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SUPPORTING EU SMEs AND PARTNERS
WITH SANCTIONS COMPLIANCE

Navigating Sanctions: Due Diligence in Practice

***Where:** High-risk countries and circumvention*

29 May 2026

Housekeeping

All attendee microphones will be muted throughout

Materials and a recording will be shared

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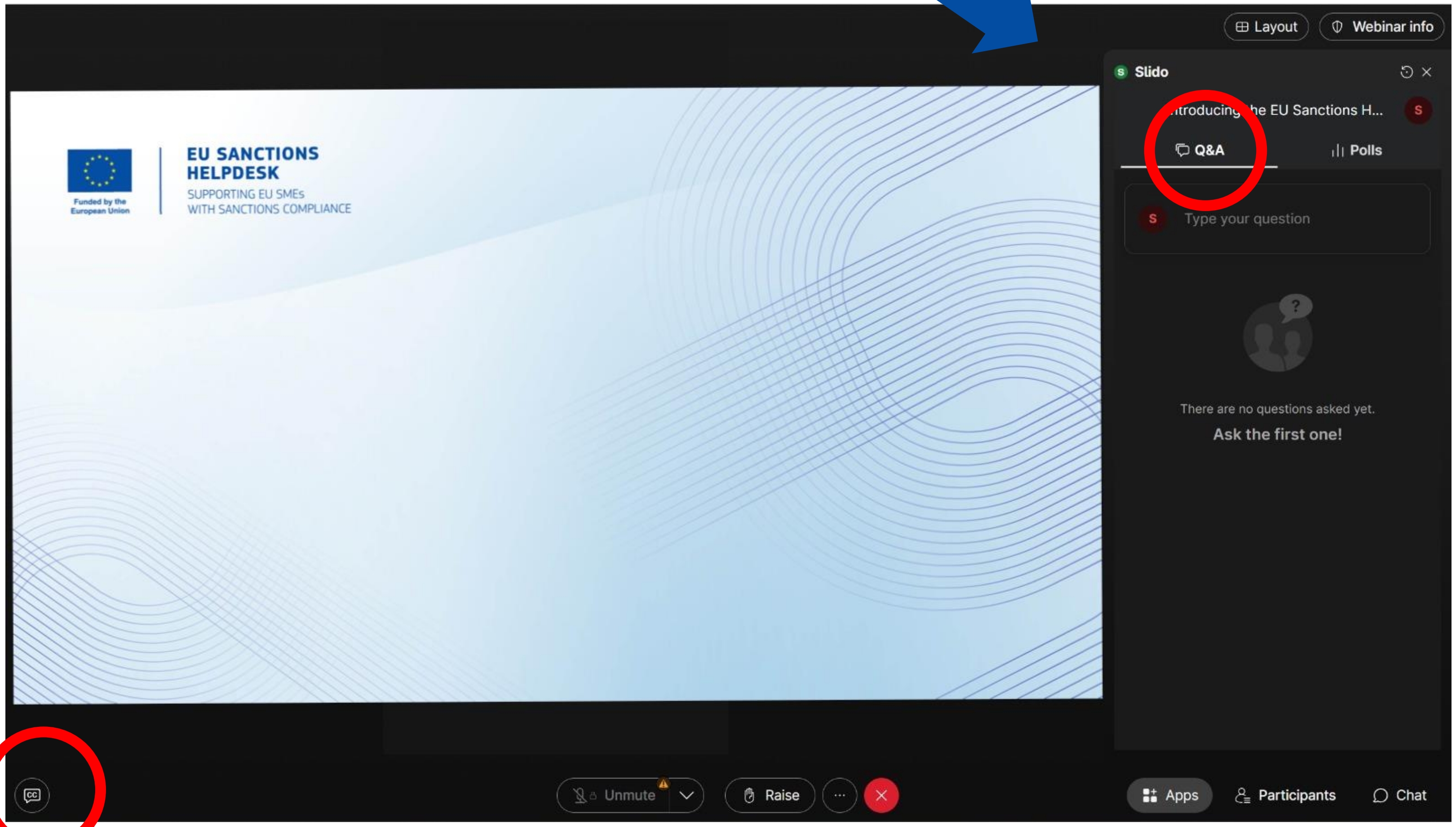

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- Learn from real cases through our articles, podcasts and publications — Discover articles
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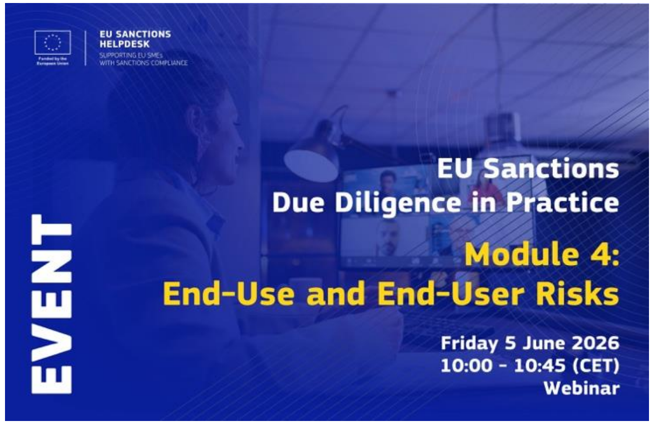
Future events



Due Diligence in Practice

Module 4:
End-Use and End-User Risks

Friday 5 June 2026

10:00 – 10:45 (CET)

Using the EU Sanctions Helpdesk:
An introduction for SMEs

Wednesday 8 July 2026

10:30 – 11:00 (CET)

Register today!

Today’s Team

HOST

Ian Matthews

Team Leader | Key Expert EU Restrictive Measures
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TRAINER

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Attorney at law
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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

- What circumvention is and why it is prohibited
- High-risk countries and circumvention routes
- Route and destination checks: what to look for
- The "best efforts" obligation
- Circumvention red flags
- Practical tools for route and destination analysis
- Case studies

What does circumvention look like in practice?

- **Triangular trade**
- **Shell company routing**
- **Mis-declaration**
- **Split shipments**
- **Re-labelling**
- **Indirect payment routing**

Key point:
Circumvention is an enforcement priority

High-risk countries and circumvention hubs

High-risk countries and circumvention hubs

Higher risk where delivery is to, from, or through countries that are:

- Subject to EU sanctions
- Neighbouring / linked to sanctioned countries
- Trading heavily with sanctioned countries
- Weak in export control enforcement

Why higher risk?

- Increased trade flows since 2022
- Re-export patterns
- Limited enforcement in some jurisdictions

NB: not automatically prohibited, but enhanced due diligence is required.

Destination and route screening

For each transaction check the countries of:

- Direct customer
- Consignee
- End-user

- Freight forwarder
- Shipping route & vessel
- Supply chain
- Incoterms

- Bank

Key point: Do not assess the destination in isolation – assess the full context.

Import and transit ban

What is prohibited

1. **Importing or purchasing** restricted goods from sanctioned countries
2. **Transporting** restricted goods into the EU
3. **Transit** of restricted goods through sanctioned countries

Important

- Applies even where goods pass through third countries
- The route itself can trigger a violation

The "Best Efforts" obligation

EU parents must take steps to prevent circumvention by non-EU subsidiaries

(E.g.: Article 8a of Regulation 833/2014)

In practice	What it does NOT mean
Monitor transactions	No guarantee of compliance by subsidiary
Implement group compliance policies	No obligation to take legally impossible steps
Provide training	
Take action when needed	
Document steps taken	

Circumvention red flags

1

Geographical

2

Transactional

3

Behavioural

Key point: Unresolved red flags = do not proceed

Practical tools for route and destination analysis

Tool 1	**EU Sanctions Map** (eusanctionsmap.eu)
Tool 2	**TARIC**
Tool 3	**Trade flow data**
Tool 4	**Open-source research**
Tool 5	**EU Sanctions Helpdesk**

Case study: The triangular trade

Case:
A Dutch manufacturer of electronic components receives an order from a trading company in Kazakhstan.
No restrictions are shown in TARIC database.

But then…
- ✓ Six months later, the components are found in Russian military equipment.

Questions:
- ✓ What red flags did the Dutch manufacturer miss?
- ✓ What should it have done differently?
- ✓ What is its potential liability?

Case study: The shell company

Case:

A Spanish exporter of machine tools receives an order from a company called "Global Tech Solutions Ltd," incorporated in the UAE three months ago. The company has no website, no apparent business history, and shares its registered address with 47 other companies.

Red flags?

- ✓ The customer offers to pay a 20% premium for fast delivery
- ✓ The customer asks that the goods be described as "industrial equipment" in the shipping documents.

Questions:

- ✓ What should the Spanish exporter do?
- ✓ Can it proceed if the customer provides a signed end-user declaration?

Knowledge check

Context

Case
The Turkish subsidiary of an Italian parent company receives an order from a Russian company for machine tools.

Relevant sanctions?
- The Turkish company is not bound by EU law.
- The Italian company is...

Poll question

What should the Italian parent company do?

A. Inform the subsidiary of the applicable restrictions

B. Implement group-wide compliance policies

C. Instruct the subsidiary not to proceed (if necessary)

D. All of the above

Key lessons and pitfalls

Lessons

- Circumvention is prohibited
- High-risk countries = enhanced due diligence
- “Best efforts” obligation applies
- Red flags must be investigated
- Document your route analysis

Pitfalls

- Checking only direct destination
- Ignoring routing / intermediaries
- Ignoring “best efforts” obligation
- Proceeding with unresolved red flags

The golden rule:

Proceed only where circumvention risk is resolved

Questions & answers

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