



Sanctions compliance challenges (1)

Compliance of your Russian business with US/EU sanctions

- Russia does not recognize the sanctions imposed on its citizens and entities by US and EU
 - i. **Siemens case:** a Russian court already two times refused to grant interim measures upon Siemens' applications that were made on the sanctions-motivated grounds
- Termination or suspension of contracts due to introduction of sanctions may be viewed in Russia as a breach of contract
- Russian state authorities and state-owned corporations may not be in a position to accept any amendments/modifications into contracts aimed at implementation of any sanctions compliance provisions (this applies especially to public procurement contracts)

Sanctions compliance challenges (2)

Compliance with the Crimean embargo

- Imposition of restrictions by US/EU companies on their Russian distributors to sell/supply goods to Crimea may be treated in Russia as a prohibited territorial restriction, however, up to the date there were no such cases

Compliance with CAATS act

- Because of CAATS act the risk of imposition of secondary US sanctions on your Russian businesses/counterparties increases, if such persons engage in any activities that could be regarded as a material violation of the US sanctions regulations, or facilitation to a significant transaction for the sanctioned persons

Potential solutions

- Start any new Russia-related project with a thorough sanctions compliance review analysis
- Consider special sanctions/export control compliance clauses to become standard conditions for Russian contracts
- Were possible, choose foreign (other than Russian) governing law and dispute resolution venue outside Russia
- Implement and enforce sanctions compliance policies effectively
- Train and educate your Russian personnel (especially sales force)
- Screen your counterparties/end-users carefully (where applicable, demand end-user certificate)

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