



Sanction laws

**Effective compliance programs
& Best Practices**

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The miracles of science™

Sanction programs to be observed by European exporters

UN Security Council Resolutions

- Afghanistan
- Congo DRC
- Ivory Coast
- Eritrea
- Iran
- Iraq
- Liberia
- Libya
- North Korea
- Somalia
- Sudan

EU Sanctions & Restrictive measures

- *UN sanctions*
- Belarus
- Bosnia Herzegovina
- Croatia
- Egypt
- Haiti
- Myanmar (Birma)
- Moldova
- PR China
- Lebanon
- Guinea Conakry
- Serbia
- South Sudan
- Syria
- Zimbabwe

US Sanctions

- Cuba
- Iran
- North Korea
- Sudan
- Syria

Organisation Security & Cooperation OSCE

- Armenia
- Azerbaijan

Types of EU sanctions

Trade sanctions:

- Import restrictions
- Export restrictions
- Applicable to certain goods, services
- Applicable to dual use items
- Applicable to certain services (technical assistance ..)

Arms embargoes:

- Applicable to items on EU Common Military list
- Related financing, technical assistance

Financial sanctions:

- Freezing funds
- Financial transactions
- Export credit restrictions
- Investment restrictions

Target governments

- President Belarus and other government officials, Khadafy Regime

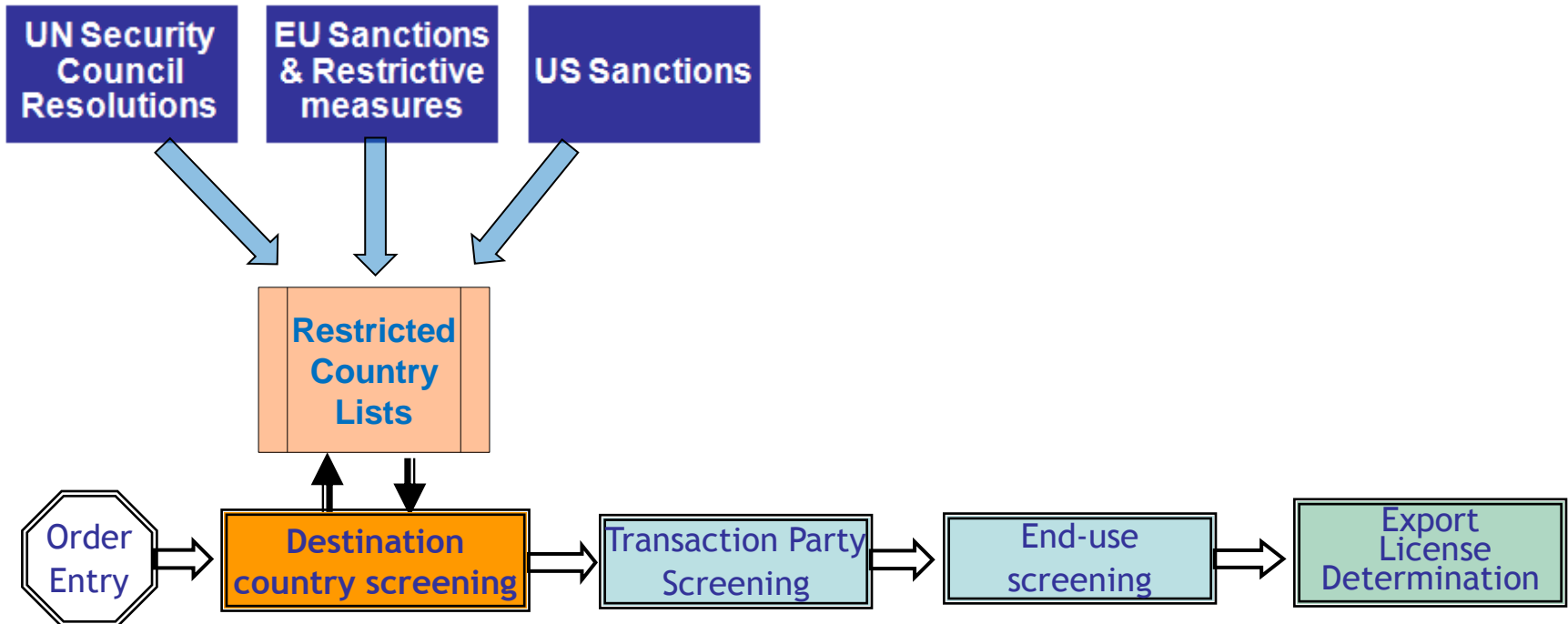
Target non-state entities or natural or private legal persons

- Petroleum companies, freight forwarders,

Specific measures to combat terrorism

- EU terrorism list : Al Qaida, the Taliban

Sanction laws compliance through order screening process



Compliance screening: Restricted country lists

Country List 1

- No business allowed
- US EAR country group E
- Other embargoed

- Applicable to entire corporation worldwide? Regional? Local?
 - Deviations? (US vs EU subs)
 - Take advantage partial embargoes

Country List 2

- Sales subject to prior review
- Sensitive countries
 - On UN, EU & national lists
 - by diversion risk

- Due diligence report
 - assurances from customers
 - Sales approved by Legal ...

Country List 3

- Non-sanctioned countries
- No Review

- subcategory of intra-EU or friendly Annex II countries
 - automated screening tool allows 100% screening

Lists decided by Legal & Compliance Dept based on risk assessment including diversion risk, sales territory, jurisdictions, end-users, type of products (strategic, military ...), end-use.....

Sanction programs target also persons

Persons that violated sanction laws / export control laws are blacklisted

Blacklisted Persons are denied certain or all trade privileges

- **General trade prohibition or restrictions on trade in certain items and/or certain end-uses**
- **denial of new export licenses, suspension/annulment of existing export licenses**
- **not eligible for government bids & contracts**

It is prohibited to engage in transactions with a blacklisted Person

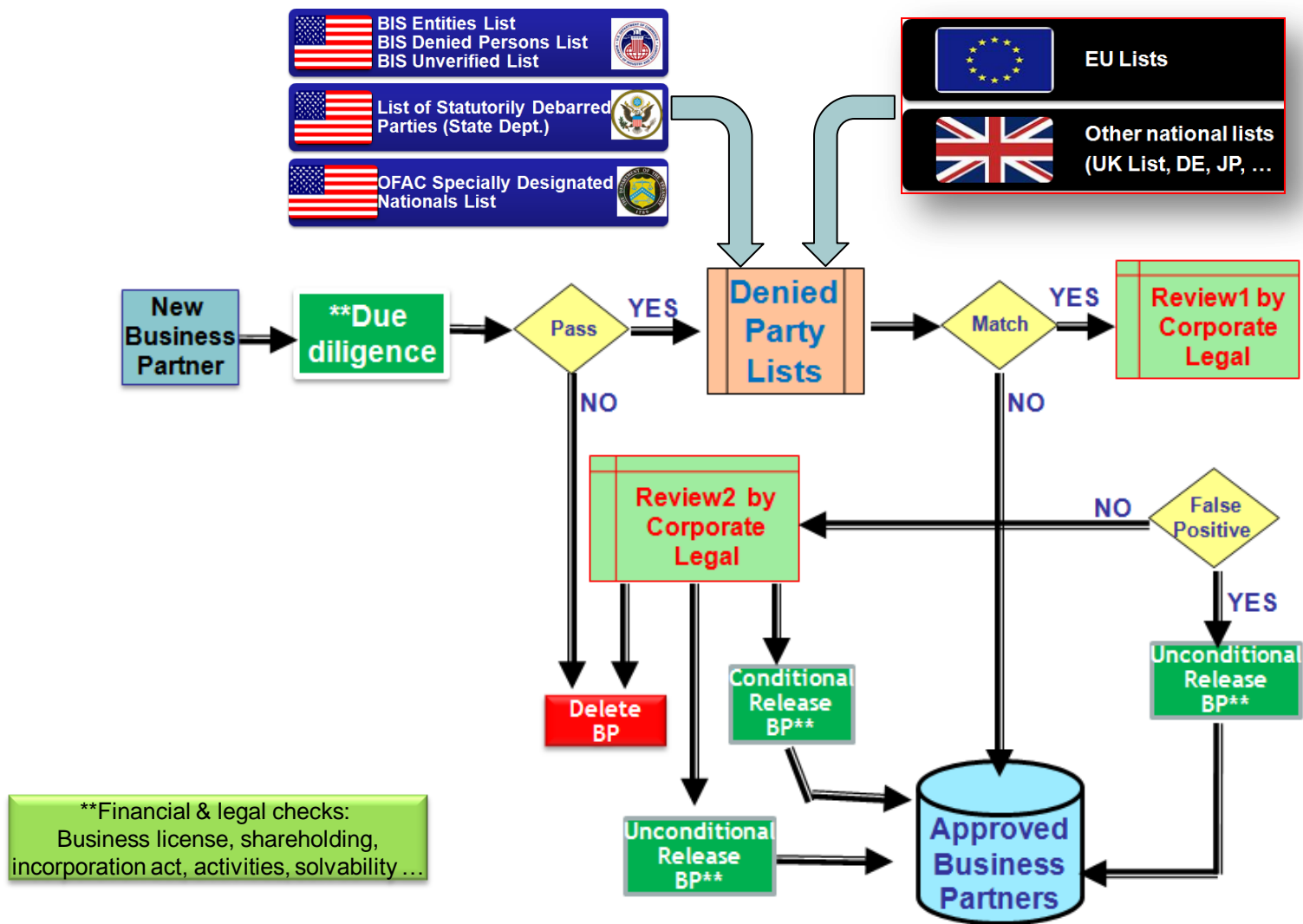
- **Some transactions may still be allowed**
- **Check out the extent of the restrictions in the relevant Denial Order**

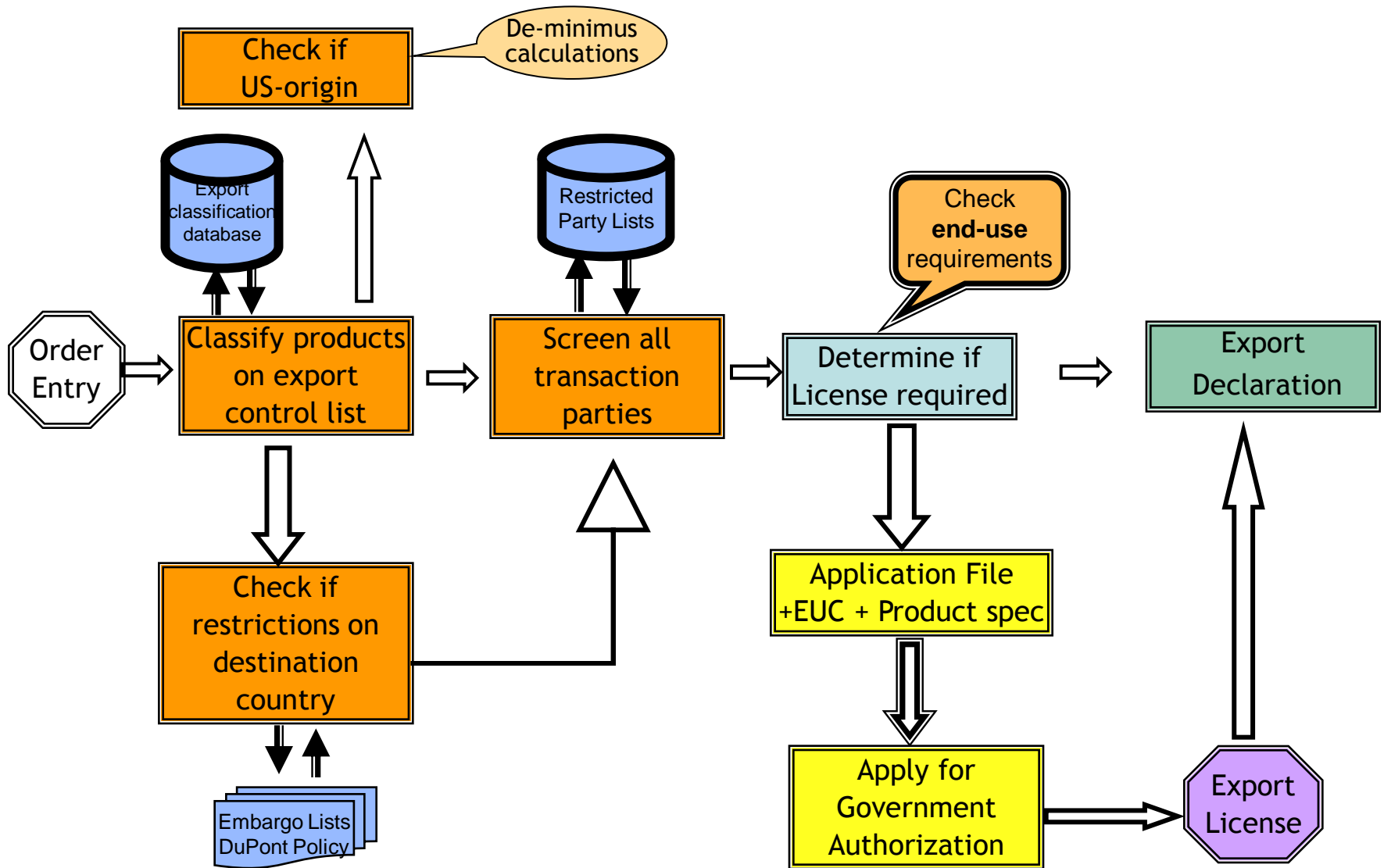
Governments maintain lists of sanctioned parties

Observe also US denied party lists issued by US government agencies

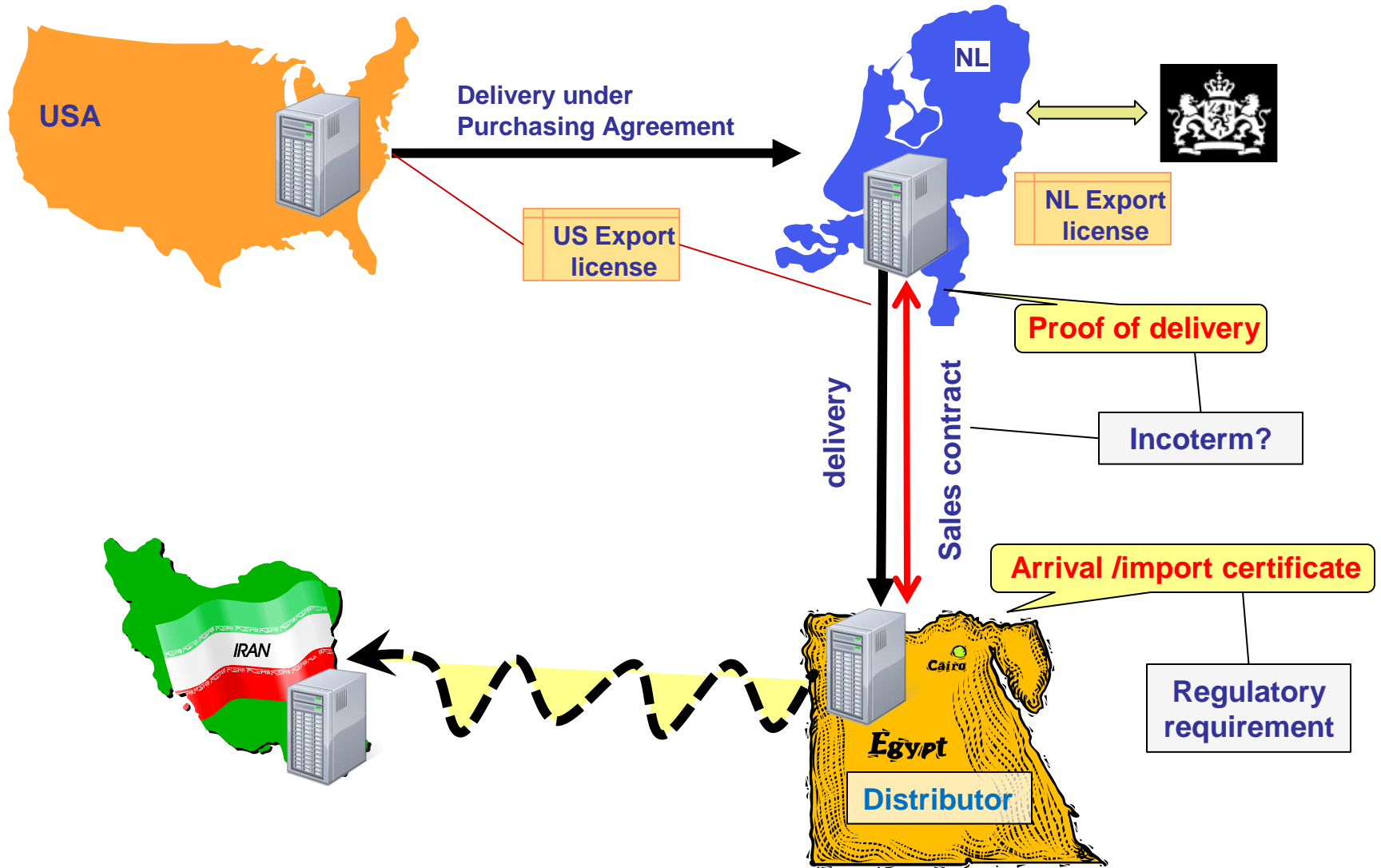
- **when importing or re-exporting US-origin items:**
- **when transferring US-origin technology**
- **Some US sanctions apply also to subsidiaries of US-companies (Cuba, Syria sanctions)**

Sanctioned party screening: process





Circumventing sanction laws: Diversion



Minimize risk of diversion

Understand the nature of your product and its possible uses

Understand the transaction & post shipment flow

Special attention to global transshipment hubs

- i.e. countries or areas that function as major hubs for trading and shipment of cargo
- pose special risks due to their large volumes of export, transit, transshipment, and import and re-export traffic

Contractual clauses and notices of legal requirements in sales documentation

Screen end-user & check end-use – Red flags checklist

Inquire into customer's compliance program

Provide training on legal requirements

Audit rights or access to documentation