

CEP Magazine – June 2020

What the evolving sanctions landscape means for your transnational organization

By Ibrahim Yeku Esq., LLB, BL, LLM, CCEP-I, CAMS, DDC

Ibrahim Yeku (yekuduke@gmail.com) is a Legal Counsel on secondment to Total E & P Nigeria Limited, based in Port Harcourt, Nigeria.

The international sanctions regime has created additional compliance obligations on transnational companies and companies involved in international trade. In order to prevent violation of international sanctions, companies are learning to adopt strategies that will help uncover high-risk trade partners, vendors, and products that could bring them into conflict with the sanction-issuing government.

In measuring the effectiveness of the compliance program of a transnational company, one focus is often the adequacy of measures put in place to mitigate compliance violations in identified risk areas. To a compliance professional, identifying sanctions violation risk is as important as the mitigation of the risk. Although a transnational organization may not be the focus of a sanction, it may be affected in any of the following ways.

Transnational companies operating and registered in sanctioned states

Compliance professionals must understand the restrictions imposed by international sanctions and how they affect compliance program implementation. When sanctions are imposed on a state where a transnational organization operates, the compliance program must take into consideration the restrictions imposed by the sanction even in its relationship with foreign affiliates, subsidiaries, or a parent company. Although the organization may not be the target of the sanction, it must adhere to the imposed constraints. The methods of a compliance professional in a transnational organization are different from a compliance professional in a national or local organization. Compliance professional in a transnational organization thinks globally and act locally. It should be clear to the transnational compliance professional that the obligation to comply with international sanctions is not optional. Failure to comply with sanctions issued against the state will give rise to sanctions violations that may expose the company to fines or penalties.

This document is only available to members. Please [log in](#) or [become a member](#).

[Become a Member Login](#)