

Sanction Policy

1. Definition

Financial sanctions¹ are financially restrictive measures implemented by international organizations or by (individual) countries that apply to jurisdictions, persons or entities for the purpose of combating terrorism, money laundering, illicit money transactions, and maintaining or restoring peace and international security.

Among the countries or international organizations which maintain lists of designated persons, groups or entities are, among others, the European Union in compliance with the Common Foreign and Security Policy (CFSP), the Sanctions Committee in accordance with the different Resolutions of the United Nations Security Council (UNSC) and the Office of Foreign Assets Control (OFAC).

2. Applicability

The application of sanctions decreed by these entities is an obligation, both for the public sector and for the private sector, limiting the exercise of the activity of financial institutions such as BAICV.

In Cabo Verde, there is no special criminal regime for non-compliance with financial or commercial sanctions imposed by the various international organizations.

However, within the scope of its activity, BAICV is bound to comply with the sanctions enacted by CFSP and UNSC, while ensuring compliance with the current sanctioning regimes, in particular those applied by OFAC. In addition, there are several compliance duties contained under the Law n^o. 27/VIII/2016, as of January 21, amended by Law no. 119/VIII/2016, dated March 24, and Law no. 38/VII/2009, as of 27 April, amended by Law no. 120/VIII/2016 as of March 24.

¹Sanctions are diplomatic or economic instruments with the intention of modifying actions or policies, such as violations of international law or human rights, or policies that do not respect the rule of law or democratic principles.

3. Principles

BAICV has implemented a Compliance program, which includes the international sanction policy, whose management responsibility is under the Legal and Compliance Office.

The Legal and Compliance Office has a responsibility to assess whether the sanction policy complies with applicable laws and sanctions, to regularly monitor their effectiveness, and to make the necessary changes to improve them.

BAICV has implemented a set of policies and procedures to ensure that the institution does not establish or maintain business relationships, nor does it process operations for or in the ultimate benefit of sanctioned persons and entities.

In this sense, it filters out customers and stakeholders in operations against the lists of persons and entities sanctioned, issued by CFSP, CSNU, OFAC, among others.

BAICV has a customer acceptance policy based on a risk-based approach, having implemented an active mode filtering system for individuals and entities at the time of establishing the business relationship.

It also performs regular filtering of customer database and group filtering of international transfers received and sent through the various value transfer systems available to the bank.

Within the scope of the system for preventing money laundering and fighting the financing of terrorism and in an integrated manner, customer and transaction monitoring systems are implemented, with a cross-cutting scope, whose alerts are analyzed by the Compliance services technical team.

In establishing or maintaining banking correspondence relationship with foreign banks, BAICV carries out the respective risk analysis of compliance, based on the rating of all institutions and jurisdictions and on the risk assessment of those considered or presenting a high risk.

The staff of Compliance services receive adequate regular training in order to understand and apply the sanction policy.

BAICV maintains active cooperation with supervisory authorities and judicial authorities in the application of penalty regimes.

BAI Cabo Verde, S.A.

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