SONANGOL REACTS TO “MAKA ANGOLA” ARTICLE

Following the article published by political activist, Rafael Marques, on March 20th, 2017, on his website Maka Angola, Sonangol asserts its right of response since the content of the publication has no basis of truth and is totally based on allegations and unidentified sources. Our response to theses allegations are clear, objective and seek to discredit political activist Rafael Marques.

As to clarify the facts regarding the article entitled:

“There are three great mysteries in Sonangol that overshadow his administration’s repeated pronouncements on transparency and good governance. The secrecy of the remuneration of the members of the Board of Directors, the fees paid to more than 60 Portuguese consultants assigned to Isabel dos Santos, the chairman of the Board of Directors, and the tourist visas used by the majority of said consultants. “

“The secrecy of the remuneration of the members of the Board of Directors”

1. On allegations regarding Board remunerations:
This statement by activist Rafael Marques is totally false. The remuneration of the current Board of Directors is in line with the previous Board, and has only been updated in a timely manner, in line with inflation and industry practices. All of the Sonangol salary grids are communicated to the Ministry of Petroleum, as the representative of the Angolan State and in accordance with the law. All members of the Board of Directors are paid according to the salary grid of Sonangol, there are no secret remunerations.
This defamatory statement by the political activist Rafael Marques has the sole purpose of denigrating and damaging the image of the Board of Directors of Sonangol and its Chairwoman, Isabel dos Santos, towards whom he personalizes most of the accusations. It yet another fabricated story made by the political activist Rafael Marques in order to attack the reputation of Eng. Isabel dos Santos, based on his personal vendetta and groundless persecution that he has been pursuing for several years.

“The fees paid to more than 60 Portuguese consultants assigned to Isabel dos Santos, the chairman of the Board of Directors”

2. On allegations regarding Consulting fees:
The comparison of consultancy fees to workforce salary is erroneous and preposterous. Furthermore, the incompetence of this comparison, is completely absurd, it is in itself sufficient to prove the bad faith of this article and the lack of credibility of its author.

It should also be noted that the workforce remuneration is a not secret, of course, it is included in the company’s report and accounts, that is a public document. Sonangol has a universe of 22,000 direct and indirect employees, totaling an annual amount equivalent to 1 BI $ (165,762,157,825kz) and representing 6% of the total revenues of the group.
There are no single or total amounts of consultancy services contracts in Sonangol that represent this value.
Sonangol group has several consultancy and technical assistance services contracts under way at this stage of restructuring, as it is normal for any company in the same situation.

Among the consultants that provide services to Sonangol are some of the Big Five companies, world leaders in oil & gas advisory services.
These have extensive experience in the industry and of similar transformation processes. They add enormous value to the group thus the reason why they were chosen.

The remuneration of these companies is based on legal contracts and in accordance with international tariffs practiced by Oil & Gas companies comparable to Sonangol, and this is the criteria applied for amounts payable for the services rendered.

No differential treatment was applied to Sonangol contracts.

It is important to clarify that the consultants provide services to Sonangol Group, and its subsidiaries, and not to Sonangol’s Chairwoman personally.

These consulting services have already achieved tangible benefits and savings of several hundred million dollars for the Sonangol group, representing far greater benefits than the actual consulting costs.

3. On allegations about overseas payments:
   The payment transfers to consulting firms are made in accordance with the conditions in the contract, that are previously licensed by the official entities. International consultants have their corporate headquarters outside of Angola, as would be expected, not least because they do not only work in Angola but throughout the world and with several companies in the oil sector.

   We conclude that Rafael Marques, and his supposed researchers, are not qualified to analyze management documents or company financial indicators.

4. On allegations of tax evasion by Sonangol:
   These are utterly devoid of truth. There is no scheme by Sonangol to evade the Angolan tax authorities, and no scheme to not pay taxes. All payments of service contracts are in accordance with the law, and pay all taxes and duties.

   There are no violations by Sonangol of the Special Regime of Withholding at the Source of the Industrial Tax (Law no. 7/97). The consulting firms contracted by
Sonangol pay all taxes and fees due in Angola. This statement is purely slander by political activist Rafael Marques.

5. **On allegations tax evasion by international consultancy firms:**
There are further false accusations made by political activist Rafael Marques about tax evasion by international consulting firms in their countries of origin, without any sustainable grounds.

We clarify international consulting companies that work with Sonangol are governed by European laws or the laws of their countries of origin, and their financial reports and accounts are audited and available on their websites. These companies have independent auditors, who evaluate all their financial activity, and they fulfill their obligations regarding the payment of taxes in their respective countries.

6. **On expatriates and foreign employees:**
The compensation of Board members is the same for all members, regardless of whether they are nationals or foreigners. It is noted that the activist Rafael Marques has been making several false statements, against foreign collaborators of Sonangol, in a xenophobic and ultra-nationalist campaign.

Angola is a developing country and there are several companies that hire international talent, and expatriate workforce, in some key areas or specific functions of their business. Expatriate workers do not exist only in Angola, but also in other economies such as Dubai and Singapore, or in African oil-producing countries such as Nigeria or Equatorial Guinea. Compensation packages (wages and benefits) of expatriates in Angola are in line with those in other countries.
7. On allegations on visas:
There are no “tourist” consultants at Sonangol. All the consultants are under the visa regime in force in the Republic of Angola. That is, they provide their services under the regime of Ordinary Visa, Work Visa and Short Term Visa, that are granted at the discretion of the Immigration authorities, i.e. the Border and Foreigners Service office (SME). Sonangol has never made visa applications to the Angolan authorities claiming tourism as a reason of travel for these consultants.

8. On allegations on consultants qualifications:
The employees of consulting firms are highly qualified and are recruited in their home countries on the basis of merit and competitiveness criteria. These companies are leaders in consulting services precisely because they have qualified staff capable of helping solve the demanding problems of their clients. It is for this reason that they are world leaders in advisory and are also chosen by companies such as BP, Chevron, Total and ExxonMobil and many other international and national companies of reference in other sectors of activity.

This is further misleading and unfounded information from the political activist Rafael Marques, which only seeks to discredit Sonangol and to remove merit from the State’s initiative to proceed in an exempt and professional manner in the restructuring of Sonangol.

9. On allegations about Sonangol decision making and operations, and alleged state secrets, and failings to honor agreements.

Decision-making at Sonangol is done by the Board of Directors, chaired directly by the Chairwoman in person. Sonangol honors its commitments as a company having made no default or breach of its business commitments.
Regarding political and State affairs, the management of the relationship between countries, particularly between Israel and Angola, is treated from state to state, directly by the government of Angola, especially with regard to diplomatic relations, policies and cooperation agreements that may exist between them.

**In conclusion:**
We call attention to the fact that Maka Angola is an opaque organization, that fails to conduct its affairs with transparency, as it does not disclose its shareholding and ownership interests, and it does not publish its accounts and financial reports, and further it does not disclose any financial contributions it receives as well as the list of their contributors. Such financial contributions would be subject to tax. Further, Maka Angola Organization does not name or identify its sources to the public and refers to mere allegations without any statement of evidence.

The attacks, and false accusations and lies about Sonangol and Eng. Isabel dos Santos, published on the Maka Angola website, by the political activist, Rafael Marques, are repeated and recurrent. These attacks are defamatory, have no truth and are devoid of the most basic values of journalistic ethics and, therefore, do not deserve any credibility. Sonangol advises the use of transparent sources when researching material or information on Sonangol.

**Sonangol E.P. in Luanda, November 23, de 2017.**