Funded by the European Union

EU SANCTIONS HELPDESK

SUPPORTING EU SMEs AND PARTNERS WITH SANCTIONS COMPLIANCE

Navigating Sanctions: Due Diligence in Practice

What For: *End-Use and End-User Risks*

5 June 2026

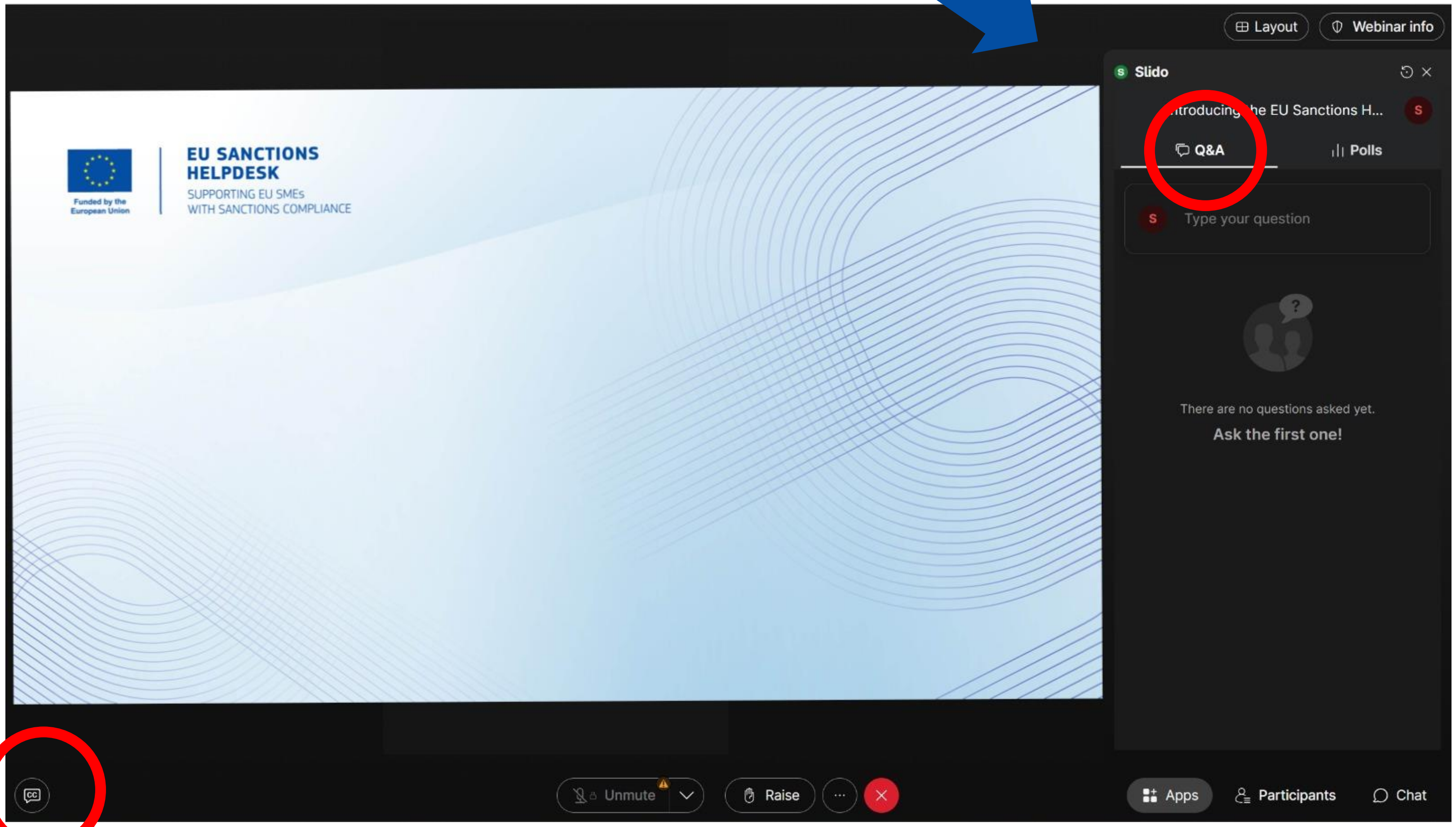
Housekeeping

All attendee microphones will be muted throughout

Materials and a recording will be shared

Please complete the feedback form following this event

Post questions or technical problems using Q&A



Live captions are available in your language

Sanctions compliance support for SMEs

- Learn from real cases through our articles, podcasts and publications — Discover articles
- Join one of our upcoming events — Forthcoming events
- Check out our resources — View resources
- Ask a sanctions question – big or small — Get support

Future events

Register today!

Today’s Team

HOST

Ian Matthews

Senior Sanctions Expert
EU Sanctions Helpdesk

TRAINER

Ellen Hompesch

Attorney at law
Agorax

MODERATOR

Diederik-Jan Posthuma

Attorney at law
Agorax

Recap: The Four Keys to Compliance

Navigating Sanctions: Due Diligence in Practice

Module 1: Who?
Counterparty due diligence

Module 2: What?
Restricted products and services

Module 3: Where?
High-risk countries and circumvention

Module 4: What for?
End-use and end-user risks

What You'll Learn in This Module

01	Why end-use and end-user controls matter
02	End-user risk
03	End-use risk
04	The "No Russia / Belarus" clauses
05	Practical tools
06	Documenting due diligence
07	Voluntary self-disclosure
08	Case studies & key lessons and common pitfalls

Why end-use and end-user controls matter

EU sanctions target not only who you deal with — but how goods are ultimately used

Key questions

Who ultimately benefits?	Identify the end-user and ultimate beneficiary.
How will the goods or services be used?	Assess the intended end-use and purpose.
Is the stated use consistent with the transaction?	Validate consistency between end-use, goods/services, and transaction.

Why this matters

- **Transactions may be prohibited even where counterparty and goods are "clean"**
- **End-use can trigger restrictions**
- **Indirect benefit to sanctioned persons is prohibited**
- **Ignoring red flags removes legal protection**

! **Looking beyond the counterparty to the end-user and end-use is critical to staying compliant and avoiding regulatory, financial, and reputational risk.**

Understanding end-use risk

Key point: **Unrestricted goods may still be restricted depending on their use**

Examples

Chemicals	weapons production
Machine tools	military use
Software	surveillance
Components	military

Key question: Is the stated end-use plausible given the product, customer, and destination?

The "No Russia / Belarus" Clause

WHAT IT IS

Mandatory contractual requirement

Art. 12g Regulation 833/2014 (Russia) /
Art. 8g Regulation 765/2006 (Belarus)

SCOPE

Applies to specified sensitive goods

Broader than CHP items

KEY POINTS

1. Not optional
2. Must include adequate remedies
3. Breach must be reported
4. Does not replace due diligence

Knowledge Check

A long-standing German customer orders precision machine tools for ‘own use’.

What do you do?

Practical Tools: collecting end-use and end-user information

1

Step 1: Request information

- End-user identity
- Business activity
- Specific end-use
- Destination

2

Step 2: Request documentation

- End-user declaration
- Company documents
- Supporting evidence

3

Step 3: Verify

- Is the end-use plausible?
- Is it consistent with the customer?
- Are there inconsistencies?

Key point: Declarations are useful — but must be verified

Practical Tools: asking the right questions

If concerns arise:

- Request additional information
- Assess consistency
- Continue asking until resolved
- Document responses

Key questions:

- How will the goods be used?
- Who is the end-user?
- Will goods be transferred?
- Why are these specifications needed?

Practical tip:

A customer reluctant to answer basic questions is a red flag. Legitimate customers generally welcome the opportunity to demonstrate that their activity is lawful.

Voluntary self-disclosure (VSD)

What it is:	Reporting a suspected or confirmed breach to the NCA
Why consider it:	• Mitigates enforcement risk • Demonstrates good faith • May reduce penalties
Before disclosing:	• Conduct internal investigation • Seek legal advice • Prepare factual account
Key point:	National approaches differ – legal advice is essential

Case study: Implausible end-use

Case:
A Belgian manufacturer of high-precision machine tools receives an order from a trading company in the UAE. The customer states that the goods are for use in the UAE's automotive manufacturing sector.

But…

- ✓ The machine tools ordered have technical specifications that are primarily relevant to metal cutting for aerospace and defence applications.

Questions:

- ✓ Is the stated end-use plausible?
- ✓ What should the Belgian manufacturer do?
- ✓ What happens if it proceeds without resolving the concern?

Case study: The "No Russia" clause gap

Case:
A Dutch electronics company sells integrated circuits that are CHP items to a distributor in Thailand. The Dutch company screens the Korean distributor and finds it is not listed. It does not include a "No Russia" clause in the contract.

But then…
Six months later, the circuits are found in Russian military hardware.

Questions:
- ✓ Did the Dutch company comply with its legal obligations?
- ✓ Does it matter that the distributor was not listed?
- ✓ What should the Dutch company have done?

Knowledge check

Context

Scenario

A Spanish company discovers during an internal audit that one of its resellers in Turkey has been reselling its dual-use products to Russian customers for the past 18 months.

Additional Detail

The contract with the Turkish reseller did not include a "No Russia" clause.

Poll question

What steps should the Spanish company take to prevent recurrence?

A. Terminate or suspend the selling to the Turkish party;

B. Conduct an internal investigation to establish the full facts;

C. Take legal advice from a specialist sanctions lawyer;

D. Consider voluntary self-disclosure to the relevant Spanish NCA

E. All of the above

Key lessons and pitfalls

Lessons

- End-use checks = separate obligation
- “Did not know” is not a defence
- End-use must be plausible
- “No Russia” clause is mandatory
- Document your due diligence
- VSD with legal advice, may significantly mitigate the consequences of a violation

Pitfalls

- Accepting vague end-use statements
- Failing to identify end-user
- Relying on relationships instead of checks
- Missing contractual safeguards
- Not documenting decisions

The golden rule:

Proceed only where end-use risk is resolved

Questions & answers

Thank you for attending.

Please complete the event feedback!

Visit the EU Sanctions Helpdesk

Subscribe to our newsletter

Get support ›

Get free due diligence support