducements from Customers/Suppliers or potential Customers/Suppliers or Third Parties.

The following are understood to mean, inter alia, gratuities and donations:

- a) Money or cash in hand;
- b) Real Estate;
- c) Furniture;
- d) Travels (holiday, leisure or personal trips);
- e) Other goods and services.

The provisions laid down in the current prohibition do not apply to the cases, circumstances or scenarios described below with regard to gratuities and donations, as long as they do not compromise the independent performance of BFA's Staff Members' duties:

- a) In-house lunches/business lunches, conferences and seminars attended by Board of Director's members and Bank's senior executive management, when duly approved and recorded as such;
- b) Corporate events, Sponsorships and Donations approved by the BFA Group's Board of Directors;
- c) Goods with corporate logo and other similar, provided that they are promoted by the BFA Group and duly approved and registered as such;
- d) Accolades or awards received, as part of BFA Group's assessment programme, from external third parties/entities.

The gratuities and donations received by BFA's Staff Members, if duly approved and registered by their hierarchical superiors, shall be of a symbolic nature. The "Gratuities and donations of a symbolic nature" are offers/gifts/perks/bonuses/inducements of a value not exceeding 10% of the national minimum monthly salary, as laid down by law, received during the calendar year, individually or cumulatively, which are likely to jeopardise the independent performance of their duties.

During the review and assessment of a potential gratuity, the following guidelines should be taken into account:

- a) Whether the gratuity or donation is recurrent;
- b) Whether the value is symbolic;
- c) Whether the intention is to influence the decision-making process/value judgement making;

d) Whether there is a likelihood of it being perceived as grooming, bribery or as a corruption act and, in particular, whether certain customer profiles have been assessed or taken into consideration, namely: Politically Exposed Persons (PEPs), Public Officials or other equivalent entities.

e) Whether it could result in a reputational risk for the Institution.

In rare or uncommon circumstances, when it is not possible to refuse a gratuity, bonus or offer from a Client/Supplier or potential Client/Supplier, and when the gratuity is not symbolic, the Department Manager in question must record the case and report the fact to the Executive Committee of the Board of Directors, and the good(s) shall subsequently be made available for sale by internal auction, with the proceeds going towards social responsibility initiatives.

2.4.2.3 INDUCEMENT / BENEFITS

As part of its Banking and Financial Intermediation activity, namely in the provision of services, the BFA Group shall not accept inducements or encourage third parties to accept inducements, who are not Customers of these services or who do not act on behalf of the Customer, unless the inducement or benefit is aimed at improving the quality of the services provided to the Customer and does not collide with the orderly provision of the services, in the Customer's best interest.

2.4.2.4 TRADING FOR OWN ACCOUNT OR IN A PERSONAL CAPACITY

a) BFA Group – The BFA Group may perform trading and transactions on its own account under the following conditions:

- To purchase financial instruments for its own portfolio, when it is guaranteed and proven that there are no Customers who have requested the purchase at the same price or at a higher price;
- To sell financial instruments from its own portfolio, when it is guaranteed that there are no sales ordered by Customers at a price equal to or lower than those practiced/proposed.

b) BFA's Staff Members – The Staff Members are required to be aware of the limitations imposed by law and by international standards and best corporate practices within a regulated market concerning transactions undertaken in a personal capacity.

Accordingly, the Staff Member may not execute transactions or dealings in a personal capacity, as described hereunder:

- When having access to classified or other confidential information related to Customers or transactions carried out with or on behalf of Customers;
- When it is disproportionate and does not respect his/her financial capacity;
- In a major asset with regard to which it can influence the price, or be a market enabler on behalf of BFA Group;
- Prior to knowledge of a Customer order, or if the staff member is aware of that Customer order;
- On assets of entities where BFA Group has been commissioned to undertake market research and where the Staff Member has been involved in that research (unless a reasonable period has been respected for that purpose).

2.4.3 BEHAVIOURAL ACTION MEASURES

2.4.3.1 PROHIBITION OF INTERVENTION AND PARTICIPATION

The Staff Members may not intervene in decision-making processes or have access to information concerning operations/transactions, agreements or other activities in which they have direct and/or indirect interests.

Accordingly, when Staff Members are aware of and identify real or potential conflicts of interest events, they must declare the conflict and refrain from making any statement or participating in any assessment or decision meeting.

2.4.3.2 DUTY TO DECLARE

The Staff Members must submit Conflict of Interests statements at least once a year or whenever a new case of potential or actual conflict of interests occurs. Notwithstanding the general rule of submitting an annual statement, the following measures must be safeguarded and upheld:

- a) Members of the Board of Directors: (i) within 45 (forty-five) days of election/appointment or reappointment to a new term of office, or whenever a new case or scenario emerges, they must make personal statement concerning potential or actual conflicts of interest to the Chairman of the Board of Directors and the Compliance Department;
- b) First Line of Defence Officers: Make statements in the same terms to the Portfolio Directors and the Compliance Department;
- c) The other Staff Members must report any matters or facts that have changed in respect of the information previously provided to their hierarchical superiors and to the Compliance Department.

2.4.3.3 ACCUMULATION OF POSITIONS OUTSIDE BFA

The Executive Committee shall analyse the potential existence of a possible case of accumulation of positions and functions that may interfere or negatively impact the performance of duties already carried out by the relevant individual at BFA, namely because there are serious risks of conflicts of interest or because such fact may result in a lack of availability for the proper performance of duties at the Institution.

With a view to preventing and protecting any undue or improper influence, BFA's Staff Members may not perform other professional positions outside the BFA Group which may collide with the functions performed internally or hold functions/management positions in Banking Financial Institutions with competing business ventures with respect to the Bank (with the exception of entities in a BFA Group relationship).

Furthermore, BFA's members of the Board of Directors, Executive Committee of the Board of Directors and Supervisory Board are barred from accumulating more than one executive position, with two non-executive roles, or four non-executive positions. It is regarded as a single position, the executive or non-executive positions in management or supervisory bodies of Banking Financial Institutions or other entities that are included in the same supervision framework on a BFA consolidated basis, or in which BFA holds a qualified shareholding.

In order to settle potential conflicts of interest and for control purposes, Staff Members must annually declare the positions they accumulate outside the Institution and these must be subject to assessment and approval by the BFA Group. This approval must take into consideration all relevant factors that may lead to a potential conflict of interests.

2.4.3.4 BLACKOUT PERIOD

- a) BFA's Staff Members must not have access to information, be involved in the assessment, negotiation or decision-making proceedings, when they are directly or indirectly involved, through Related Persons, regarding the following processes:
 - Provision of Services/Supply/Lending or purchase and sale of assets, by former employers or companies of which he/she has been a shareholder or member of the management body within the 32 (thirty-two) months prior to his/her admission;
 - Any operation/transaction involving a Supplier or a Customer, current or potential, from which he has received a gratuity over the last 12 (twelve) months or in relation to which there is any behavioural misconduct duly reported;
 - External or Internal recruitment processes, disciplinary measures and Staff members' performance assessment/remuneration processes, as long as the contractual relationship remains in force.

- b) The BFA Group may only hire supply services and/or sign consultancy contracts with former Staff Members or companies in which they hold a direct or indirect participation in the share capital and/or as a member of the governing body, for a period of 2 (two) years after the termination of the employment contractual relationship;
- c) The BFA Group may only hire and/or elect the external auditor, as well as its partners or shareholders, technical managers, managing directors, senior managers or any member of the external audit team with management functions to hold positions within the BFA Group as: (i) member(s) of the governing bodies, (ii) performance of functions in the Accounting, Risk Management, Compliance, Internal Audit Departments or other positions that enable influence on the Board of Directors' decisions, (iii) other positions with management functions at the BFA Group - after 24 (twenty four) months, counted from the date the last opinion was issued at the BFA Group.

2.4.3.5 STAFF MEMBERS DUTIES

The BFA's Staff Members are required to avoid involvement in potential cases, circumstances or scenarios of conflict of interests, and are expressly forbidden from:

- a) To sell goods or provide services in a personal capacity to Customers;
- b) To participate in any business activity or decision-making process in which he/she is involved (personal benefit) and also, those cases where may be involved Related Persons;
- c) Use any information acquired relative to the business or interests of any Customer, in the performance of his/her duties at BFA Group, which is not in the public domain, for personal benefit or that of Related Persons;
- d) To accept gratuities of considerable material value, including inducements of any kind (bonuses, donations, rewards, offers, gifts or perks, etc), that may influence their behaviour in the relationship with the Customer;
- e) To counsel or carry out operations on financial instruments, which are the object of an operation involving the BFA Group (within the scope of its own portfolio or under the terms of a mandate granted by Customers), outside the established thresholds.

Each time there is a conflict of interests' scenario between Customers, BFA's Staff Members must always inform their hierarchical superiors of the identified event, and the fair treatment of the Customers' interests must always be assured and guaranteed.

Furthermore, BFA's Staff Members are required to report to the Compliance Department the following:

- a) Any case, occurrence, episode or scenario which may generate, or which has generated, a conflict of interests;
- b) Personal and Related Persons information, through the appropriate [Know Your Employee \(KYE\)](#) form, available on the Intranet | Printed version and/or through systems developed for this purpose;
- c) The development of any long-lasting commercial relationship or business partnership with a Customer/Supplier;
- d) The gratuities, donations, bonuses, offers, gifts, rewards, perks or inducements received from a Customer;
- e) Other operations/transactions carried out outside the BFA Group's business activity, regardless of their amount;
- f) Other specific subject matters that may be regulated and that are essential for the Control Authority to perform its duties.

With a view to enable the reporting of potential cases of conflict of interests within an appropriate organisational framework, BFA's Staff Members complete and submit the following forms available on the Intranet | Printed matter and/or through systems developed for such purpose:

- a) [Disengagement and Compensation Statement](#);
- b) [Compensation Statement](#);
- c) [Conflict of Interests' Statement – Members of the Governing Bodies](#);

d) [Conflict of Interests' Statement – Staff Members.](#)

2.4.4 RECORDING AND REPORTING MEASURES

The records and reports are made individually by the relevant departments, which are responsible for managing and reporting to the Control Authority, using specific printed matter created by the Compliance Department for this purpose, and enclosing the necessary documentation on the subject of conflict of interests, as well as the measures implemented to overcome and/or mitigate them.

With respect to information concerning the members of the management and supervisory bodies, the printed matter referred to in the previous paragraph are submitted on an individual basis, describing the names, addresses and other references of all the companies in which they have interests and family connections, and other relevant information contained in the KYE.

Within the scope of Customer, Investor and Creditor relations, these shall be given precedence over the interests of BFA's Staff Members or members of the Governing Bodies.

In the event that it is established, with a reasonable degree of certainty, that the organisational and administrative mechanisms adopted by the Institution are insufficient to avoid risks of loss or damage to the Customer's interests, previously to the Customer purchase of products or services, BFA shall provide clear and precise information on the origin and nature of the conflicts of interest in question, as well as on the measures adopted to mitigate the risks identified.

2.4.5 MITIGATION MEASURES

As a general rule, Staff members must abstain from participating in any meeting, voting or taking any initiative in a decision-making process where they may be in a situation of actual, potential or perceived conflict of interests.

Within this framework, four basic conflict of interest's mitigation measures are identified:

- i. **Withdrawal:** the conflict of interests can be avoided through the self-removal of the member of the governing bodies, member of senior management, holder of key functions and/or other staff members in a decision-making process in which they have a particular interest.
- ii. **Disclosure:** the conflict of interests is known to all those involved, through disclosure by the relevant party;
- iii. **Non-involvement:** the conflict can be avoided by not involving Staff Members in decision-making processes where there may be a conflict of interests.
- iv. **Refusal:** the conflict of interests can be avoided by rejecting certain circumstances, in which case the conflict is suppressed and ended at an early stage.

All BFA's Staff Members have the duty to assess the existence of a potential case of conflict of interests in respect of any matter entrusted to them in the performance of their duties and in which they may have a degree of influence. By way of example, the measures to be taken are set out in Appendix 2.

Without prejudice to the provisions specifically provided for in the applicable legislation and other regulations, the Compliance Department and BFA's Employees shall adopt the necessary measures to solve identified cases of conflicts of interests.

2.4.6 CONTROL AND REPORT MEASURES

The Control Authority for the purpose of the current Policy is the Compliance Department, and it shall ensure:

- a) The record keeping of all cases of potential or actual conflicts of interest communicated to it by the relevant Departments;

- b) The provision of information to the relevant Departments, concerning the identification of Staff Members and Related Persons and other necessary data in order to ensure the implementation of controls due by the First Line of Defence. This information is made available via a specific data record/appropriate communication channel, within the scope of the established controls of the Control Authority (Compliance Department).

All potential cases, episodes or events of conflicts of interest, must be reported to the Control Authority within a maximum period of 3 (three) working days after becoming aware of them, which shall proceed as follows:

- a) To assess the subject matters and immediately report the relevant Department Manager where the Staff Member performs its duties, the Portfolio Director and/or the Business Units Offices (Front, Middle and Back Offices) in which the facts took place;
- b) To assess the subject matters and immediately inform the Chairman of the Board of Directors or the Chairman of the Supervisory Board if the individual involved is a member of a Governing Body;

The Control Authority keeps an updated record of all reported cases and therefore is responsible for periodically reporting to the specialised committees and, when applicable, to the Chairman of the Board of Directors and/or the Chairman of the Supervisory Board.

2.4.7 SPECIFIC MEASURES

2.4.7.1 LOANS TO MEMBERS OF THE GOVERNING BODIES AND SHAREHOLDERS

2.4.7.1.1 Loans to Shareholders Owning a Qualifying Holding

The BFA Group may only provide loans, in any form or modality, including the provision of collateral (guarantees), directly or indirectly, to individuals who, directly or indirectly, hold qualifying shareholdings or less, as well as to the companies that these same individuals control, directly or indirectly, or that are in a group relationship with it, under the conditions laid down in the current Policy.

With the purpose of mitigating potential cases or events of conflict of interests, these loan operations require the approval of the Board of Director's members by a qualified majority of at least 2/3, and the favourable opinion of the Supervisory Board is mandatory.

2.4.7.1.2 Loans to Members of the General Meeting Board

The BFA Group may only provide loans, in any form or modality, including the provision of collateral (guarantees), directly or indirectly, to the members of the General Meeting Board and to companies or other natural or legal persons directly or indirectly held by them and with a qualifying shareholding or not, under the conditions laid down in the current Policy.

With the aim of mitigating potential cases or events of conflict of interests, these loan operations require the approval of the Board of Director's members by a qualified majority of at least 2/3, and the favourable opinion of the Supervisory Board is mandatory, except for the cases set out in sub-paragraph 2.6.7.

2.4.7.1.3 Loans to Members of the Board of Directors and Supervisory Board

The BFA Group may only provide loans, in any form or modality, including the provision of collateral (guarantees), directly or indirectly, to the members of the Board of Directors or Supervisory Board or equivalent, to companies or other legal entities directly or indirectly held by them and with a qualifying shareholding, under the conditions laid down in the current Policy.

When making this assessment, it is necessary to take into consideration the indirect status, when the beneficiaries are related persons.

For the purpose of mitigating potential cases or events of conflict of interests, these loan operations require the approval of the Board of Director's Members by a qualified majority of at least 2/3, and the favourable opinion of the Supervisory Board is mandatory, except in the cases mentioned in sub-paragraph 2.6.7.

2.4.7.1.4 Duty to Refrain

The members of the Board of Directors and the Supervisory Board are blocked (prohibited) from participating in the proceedings for granting loans (assessment and decision), when such proceedings are related to legal persons where the members of the Board of Directors and the Supervisory Board are managers or hold a qualifying or non-qualifying shareholding (directly or indirectly). Furthermore, when granting loans/ performing lending operations within the scope of the Staff Policy, the beneficiary members must abstain from participating in the assessment and decision process, and such abstention must be recorded in the Minutes.

2.4.7.1.5 Conditions for Granting Loans to Members of the Governing Bodies

The provision of lending facilities (credit operations) within this heading must be granted based on a risk assessment and under normal market conditions and identical to those applied to a regular Customer. This condition shall be applied with the appropriate adjustments to other transactions / operations. Loans and other similar operations under this heading must be managed in accordance with the standards and procedures described in paragraph 2.5.

2.5 RELATED PARTY TRANSACTIONS MANAGEMENT MEASURES

2.5.1 BREADTH OF RELATED PARTY (RP) DEFINITION

In addition to the Related Parties (RPs) identified by the legal framework, BFA recognises the breadth and scope of the IAS 24 rules, as follows:

- i. The entities that directly or indirectly have a significant influence over the Bank's management and financial policy - Shareholders;
- ii. Related Parties are also deemed to be those in which the Bank holds, directly or indirectly, a significant influence over their management and financial policy - Associated and jointly controlled companies as well as the Pension Fund scheme;
- iii. The members of the Bank's senior management personnel, considering for this purpose executive and non-executive members of the Board of Directors and the companies in which the Board of Director's members have a majority stake or a joint control shareholding;
- iv. Shareholder's subsidiary companies, joint ventures or associate companies with a controlling stake in the Bank;
- v. Shareholder key personnel, with control over the Bank (executive and non-executive members of the Board of Directors);
- vi. Entities controlled or jointly controlled by Shareholder key personnel, with a controlling stake in the Bank;
- vii. Close family members of the Shareholder's key personnel with a controlling stake in the Bank;
- viii. Entities that are controlled or jointly controlled by close family members of the Shareholders' key personnel.

With respect to the identification of the shareholders, whether they have qualifying holdings or not, the Bank must obtain a list of the companies that they directly or indirectly control or with which they are in a group relationship. For this purpose, the identification may be made through the following sources:

- i. In-house due diligence, by conducting a search in the Bank's internal information systems;
- ii. Individual statements submitted to the Bank;

- iii. Annual Report/Financial Statements audited by renowned auditing firms;
- iv. Other public information available online on the Internet.

The following are not considered to be Related Parties (RPs) of the Bank:

- i. Two entities simply because they have a Director or other members of the governing bodies in common, or have significant influence in another company;
- ii. A public body or state-owned company that does not hold control, joint ownership or significant influence over the Bank.

The BFA should consider each Related Party relationship, in view of assessing the sustainability and strength of the relationship itself and not just its legal form.

2.5.2 IDENTIFICATION OF RELATED PARTIES (RPs)

The identification of Related Parties, registration and controls are carried out in accordance with the provisions laid down in the current Policy, in Section 2.4.3.2 - Reporting Duty.

2.5.3 RULES OF FORMALISATION, SIGNING AND AMENDMENT OF AGREEMENTS WITH RPs

2.5.3.1. RPTs EXECUTION CONDITIONS

All acts and procedures concerning RPTs, shall comply with the following conditions:

- i. RPs identification in the documentation issued by the corporate area that tags or identifies them;
- ii. Completion of the transactions, under normal market conditions, in accordance with the relevant risks;
- iii. Completion of the transactions in writing and in a complete manner, with no undisclosed or unwritten conditions;
- iv. Assessment of the approved, formalised and managed transactions, without intervention from the identified Related Party.

2.5.3.2. RPTs ASSESSMENT PROCEDURES

In any RPT's assessment and decision-making process, the following requirements shall be ensured:

- a. **Preparation:** The BFA management or supervisory body undertaking or intervening in RPTs review or approval, identifies the transaction and the reason for its classification as such throughout all documents submitted for the decision-making process;
- b. **Transaction Framework:** The rules applicable to similar transactions not involving RPs must be applied and complied with;
- c. **Proposal documentation:** Within the proposal documentation for RPTs, it should be provided the following documents:
 - o Provision of proof that the terms and conditions of the transaction are similar to those prevailing in comparable transactions not involving RPs;
 - o In cases where the involvement of the RP is due to a BFA choice or decision, the technical and commercial assessment on which the decision was based, along with a statement explaining the relevant benefits and advantages;
 - o Provision of proof of the RPs non-participation in any act of assessment or decision-making concerning the transaction.
- d. **Formalisation and implementation:** The formalisation and implementation of the transactions follows the rules applicable to similar transactions that do not involve RPs.

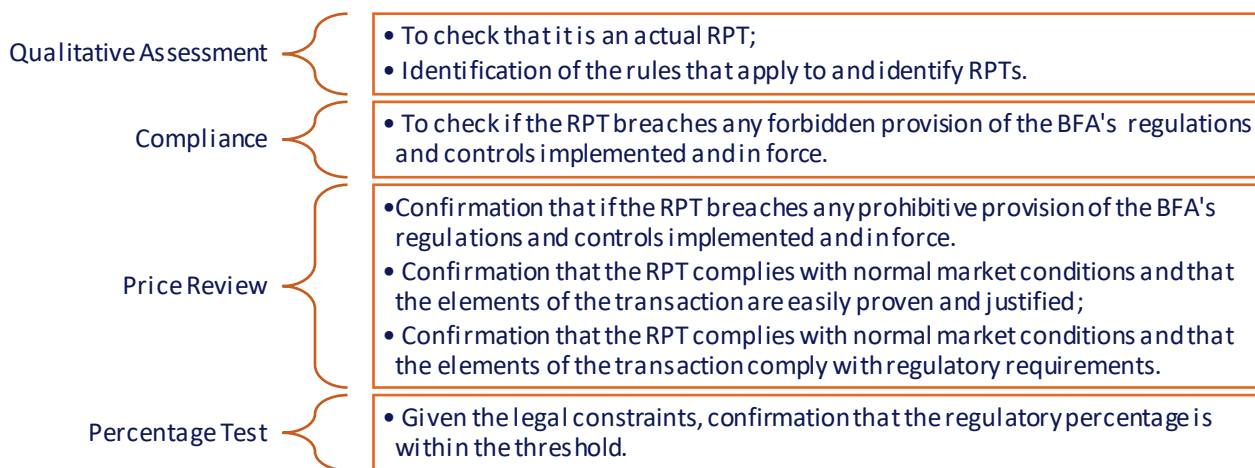
The execution of any transaction, without the checking of any of the conditions described in this paragraph, depends on a reasoned decision by the Board of Directors or any other Body with duly delegated powers for that purpose.

2.5.4. RPTs APPROVAL

The RPTs approval must be carried out by the Board of Directors, the Executive Committee of the Board of Directors or another body/entity, according to the powers formally delegated by the Board of Directors. In addition, it must be ensured that within the hierarchy of the Bank's internal rules, the delegated powers and financial thresholds of approval processes are identified, as well as the proper and orderly guidance of the proceedings concerning the responsibilities of each participant/corporate area/business unit/department/management or supervisory body within the processes.

2.5.5. RELEVANT ELEMENTS TO BE ADDRESSED IN RPTs MANAGEMENT

The Departments involved in RPTs management processes should review the transactions, taking into account the following elements:



2.5.6. RPTs MONITORING

The Bank Body that starts the RPT must, in accordance with its degree of specificity, use the database querying for the identification of RPs, in order to be able to classify/identify all RPs levels and be capable of assessing which rules apply for the classification of Related Party and to assess transactions and thresholds (where applicable).

2.5.7. FORBIDDEN TRANSACTIONS (RPTs)

The following RPTs are prohibited:

- i. Credit facilities operations, under any form or modality, including the provision of collateral (guarantees), directly or indirectly, to holders of qualifying shareholdings whose sum of the Loan total amount to be granted is greater than 20% of the Bank's Core Tier 1 Capital, discounting the value of the shareholding held in the Bank, the maximum individual limit not being permitted to exceed, (i) 5% with the acquisition of credit by a natural person and (ii) 10% with the acquisition of credit by a legal person, including entities in a group relationship.
- ii. Transactions that are not consistent or in alignment with normal market conditions or that are non-commutative;
- iii. Credit facilities operations under any form or modality, including the provision of collateral (guarantees), directly or indirectly, to the members of the Board of Directors, Supervisory Board or equivalent, nor to companies or other legal entities directly or indirectly controlled by them, except as provided in sub-paragraph 2.6.7.

2.5.8. DISCLOSURE OF RPs AND RPTs

The financial statements shall provide shareholders and general public, with sufficient information to understand the breadth, scope, features and impacts of the RPTs.

The disclosure of information on PRs and RPTs shall be performed within the legal framework of the applicable regulations in force in the Republic of Angola, in compliance with the accounting standardisation and harmonisation rules for the Banking Sector, as well as in accordance with the International Accounting Standards and Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB), namely with IAS 24, with a view to strengthening the Bank's credibility within the Angolan financial system.

The BFA's Board of Directors provides within the financial statement's explanatory notes, the disclosure of information on the identification of RPs and RPTs.

With regard to the RPs that have a qualifying shareholding or a controlling stake at BFA, the disclosure is made up to the ultimate beneficial owner (when applicable), regardless of the existence of a Related Party Transaction or not. However, in the event that the final beneficial owner who has a qualifying holding, provides financial statements available for public access and usage, the sole identification of the entity which has a controlling stake, it is deemed to be adequate and sufficient.

2.6 ADDITIONAL INFORMATION

2.6.1 TRAINING AND AWARENESS-RAISING

The BFA's Staff Members must receive and complete the training provided by the Institution with respect to the subject matters of "Conflict of Interests" and "Related Parties", which may be integrated into general Compliance training or other related topics.

The training programme should cover at least the following topics:

- a) Definition of Conflict of Interests and Related Parties;
- b) Identification, prevention, mitigation, control and disclosure measures and their importance;
- c) The outcome of the principles and duties infringement and the impact for the Bank.

A regular and recurrent communication and training plan must be maintained for Staff Members, in order to disclose and strengthen the importance of complying with the regulations set forth in the current Policy.

2.6.2. RELATIONSHIP WITH EXTERNAL AUDIT FIRMS

The BFA Group, when procuring specialised consultancy services from External Audit Firms, must ensure that such hirings are not susceptible to events of conflict of interest and, furthermore, loss of independence of the External Audit Firm in question or of the External Audit Firms eligible for a forthcoming mandate.

2.6.3. REPORTING OF IRREGULARITIES AND COMPLAINTS

The reporting of irregularities or any suspicion of contrary behaviour to this Policy may be made through the Ethics Channel.

The reporting of irregularities or suspicion of contrary behaviour must comply with the provisions laid down in BFA's Whistleblowing Policy.

2.6.4. CONSEQUENCES OF NON-COMPLIANCE AND DISCIPLINARY RESPONSIBILITY

Any breach or infringement of the provisions laid down in the current Policy, laws or regulations on the identification, prevention and management of conflicts of interest is considered to be a non-compliance regarding the provisions laid down in this Policy.

Failure to comply may lead to the application of disciplinary sanctions, namely for fair or justified dismissal, removal from office, or termination of the service provision contract. These circumstances are not dependent on any civil liability action or other legal action that may be brought against Staff Members in relation to potential or actual losses and damages caused.

In particular, failure to comply with the provisions laid down in the current Policy shall entail on a case-by-case basis, the following:

- a) The reassessment of the fulfilment or compliance with the adequacy requirements applicable by law and laid down in the Selection and Adequacy Assessment of the Management and Supervisory Bodies Members Policy, without prejudice to any civil, misdemeanour or criminal liability that may apply;
- b) The assessment of the convenience of maintaining the members in office or reappointing them;
- c) In the case of BFA's Staff Members with a labour contract, the assessment of disciplinary measures application, without prejudice to the civil, misdemeanour or criminal liability that may occur;
- d) In the case of BFA service providers, the assessment of the maintenance of the current relationship, without prejudice to civil, misdemeanour or criminal liability that may occur.

2.6.5. INFORMATION PROCESSING / DATA PRIVACY

The BFA Group, in order to guarantee the due use of information and with a view to mitigating events of conflicts of interest, has implemented measures to guarantee information access and processing, namely:

- a) Confidentiality and Access to Information: Staff Members in possession of relevant non-public information that may potentially alter the price or influence the market conditions related to certain financial products, namely financial instruments, investments or a particular transaction, must not disclose such information to third parties or in any way, directly or indirectly, use such information to their own advantage or to the advantage of third parties. Within the scope of the performance of duties and access to privileged/confidential information, the Staff Members must safeguard the information and not disclose or use it for purposes other than the normal performance of their duties, since access to information is based on the performance of their duties and responsibilities;
- b) Data Privacy: Staff Members are aware of the legal obligations associated with the collection and processing of their personal data for the identification and management of conflicts of interest. Depending on the existing contractual relation, they authorize BFA to collect, store, process and manually and/or electronically treat, record and preserve their personal data or other data provided directly or indirectly for the due purpose of compliance with the current Policy.
- c) Clean Desk Rule: Staff Members must keep their desks clean and tidy at all times, and all non-public documentation must be kept in a safe place with restricted access and, whenever they are absent, it must be ensured that the computer equipment is switched off or logged off;
- d) Documentary Destruction Rule: Staff Members have a duty to destroy all documents that are not necessary, to prevent them from being misused or accessed by third parties.

2.6.6. DOCUMENTARY RECORD MANAGEMENT

- a) The records listed and included in the conflicts of interest management database, managed by the Control Authority, shall be kept and archived for a period of 10 (ten) years.
- b) The information concerning the identification, prevention, mitigation, reporting and controls by the relevant Departments, must be kept and filed for a period of 5 (five) years, counting from the implementation of the risk mitigation actions and/or reporting to the Control Authority.

2.6.7. EXCEPTIONS

The following are considered exceptions to RPTs rules or with a potential case, event or scenario of conflict of interests:

- i. Operations performed with a social nature or purpose or which are the outcome of the staff policy implemented in the BFA Group in favour of the Board of Directors and Supervisory Board members, namely: (i) loans granted for the use of credit cards associated to the deposit account, (ii) personal loans and loans for the purchase of permanent home ownership and (iii) loans for payment of health expenses.
- ii. Advances of monetary compensations or down-payments of any kind such as bonuses, share-based or other remuneration programmes for Individuals with Significant Influence, which must be previously approved/assessed by the Governance, Nomination, Evaluation and Remuneration Committee and consequently approved by the Shareholders' General Meeting.
- iii. Transactions between the Bank and its controlled legal entities, which are of a strictly operational nature.
- iv. Loans resulting from the use of credit cards associated to the deposit account under similar conditions to those practiced with other Customers with a similar profile and risk;
- v. Opening current deposit accounts, time deposits or securities accounts with RPs under similar conditions to those practiced with other Customers with a similar profile and risk.

APPENDIX 1 – EXAMPLES OF SUBJECT MATTERS CAUSING OR LEADING TO CONFLICTS OF INTEREST SCENARIOS

EXAMPLES OF SITUATIONS CAUSING CONFLICTS OF INTEREST OR POTENTIAL CONFLICTS OF INTEREST

Table 4— Examples of Situations/Cases

4.1. CONFLICT OF INTERESTS UNFAVOURABLE TO CUSTOMERS	
1	The BFA Group and/or Staff Members, intends to obtain a profit or avoid a financial loss at the expense of the Customer;
2	The BFA Group and/or Staff Members have an inducement to prioritise the interests of one Customer/Supplier or group of Customers/Suppliers over the interests of other Customer(s)/Supplier(s);
3	The BFA Group and/or Staff Members carry out the same business activities as the Customer/Supplier;
4	The BFA Group and/or Staff Members receive(s) or may receive(s) from an individual other than the Customer/Vendor, an inducement in respect of a service provided to the Customer;
5	The BFA Group and/or Staff Members has (have) an inducement, to facilitate the sale of a particular product or service to a Customer, which does not have the Customer's best interest at heart;
6	The BFA Group and/or Staff Members simultaneously undertake transactions on financial instruments on a personal capacity and for Customers;
7	The BFA Group's interests collide with the results deriving from the fulfilment of specific instructions from Customers, name ly when BFA Group obtains, or avoids losing, tangible financial profits at the expense of losses to one or more Customers.

4.2. INSTITUTIONAL CONFLICTS OF INTEREST	
1	To carry out business and activities associated with the trading of financial instruments for its Own Portfolio and/or on behalf of Customers and, at the same time, other Customers are acting in the same market and in the same financial instruments;
2	To provide investment advice to its customers and simultaneously recommend to those Customers the purchase and/or sale of products/services directly or indirectly issued in its name;
3	Favouring the interests of one Department/Business Unit/Corporate Centre to the detriment of another due to business deals/transactions/operations;
4	The BFA Group's interests are systematically set aside in favour of the financial results of another Entity, namely due to the coexistence of labour or corporate ties;
5	The granting of loans to a member of the Board of Directors or Supervisory Board that does not fall within the exceptions set out in the applicable legislation and regulations;
6	The assignment of portfolios to a member of the Board of Directors, which would lead to an accumulation of functions in commercial business units and in internal control functions by the same person;
7	That it takes place the simultaneous accumulation of top management executive positions in different BFA Group entities;
8	The BFA Group sets higher commercial targets and inducements for its Staff Members in the event of public offers for distribution in which the issuer is a defaulting Customer;
9	The BFA Group hands out products that are not suited to the profile of its Customers, with a view to obtaining fees from the products creator;
10	Two or more Customers express an interest in acquiring the same good being marketed by the BFA Group;
11	The authorisation of lending operations (granting loans) as a first line manager within BFA Group, whose counterparty is a BFA Group Entity, in which the respective manager is a member of the Management Bodies of that Entity;
12	An institutional directorate influences the decision making of another directorate in order to obtain a benefit as a consequence of the decisions adopted by that directorate, with different interests from the latter;
13	The BFA Group carries out the same business activities as its own Customers;
14	The hiring of an external auditor, as well as their Partners or Shareholders, Technical Managers, Directors, Managers, Supervisors or any other member of the auditing team with management functions, for positions that enable them to influence the decisions of BFA's Board of Directors or any other management body.

4.3. STAFF MEMBERS AND RELATED PERSONS' CONFLICTS OF INTEREST	
1	The interest of a Staff Member/Related Individuals in the outcome of a particular business activity or action and the latter differs from the interests of BFA Group;
2	A Staff Member receives a financial gratuity or any other type of inducement and, (i) puts in question his/her impartiality in the performance of his/her functions; (ii) has the power and/or the opportunity to influence, with the approval of a certain business or decision, the obtaining of a direct or indirect personal gain;
3	A Staff Member favours his/her own interests and/or those of Related Persons to the disadvantage of BFA Group's interests;
4	A Staff Member receives gratuities/offers of any kind not stipulated in a BFA Group programme or regulations and that may influence or condition the behaviour concerning the provision of the service or the performance of the business activity;
5	The BFA's Staff Member interests are in conflict with the results deriving from the implementation of specific instructions from Customers, namely when the Staff Member obtains, or avoids losing, effective financial gains at the expense of losses for one or more Customers;
6	A Staff Member who, as part of his/her analysis of credit risk, investment and other products/services, have or may have interests of their own (e.g. resulting from access to privileged information) that collide or compete with those of the Customer and/or result from the formalisation of the operations, which are the subject of the relevant analysis process;
7	A Staff Member, when negotiating product conditions, offers or assigns non-standard conditions to Customers, by virtue of his/her personal interest;
8	A Staff Member participates or carries out transactions in which his or her own interests are involved;
9	A Staff Member awards more favourable conditions for supplies or advantages to Suppliers, whether or not they are Customers at the same time, because they have a relationship of their own interest with a view to obtaining their own profits or advantages;
10	BFA's Staff Members accept from Customers or Suppliers offers not contemplated in the exceptions foreseen in the Code of Conduct, which may influence the existing business relationship or the one to be developed with the BFA Group;
11	BFA's Staff Members deliberate or participate on decision-making processes about levels of exposure, petitions, complaints or potentially contentious situations in which two (or more) Clients with conflicting interests are involved, without all the parties with an interest in the matter being heard;
12	The Staff Member refuses to agree with Customers when BFA has acted in non-compliance with legal and regulatory standards and guidelines, as well as with the commercial practices applicable to the banking activity, in order to avoid penalties or losses;
13	The Staff Member grants or refuses to agree with certain Customers in favour of other Customers because him/her has a personal interest relationship with them;
14	The Staff Member agrees with a certain Customer, when it is not due, because they are in a similar situation and expect to benefit from identical treatment;
15	The BFA Group favours the hiring of new Staff Members exclusively on the basis of criteria or interests of the personnel involved in the recruitment or selection process.

APPENDIX 2 – CONFLICTS OF INTEREST MITIGATION MEASURES

EXAMPLES OF MEASURES TO MITIGATE CONFLICT OF INTERESTS

Table 5— Mitigation Examples

5.1. AT STAFF MEMBERS LEVEL	
1	The Staff Member does not participate in the assessment and decision-making process, nor does him/her have access to information, in the process of granting a loan to a family member;
2	The supplier or other business partner shall inform the BFA Group about the existence of a conflict of interests for mitigation measures to be taken;
3	The business partner awards the staff member with a gratuity in the procurement area of an amount equal to or greater than the agreed ceiling, and the staff member declines and informs their Manager(s) and the Compliance Function;
4	A BFA Group Director is simultaneously a Board Member of another BFA Group Entity, whereby, in a transaction with the Entity, the Director must abstain from participating and assessing the transaction;
5	In a deal with a BFA Group Entity, BFA must ensure that it is carried out under normal market conditions;
6	In a tender promoted by BFA, in the event of participation by a company owned by a relative of one of the Department's staff members responsible for the awarding of the contract, the latter must inform his/her hierarchical superiors about the situation and refrain from participating and assessing the process and not have access to the information;
7	A Staff Member who is concurrently a member of the Governing Body of another company must abstain from being involved and assessing any transaction with such company.

DOCUMENTARY CONTROL

DOCUMENT PROPERTIES

Table 6 - Document Properties

DOCUMENT PROPERTIES					
Name	Identification, Prevention and Management of Conflicts of Interest and Related Party Transactions Policy				
Type	Policy	Classification	Internal		
Version	01	Reference	POL/DC/001/V01	Reference SG	2022-10-BFA CA
Author	Compliance Department (CD)	Approved by	Board of Directors		
Approval Date	31/01/2022	Effective Date	09/02/2022		
Publication Date	09/02/2022	Review Date	09/02/2025		
Document Holder	Compliance Department (CD)				
Target Audience	BFA's Staff Members				
Availability	This document is updated in digital format on BFA's intranet at: <ul style="list-style-type: none"> Regulation Compliance Identification, Prevention and Management of Conflicts of Interest and Related Party Transactions Policy 				
Main Amendments	First publication following the merger between the "Related Party Transactions Policy" and the "Identification, Prevention and Management of Conflicts of Interest Policy".				

VERSIONS RECORD CONTROL

Table 5— Versions Record

VERSION	APPROVAL DATE	APPROVED BY	EFFECTIVE DATE	MAIN AMENDMENTS
1	31/01/2022	Board of Directors (BOD)	09/02/2022	First publication following the merger between the "Related Party Transactions Policy" and the "Identification, Prevention and Management of Conflicts of Interest Policy".