

IMC Sanctions Compliance Training



2024 version

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Background

Key Takeaways

As an employee of IMC, you have a responsibility for ensuring that IMC complies with all applicable laws and regulations. Your marketing company is a foreign subsidiary of a U.S. company, so certain U.S. regulations apply to you, your company and your employees. You and your distributors may not do business with certain countries, regions, entities and individuals.

This training will provide you with an overview of compliance with sanctions laws. For more information on this topic please refer to the IMC Compass or the Berkshire Prohibited Business Practices Policy.

Sanctioned and Restricted Regions

Screening

Sanctioned Countries/Regions

IMC and the Berkshire Prohibited Business Practices Policy (“BPBPP”) prohibits transacting with these countries/regions. If you know or have reason to know that these countries/regions are involved in a transaction with distributors or other third parties, it is also prohibited and must be escalated to the IMC Compliance Officer.

Iran



Cuba



North Korea



Syria



Crimea/Donetsk/Luhansk
regions of Ukraine



Venezuela



RUSSIA



Screening

High Risk Territories

- Certain countries/regions are at a high-risk of diversion/transshipment of items subject to US export controls and economic sanctions to prohibited destinations, end-users, or end-uses. This emphasizes the importance of understanding and identifying red flags.



Screening and Risk Mitigation

Screening

U.S. Government's Restricted Party Lists

The U.S. and other nations' governments maintain various lists that identify individuals, entities, vessels, and aircraft that have transactional prohibitions and restrictions against them.



U.S. Department of Commerce

- Denied Persons List
- Unverified Persons List
- Entity List



U.S. Department of State

- Non-proliferation Sanctions
- AECA Debarred Persons List



U.S. Department of Treasury

- Specially Designated Nationals List
- SSI List
- Other sanctions lists

Risk Mitigation

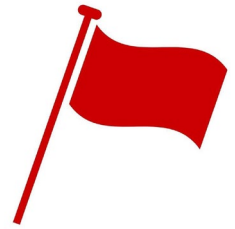
Screening

- IMC requires the following to be screened against relevant sanctions lists:
 - Direct customers
 - Distributors
 - Distributor end customers in high-risk territories, if available
- Prior to engaging one of the above third parties, the entity name must be entered into GAL, so that it will be screened by Dow Jones Know Your Business Partner (“KYBP”) tool. The tool screens the indicated customer as well as ownership by sanctioned third parties.
- If there are no matches in KYBP, IMC may transact with the third party. If there is a match, IMC may not conduct business without written approval from the IMC Compliance Officer.

Risk Mitigation

Screening (con't)

- IMC “screens” the various parties involved in a transaction in order to avoid doing business with:
 - Prohibited individuals
 - Prohibited entities
 - Prohibited end uses (for example, proliferation or military)
 - Prohibited destinations
- You must be on the lookout for potential gaps in the screening process. Examples gaps include the following:
 - Inaccurate customer information entered to GAL, therefore resulting in the wrong customer being screened
 - Failure to ask questions about a customers’ name or address if they are incomplete
 - Failing to account for changes to customer information (name, address or ownership)



Risk Mitigation

Red Flags

- Failure to agree to terms (for example sanctions clause) or provide paperwork
- Distributor or agent is reluctant to disclose end use or end user of the product (excluding reasonable business purposes)
- Third party refuses to confirm that it will comply with the IMC Compass
- Shell companies created to pay for product or facilitate transactions
- The product's capabilities do not fit the buyer's line of business
- Customer is willing to pay cash or above-market cost for expensive products
- Delivery dates are vague, or shipping route is abnormal
- Requests to alter invoice information
- Shipping information does not match customer address information/Purchase Order
- Last minute requests to change the shipping destination of products
- Unauthorized customer data changes or frequent requests to change bank account information
- Unusual banking information or payment terms
- When questioned, buyer is evasive whether the purchased product is for domestic use, export or reexport

Risk Scenarios

Risk Scenarios: #1

Scenario #1

- There is a new sales opportunity with a customer who appears on a sanctions list.
- When presented to IMC, the customer explains that the sanctions will expire soon, and the customer will no longer be on the sanctions list by the time IMC engages in the transaction.
- The customer explains if IMC does not take the business, it will go to an IMC competitor.
- What should you do?

Risk Scenarios: #2

Scenario #2

- IMC receives a great opportunity to sell through distributor located in the UAE.
- The distributor is hesitant to provide details on who its end customers are, and you suspect it may have relationships with end users in Iran.
- You explain this concern to your Manager, who says that it is okay to engage the distributor since it is not a sanctioned entity. The Manager also says if the distributor does sell to customers in Iran, the distributor would be in violation, not IMC.
- What should you do? Is the Manager correct?

Risk Scenarios: #3

Scenario #3

- IMC receives end user information from one of its distributors.
- You enter the end user information into GAL, which screens the customer names in Dow Jones' Know Your Business Partner tool.
- You notice one of the customer names is "SBERBANK OF RUSSIA JSC BANK." You are aware that "SBERBANK" is a sanctioned entity located in Russia; however, the screening tool comes back with no matches.
- What should you do?

SUMMARY

Summary

Key Takeaways

1. Your marketing company is a foreign subsidiary of a U.S. company, so certain U.S. regulations apply to you, your company and your employees.
2. You and your distributors may not do business with certain countries, regions, entities and individuals.
3. All customers should be entered into GAL so that customers will be screened against relevant restricted/denied party sanctions lists in the KYBP tool prior to engaging in a transaction with that customer.
4. You must be alert for certain red flags related to customers, distributors or other business partners.
5. Always reach out to IMC Compliance if you are unsure about anything.

Summary

Not the FCPA

DON'T CONFUSE THIS WITH THE
Foreign **C**orruption **P**actices **A**ct



Bribery prohibition to
Foreign Officials



Books & Records

