



Luanda Leaks

Intelligence and Technology Driven Analysis

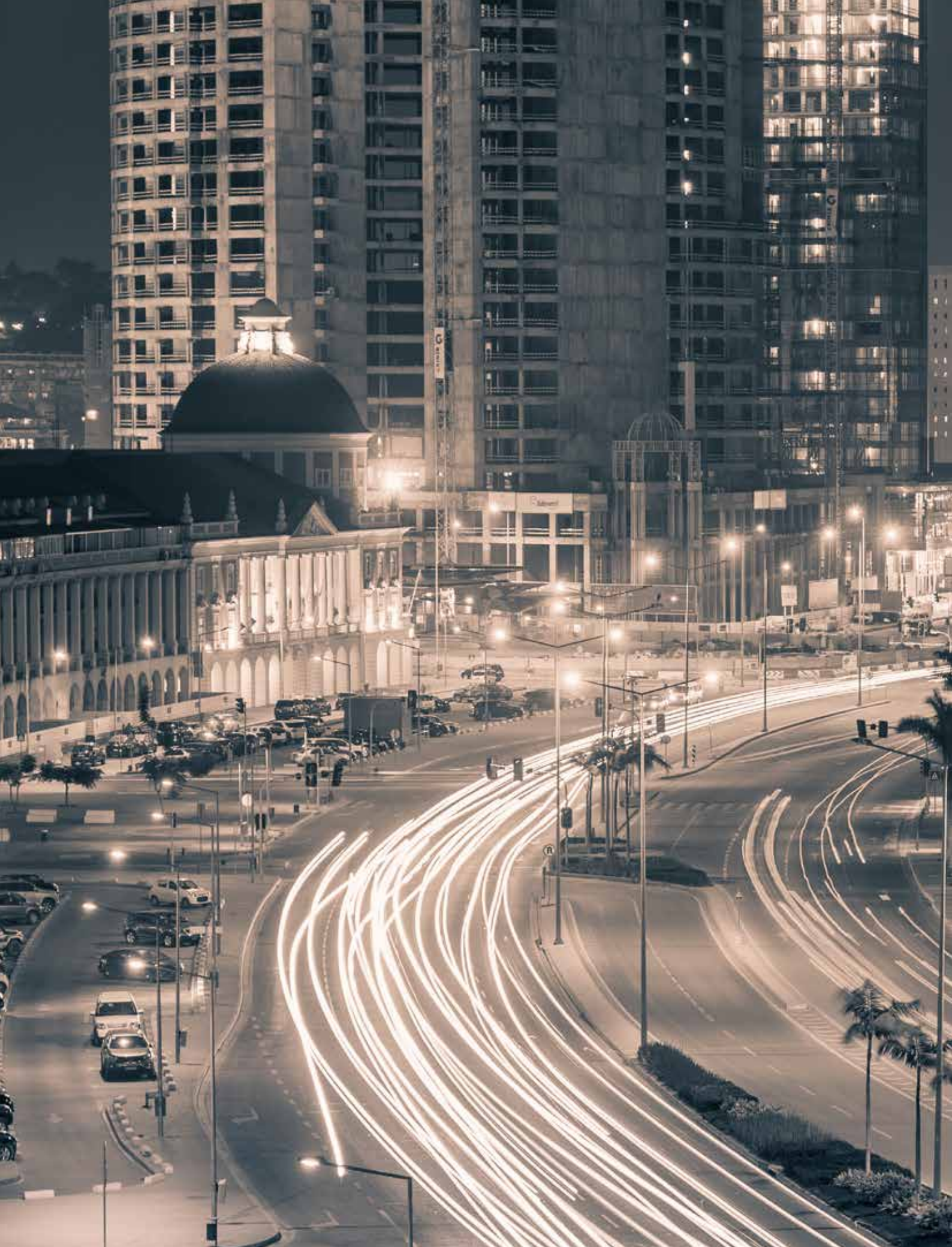


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The Luanda Leaks – What is it?

The Luanda Leaks refers to a number of documents released by the International Consortium of Investigative Journalists (ICIJ) on 19 January. The documents relate to a combination of confidential financial records, interviews and the general business dealings of Isabel dos Santos, the daughter of former president of Angola, José Eduardo dos Santos. ICIJ coverage of the leaks accuses Isabel of leveraging her father's political power to accumulate hundreds of millions of dollars through deals with the Angolan state.

Isabel, a former head of the Angolan state-owned oil company Sonangol, and her husband, Sindika Dokolo, are accused of siphoning off approximately USD 1bn of Angolan state funds. These funds were allegedly funnelled through hundreds of shell companies in which Isabel and her proxies had interests.

Implications of the leak for investors

Following the partial release of the trove of documents forming the Luanda Leaks, Control Risks has received enquiries from multiple investors wanting to understand their reputational exposure in light of direct and indirect commercial dealings with Isabel. These include:

- ▶ A request from a global company for a comprehensive review of any overlap between its interests in more than 15 businesses in Angola and any entities or individuals associated with Isabel.
- ▶ A request from a multinational active across sub-Saharan Africa to assess the likelihood of Angolan authorities targeting a business it has a stake in, following revelations that the business is part owned by individuals affiliated with Isabel.

Should you be concerned about the Luanda Leaks?

Have you invested in Angolan entities in the last 15 years?

OR

Have you had business dealings with members of the Angolan political or business elite?

Do you have business interests in the following sectors?



Oil & Gas



Finance



ICT



Consumer

Consider the following

Most of Isabel's assets are held in Angola and Portugal. These governments could seek punitive action against businesses in which Isabel holds shares, or those that were named as advisors in her transfer of funds outside Angola. Informal discrimination could hinder the future operations for implicated firms in Angola. Formal legal challenges would result in wider reputational damage, legal costs and negative media attention.

- 1** Risk Mapping and Exposure Analysis
- 2** Reputational risk assessment and impact analysis
- 3** Remediation and ongoing monitoring

Control Risks' solutions

Control Risks has developed a comprehensive risk identification and mitigation offering for businesses that have invested in or are contemplating entry into the Angolan market, but have concerns around the impact of the leaks on existing and potential future commercial relationships. Our solutions are built around the following capabilities:

Relationship mapping

Through in-depth analysis of information from public record, and utilising various applications of computer and data science to expedite a review of data, Control Risks can:

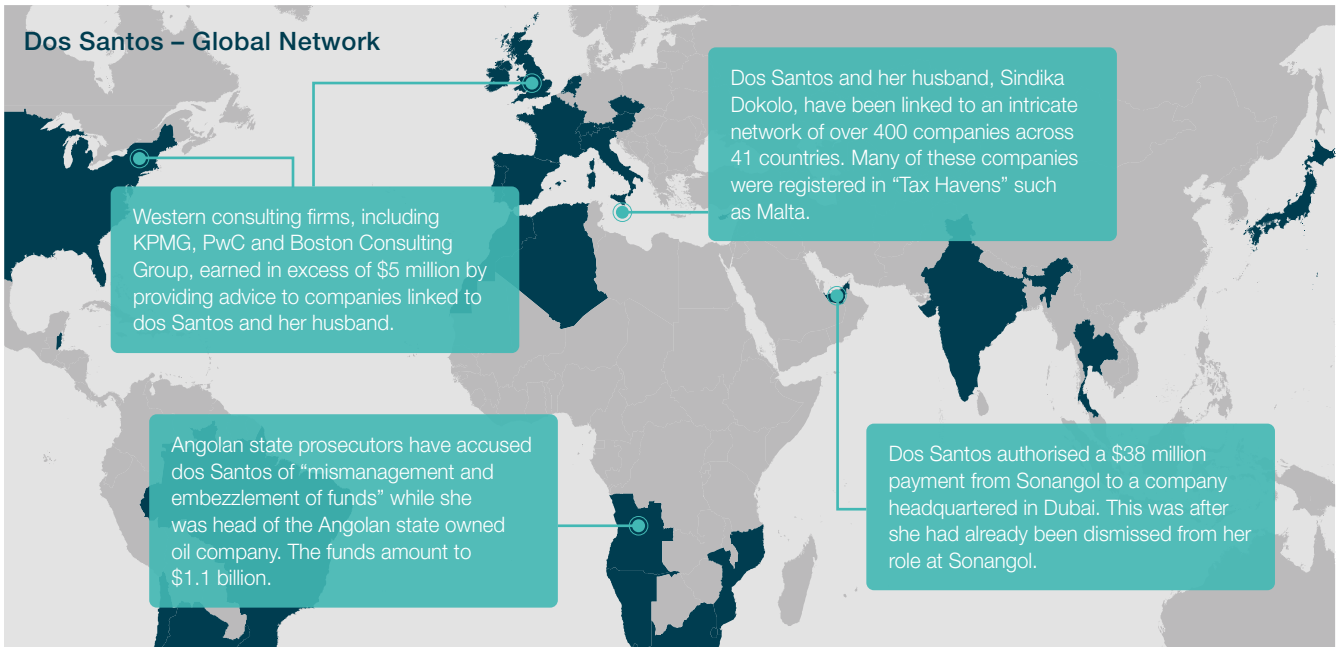
- ▶ Conduct searches of the Luanda Leaks database cache as well as other publicly available sources of information, such as media sources, proprietary media databases and social media websites, to identify a client's exposure to assets, projects and corporate interests linked to Isabel dos Santos in Angola and internationally. This will entail:
 - The identification of any known or suspected associated corporate interests in which Isabel may have a direct or indirect interest.
 - The identification of any known associates of Isabel with whom she is known to co-invest, or who are otherwise known or perceived to act as her proxy.
- ▶ Cross-reference a client's known and suspected interactions with Isabel to identify potential points of reputational or regulatory exposure.

Reputational risk assessment

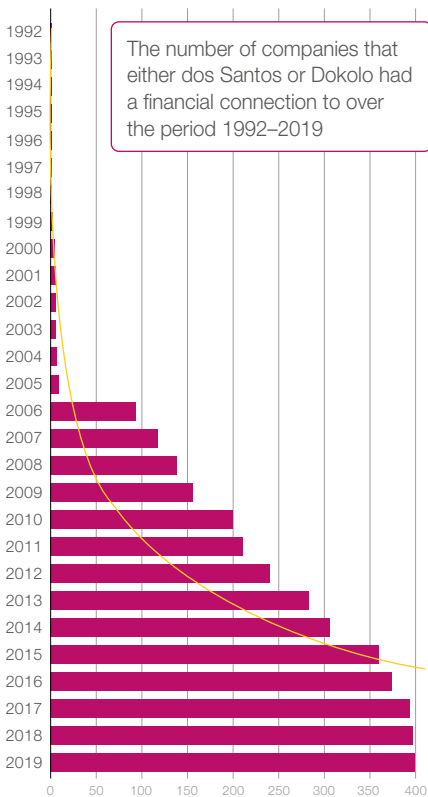
- ▶ Control Risks can provide an assessment of the likely reputational implications of the Luanda Leaks for the client. This will involve placing any connections revealed in a broader political context and assessing the likely future actions of the Angolan government or other actors.
- ▶ Specifically, Control Risks can provide the following:
 - An assessment of the action most likely to be taken by the Angolan government in response to the Luanda Leaks.
 - Analysis of whether the Angolan government's response is likely to minimise the damage caused by the Luanda Leaks to Angola's overall reputation as an investment destination, which President João Lourenço is keen to improve.
 - An assessment of the likelihood of the Angolan government taking punitive action against international firms named in the Luanda Leaks because of their connections to Isabel, either through formal legal processes or through informal discrimination against potential future operations in Angola.

Risk profiling and asset monitoring

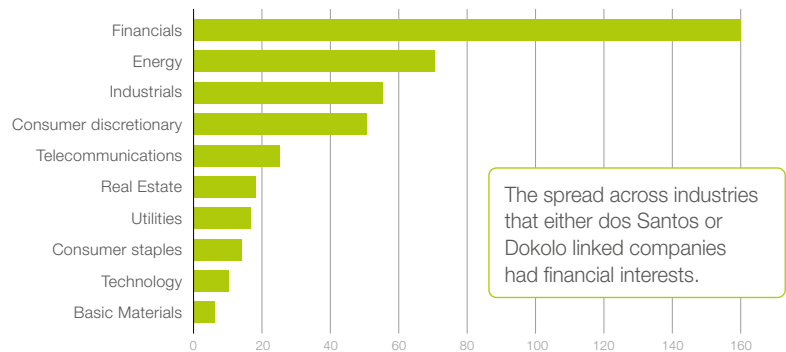
- ▶ Through a review of projects and companies with which Isabel has been linked and the client has an identified association, Control Risks can determine negative media reporting that has called into question the probity of Isabel's involvement.
- ▶ Control Risks can provide ongoing media monitoring of reports related to the company that may suggest pending action by the respective national authorities in which the assets or projects are based.



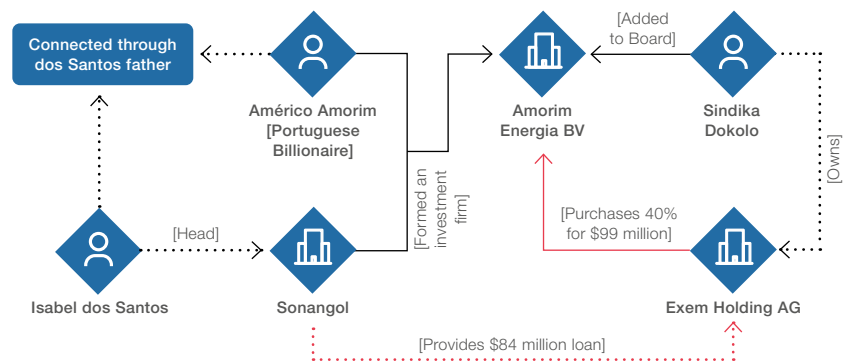
Growth corporate interest



Impact by industry



Leveraging relationships



Previous experience and capabilities

Over the last five years, Control Risks has conducted more than 100 due diligence and business intelligence-related reviews of Isabel dos Santos. We have built a substantial network of contacts able to comment on her business dealings in Angola and internationally, including:

- ▶ Sources close to senior government who are familiar with strategy for implementation of the anti-corruption drive.
- ▶ Sources at development finance institutions who are advising the government on its privatisation strategy.
- ▶ High-ranking officials of the ruling Popular Movement for the Liberation of Angola (MPLA).
- ▶ High-ranking officials within Sonangol, who worked there both before and after Isabel's short tenure as CEO.
- ▶ Officials at various international embassies who are familiar with the changing regulatory framework for foreign companies seeking to operate in Angola.
- ▶ Partners at high-profile law firms who have advised clients in the largest deals taking place in Angola.
- ▶ Senior members of the expatriate and local business community, including in the telecoms, oil and gas, mining, and infrastructure sectors.

The following case studies illustrate examples of previous work done by Control Risks examining Isabel and senior figures in the Angolan political establishment.

Due diligence into FMCG company

Control Risks was asked by a client to conduct an investigation into an FMCG-focused company suspected to be owned by Isabel and her husband. Control Risks spoke with executives in the FMCG sector and former employees of the subject company. The sources we spoke to reported on Isabel's expertise as a businesswoman in Angola and described her as having created value through job creation. However, several sources also spoke of her reputation for having achieved her wealth through her connection to her father. Control Risks' report provided the client with an overview of her reputation as both a successful and competent businessperson as well as someone who had used nepotism to amass wealth.

Due diligence into Isabel's tenure at Sonangol

In 2017, Control Risks was asked by a global consulting company to investigate the circumstances surrounding Isabel's dismissal from Sonangol, and the likelihood of the company pursuing legal action against her. We spoke with executives at Sonangol, officials within the office of the presidency and sources close to Isabel. Our sources agreed that her dismissal from Sonangol was politically motivated, but that Isabel making a transfer of funds to an opaque consulting firm within minutes of being fired was a significant red flag that was likely to lead to further actions against her. Control Risks' report prepared the client for the likelihood that the government would continue to pursue further action against her as Lourenço continued to publicly carry out his anti-corruption campaign.



ONAL DE ANGOLA

SEGUROS

BCI

VOL

REPUBLICA

Our Expert Angola Team



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Currently based in Johannesburg, Busani leads Control Risks Business Intelligence team for Sub Saharan Africa. Busani has a background in business and finance law and has lived and worked in Zimbabwe and South Africa. As Director of the Africa practice, Busani has advised clients in Angola on a variety of integrity issues ranging from political exposure in the context of entering the Angolan market to joint venture partner vetting in the oil and gas sector.



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Clara is a consultant on Control Risks' African business intelligence team. She is based out of Control Risks' Nairobi office, and currently leads on all business intelligence and due diligence investigations in Angola. She speaks Portuguese, Spanish, French and conversational Swahili, and has conducted over 20 investigations into the Angolan dos Santos family.



**Helena Maxwell,
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Helena is a consultant in Control Risks' Africa business intelligence team. She is based out of London and largely focuses on Lusophone Africa. Over the past year, Helena has carried out five investigations into Isabel dos Santos or companies with which she is affiliated. Prior to joining Control Risks, Helena lived and worked in Brazil for two years and speaks fluent Portuguese.



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Barnaby leads the country risk analysis team for Angola. Barnaby is based in London but frequently travels to Angola, where he maintains an extensive network of trusted contacts. Barnaby speaks to the media regularly to share comments on topical developments and has close relationships with policymakers and Africa-focused think tanks in Europe and in the region. Barney has many years' experience of providing analysis for Control Risks' online subscription services, and is also responsible for managing and delivering bespoke consulting projects.



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Based in Control Risks' Johannesburg office, Marisa provides political, operational and security risk analysis on southern Africa. She is a regular contributor to Control Risks' online subscription services and undertakes a range of bespoke consultancy engagements for clients operating in the region. Recent work on Angola includes forward-looking analysis of the political influence of senior members within the government and a market entry assessment for a firm setting up operations in-country. She has working knowledge of Portuguese.



