



# Group Legal – In person compliance training

Foreign Trade Controls

September 2025 – Joe Simon, Group Legal/Compliance – [jsi@ntg.com](mailto:jsi@ntg.com)

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- **Overview of Foreign Trade Controls**
- **Application of Trade & Economic Sanctions**
- **Non-Compliance Consequences**
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- **Dealing with HSC**
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- **Sanctions against Russia and Belarus**
- **Export Controls: key points**



## Three case studies

UK customer delivers vodka originating from Russia to NTG warehouse in the UK.

End-destination of the Vodka is Turkey.

**Does this raise any legal compliance concerns / what are your thoughts about this shipment?**

Customer requests shipment of electronics spare parts from Denmark to Singapore.

Several items are designated as “dual use”.

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Customer’s documents include a reference to “end destination: Iran”.

**What are your thoughts? Do you have any concerns?**

## Possible consequences if NTG is involved in improper/illegal business practices - general

- Civil and criminal Liability for NTG and individual employees
- Regulators target individuals involved in illegal actions
  - Fines
  - Prison
  - Damaged reputation
  - Loss of business
- Investigations and monitoring by regulators



U.S. DEPARTMENT OF THE TREASURY  
OFFICE OF FOREIGN ASSETS CONTROL



Enforcement Release: September 3, 2025

### Fracht FWO Inc. Settles with OFAC for \$1,610,775 Related to Apparent Violations of Multiple Sanctions Programs

Fracht FWO Inc. ("Fracht"), an international freight forwarder with its principal place of business in Houston, Texas, has agreed to pay \$1,610,775 to settle its potential civil liability for apparent violations of multiple OFAC sanctions programs, including those on Venezuela and Iran. In May 2022, Fracht, by failing to follow internal compliance procedures, contracted with a blocked Government of Venezuela airline to transport goods from Mexico to a customer in Argentina. To fulfill the contract, the blocked Venezuelan airline used an aircraft separately blocked by OFAC for being operated by Iran's Mahan Air and crewed by Iranian nationals—conduct reflecting apparent violations of OFAC's Iran, proliferation, and terrorism sanctions programs.

May 01, 2023

**BIS Imposes \$300 Million Penalty Against Seagate for Export Control Violations and Makes Controversial Changes to Voluntary Self-Disclosure Program**

FOR IMMEDIATE RELEASE | January 17, 2025 | Media Contact: [OCPA@bis.doc.gov](mailto:OCPA@bis.doc.gov)

**Haas Automation to Pay Over \$2.5 Million in Combined Civil Penalties to BIS and OFAC for Prohibited Transactions, Including with Entities Affiliated with Chinese and Russian Defense Sectors**

### PRESS RELEASES

## Microsoft to Pay Over \$3.3M in Total Combined Civil Penalties to BIS and OFAC to Resolve Alleged and Apparent Violations of U.S. Export Controls and Sanctions

April 6, 2023

The following is being released jointly by the [U.S. Department of Commerce](#) and the [U.S. Department of the Treasury](#).

WASHINGTON, D.C.—Today, as part of a coordinated enforcement effort, the Department of Commerce's Bureau of Industry and Security ("BIS") and the Department of the Treasury's Office of Foreign Assets Control ("OFAC") imposed a combined \$3.3 million in civil penalties against Microsoft Corporation ("Microsoft") for alleged and apparent violations of U.S. export controls and sanctions laws. Microsoft voluntarily self-disclosed the alleged violations to both BIS and OFAC, cooperated with the joint investigation conducted by BIS's Office of Export Enforcement and OFAC, and took remedial measures after discovering the conduct at issue, which predated the export controls and sanctions imposed in connection with the current Russian war in Ukraine.

Compliance is here to help & guide you!  
PLEASE CONTACT US!!

## What are Foreign Trade Controls?

1

### Trade & Economic Sanctions

Government-imposed restrictions on commercial/financial dealings with, e.g.

- Countries, other geographic areas
- Government agencies
- Other organizations or individuals

Restrictions range from no dealings at all to specific dealings or products

2

### Export Controls

Government requirements for permits to export or reexport:

- Military items, e.g., weapons, equipment
  - **VERY RESTRICTIVE**
- Dual Use items, e.g., ordinary commercial items with *potential* use as weapons, surveillance, etc

## Application of Trade & Economic Sanctions

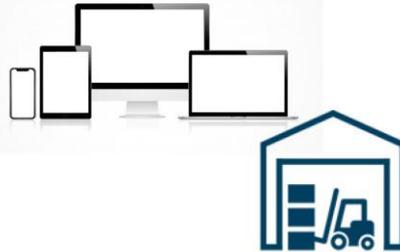
1

Person, entities, bodies



2

Services & goods



3

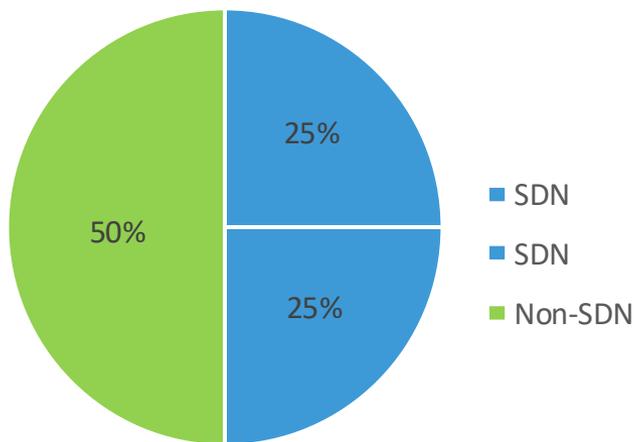
Countries & governments



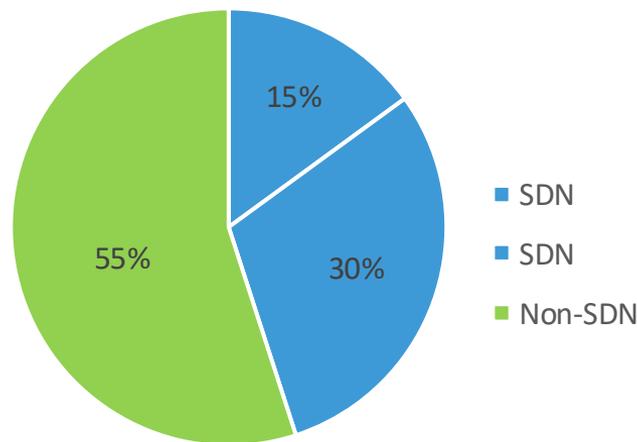
## The 50 Percent Rule

An entity **owned 50 percent or more** by one or more parties on US or EU sanctions lists is a **sanctioned party**, even if the entity's name is not on any list.

Sanctioned party



Non-sanctioned party



**SDNs:** Party on the US Specially Designated Nationals (SDN) List of parties subject to US sanctions – **More on the next slide**

## The main sanctions regulators & their relevance for NTG



### United Nations

**Sanctions to maintain or restore international peace and security**

- Ranging from comprehensive sanctions against a government to targeted actions, e.g. financial or commodity restrictions, arms embargoes, travel bans
- UN sanctions are usually implemented by the EU and UK
- Apply to NTG globally through EU, UK, US legislation



### United States (OFAC)\*

**Sanctions hinder trade with regimes or parties USGOV deems are threats to US security.**

- Comprehensive sanctions against: Cuba, Iran, N. Korea, Russian occupied Ukraine
- Economic sector sanctions
- SDN list of sanctioned parties: large and expanding list
- Apply to *US Persons*, US dollar transactions (slide 10)
- Apply to NTG globally if US Persons involved in any way

\* Office of Foreign Assets Control

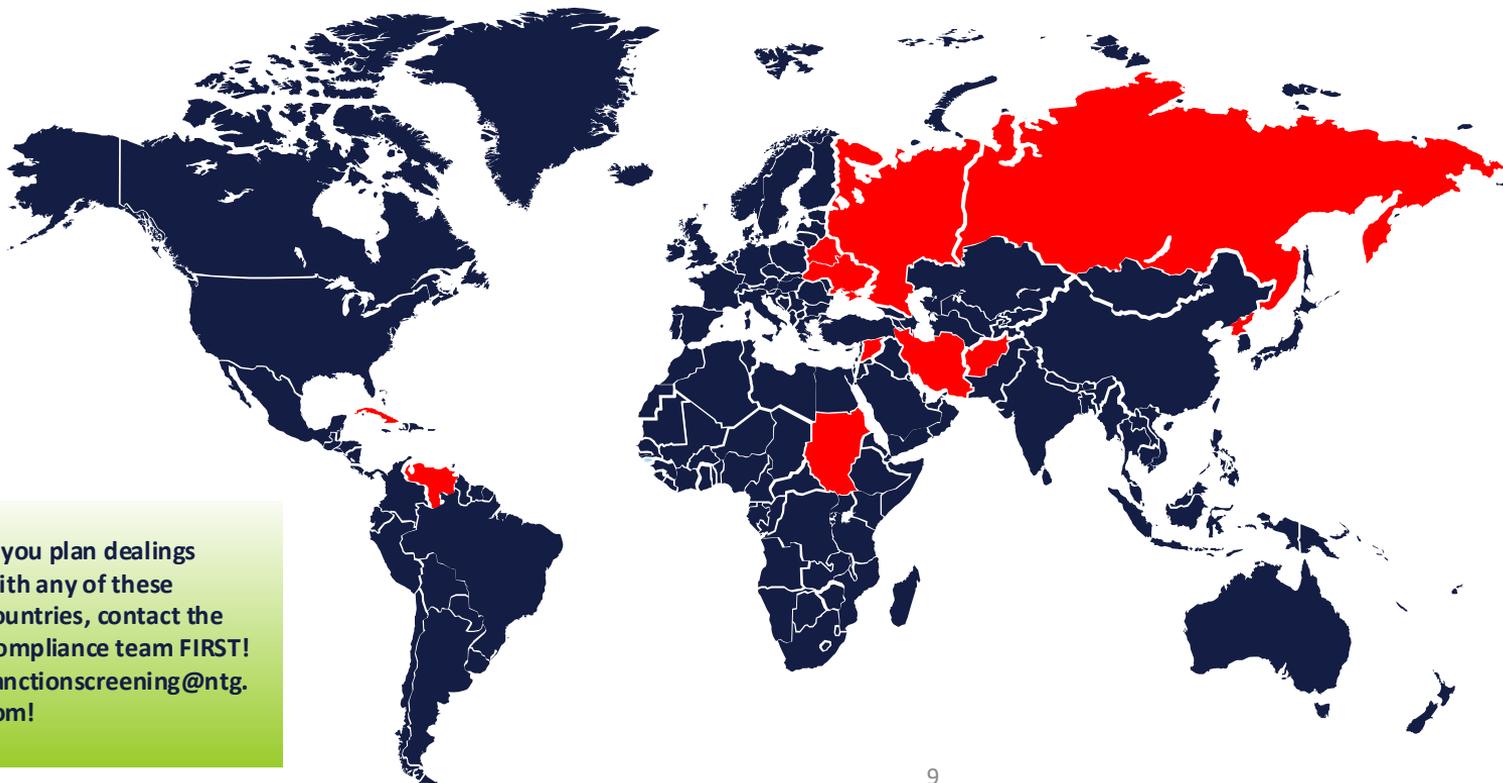


### European Union (EU)

**Issued centrally but enforced by the individual member states**

- Country specific
- Focus both on military / dual use goods and restricted persons/entities
- Apply to EU companies and citizens and trade to/from EU
- Applies to NTG, always
- NTG HQ under Danish law must ensure its global companies comply with EU sanctions

## Be careful when dealing with Highly Sanctioned Countries (plus)



- Highly sanctioned (HSC)
- Afghanistan
- Belarus
- Cuba
- Iran
- North Korea
- Russia
- Sudan
- Syria: not sanctioned but many sanctioned parties
- Ukraine: Russian-controlled areas, Crimea
- Venezuela

- High risk (HRC):
- Armenia
- Azerbaijan
- Dubai
- Georgia
- Hong Kong
- Iraq
- Kazakhstan
- Kirgizstan
- Moldova
- Singapore
- Tajikistan
- Turkmenistan
- Uzbekistan

Highlighted countries suspected as being Russia-friendly

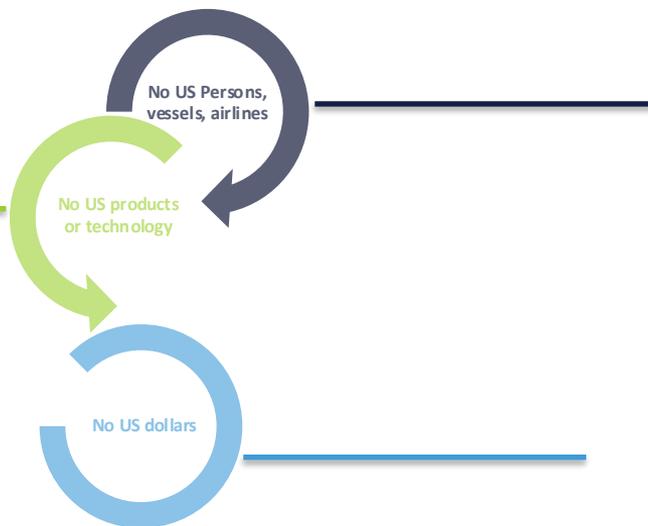
If you plan dealings with any of these countries, contact the Compliance team FIRST! [sanctionscreening@ntg.com](mailto:sanctionscreening@ntg.com)!

## US Sanctions – and consequences of violations

### The 3 rules you need to know:

- For most HSC countries, items with more than 10% US content are deemed to be US products subject to US sanctions.
- For other countries, items with more than 25% dual use US content are deemed to be US dual use items subject to US export controls and sanctions.
- Any product made in or transiting the US is deemed to be a US product - subject to US export controls and sanctions.

Applies to any cross-border US product movement outside the US: export, re-export and deemed export – even without actual sale.



- US citizens & permanent residents, persons with a dual US and other citizenship located anywhere; any person present in the US.
- US entities and unincorporated foreign branches (and sometimes subsidiaries) and all employees, directors, and officers of any nationality.
- US flagged, owned, operated or controlled vessels.
- US financial institutions, e.g. US banks (including their foreign offices)

- Finance a transaction
- Arrange for payment
- Approving a transaction
- Guarantee a transaction or payment
- Contract negotiations, including signing a contract
- Facilitate a transaction in any way, e.g., arranging transport

May **NOT** be involved in transactions with the Highly Sanctioned Countries

NTG risks US penalties - fines, jail, lost business by facilitating or causing US persons to violate US sanctions,

## Sanctions against Russia and Belarus

No shipments to or from Russia or Belarus is allowed, except:

- Food to be ingested by humans
- Humanitarian aid
- Medical / pharmaceutical items

NTG prohibits shipments transiting Belarus or Russia *except* food, humanitarian aid and medicine.

**These shipments are subject to extensive due diligence & customer signing off on our sanction wording**

**Air Freight**

- EU prohibition to take off from or overfly EU territory for:
  - any aircraft operated by Russian air carriers;
  - any Russian registered aircraft;
  - any aircraft otherwise controlled by any Russian natural or legal person.
- US airspace closed to all Russian flights.

**Rail Freight – transit through Russia**

- Transit through Russia and Belarus is only allowed for food, medical/pharmaceutical or humanitarian items.

**Road Transport**

- The EU imposed a full ban for any road transport undertakings established in Russia and Belarus on transporting goods by road within the territory of the EU, including in transit.
- An unloaded Russian or Belarusian truck is not forbidden from circulating in the EU, but would fall under the ban if it loads cargo.
- The ban only targets road transport operations established in Russia or Belarus and not Russian and Belarusian drivers. Therefore, EU road transport operators employing Russian or Belarusian drivers are not concerned.

**Ocean Freight**

- An entry ban on Russian-flagged vessels and Russian-affiliated vessels to EU and US ports.

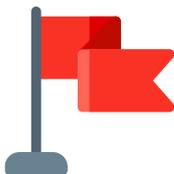
### EU: No reexport to Russia

- EU export documents should prohibit reshipment or reexport to Belarus or Russia
- **Except for:** humanitarian aid, food, medical/pharma items
- Covered in NTG's **Sanctions Wording** customers sign

**If you plan a shipment involving Russia or Belarus, contact the Compliance team FIRST! [sanctionscreening@ntg.com](mailto:sanctionscreening@ntg.com)**

## Red flags & countries subject to extra due diligence requirements

### Watch out for red flags - especially shipments to countries friendly to Russia:



- Customer is reluctant to offer information about the involved parties in the shipment, i.e., end-user of the goods
  - Shipment / booking was previously rejected by other agent(s) due to FTC concerns
  - Goods description does not fit customer/buyer's line of business
  - Customer changes shipper, consignee or notifying party due to compliance concerns
- **We learn:** customer wants our invoice sent to another party **OR** another party will pay NTG
  - Shipments with parties having limited or suspicious web presence
  - Transport of luxury goods previously shipped to Russia or Belarus - now shipped to an HRC
  - Large shipments of dual use items to an HRC that did not occur previously

**Russia-friendly country list:** slide 9 and on [NTG Intranet](#) and [ntg.com](#)

## How NTG deals with Export Controls

1

### Export Controls: key points

#### Military items:

- Specific license for each transport

#### Dual Use items:

- License for exports *from* EU or USA
- No license for *intra-EU* transport
- *US re-export license* to export US dual use items from 3<sup>rd</sup> countries

2

### Relevance for NTG

Shipper (exporter) obtain licenses  
**unless** NTG is *exporter of record*

NTG can rely on shipper's information  
but *must check export licenses* if we  
*know* cargo is dual use

- Must perform due diligence on parties for *dual use export to HSCs*
- ***If exporter of record***, NTG must obtain required permits/licenses

## When could NTG be impacted?



### Risks

1

- Dealing with sanctioned persons, organizations

2

- Import/export of military or dual use items

3

- Dealing with highly sanctioned countries & governments



### Mitigating measures

- Sanctions screening of parties involved in shipment

- Do not act as importer and/or exporter of record without first contacting the Compliance team
- Ask Compliance in advance to screen shipment's parties

- Due diligence of parties involved in shipment, including beneficial end user of goods
- Adding sanctions wording in contract with customer
- Confirmation of financial institution reputation
- No US Dollars or US Persons
- No US products or technology
- No dual use items

## NTG's policy on foreign trade controls



- NTG's Policy on Foreign Trade Control sets out required actions and procedures to ensure compliance with Foreign Trade Controls by identifying, mitigating and managing risks - Find the Policy on NTG's Intranet or [here](#)
- **NTG enforces the policy** – violators risk severe employment consequences, e.g., dismissal
  - NTG will cooperate with public authorities in investigating suspected violations

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### What is expected of you?

- Read, understand and comply with the Policy – it applies to everyone in NTG everywhere
  - Read, understand and comply with sanctions guidance published on the Intranet
- Contact Group Legal - [jsi@ntg.com](mailto:jsi@ntg.com) / [stc@ntg.com](mailto:stc@ntg.com) / [tsh@ntgbulgaria.com](mailto:tsh@ntgbulgaria.com) - with questions or if you are in doubt
- Speak up if you suspect violations have occurred - use NTG's Whistleblower System *Speak Up* [here](#)
- You can access the Whistleblower Policy on NTG's Intranet or [here](#)
- If you have any questions about this FTC training, contact us at [sanctionscreening@ntg.com](mailto:sanctionscreening@ntg.com)



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The background features a dark blue field filled with a dense pattern of 3D cubes and letters. The cubes are rendered in shades of blue and green, with some appearing to be stacked or overlapping. The letters, primarily 'N', 'T', 'G', and 'M', are scattered throughout in various sizes and orientations, creating a complex, textured visual effect.

# Thank you!