

Sanctions Policy

1 Definition

Financial sanctions¹ are restrictive measures of a financial nature implemented by international organisations or by (individual) countries, which are applicable to jurisdictions, persons or entities for the purpose of combating terrorism and maintaining or restoring international peace and security.

Included among the countries or international organisations that maintain lists of designated persons, groups or entities are the *European Union's Common Foreign and Security Policy* (CFSP), the Sanctions Committee, in accordance with the various Resolutions of the United Nations Security Council (UNSC) and the *Office of Foreign Assets Control* (OFAC), a government authority of the United States of America.

2 Enforceability

The enforcing of the sanctions decreed constitutes an obligation for both the public and private sectors, affecting the activity of credit institutions such as Caixa Geral de Depósitos (CGD) both in Portugal and in East Timor.

In Portugal, Law no. 11/2002, of 16 February, sets forth the penal system regarding non-compliance of financial or trade sanctions imposed by a United Nations Security Council resolution or a European Union regulation that sets restrictions on the establishment or maintenance of financial or trade relations with States, individuals or other entities expressly identified in the corresponding subjective scope of application.

In East Timor, the Law no. 17/2011, of 28 December, amended and republished by Law no. 5/2013/III, of 14 August, determines the freezing of funds and economic assets of terrorists, those who finance terrorism and terrorist organizations designated by the UNSC, in accordance with the instructions of the central bank.

In addition, since BNU Timor is a branch of CGD (Head-Office is based in Portugal), it takes into account not only the sanctions issued by the UNSC but also by the European Union within CFSP and OFAC.

3 General Operating Principles

CGD has implemented a *compliance* programme that incorporates the international sanctions policy, which is managed by the Compliance Function Support Office (GFC), located in Portugal.

GFC is responsible for assessing whether the sanctions policy is in compliance with applicable legislation and sanctions, while regularly monitoring its efficiency and promoting any changes necessary for its improvement.

¹ Sanctions are instruments of a diplomatic or economic nature whose purpose is to modify actions or policies, such as violations of international law or of human rights, or policies that do not respect the rule of law or democratic principles.

The Compliance and Complaints Management Area (NCR) is responsible, in close coordination with the GFC, to whom it reports functionally, for the coordination of compliance risk management in BNU Timor.

BNU Timor has implemented a set of policies and procedures aimed at making sure the Institution does not establish or maintain business relations or processes any transactions for/on behalf of sanctioned persons, entities or countries.

BNU Timor is equipped with a system that allows the filtering of customers and participants involved in transactions by confrontation with the lists of sanctioned persons and entities issued by the EU, UNSC, OFAC, among others.

When establishing or maintaining correspondent banking relationships with foreign banks, BNU Timor is bound by procedures defined by CGD in this area: conducting the respective compliance risk analysis, consisting of the rating of all institutions and conducting a risk assessment on those that entail high risk.

BNU Timor staff are provided with awareness training regularly aimed at helping them understand the sanctions policy in order to ensure local compliance and enforcement of the relevant legal and regulatory requirements.

BNU Timor cooperates with the national authorities to reinforce the system to prevent money laundering and combat the financing of terrorism.

June 2015

Marino Carvalho
Compliance Officer