

The Due Diligence Helpdesk on EU Sanctions for EU SMEs dealing with Iran

The *Due Diligence Helpdesk on EU Sanctions for EU SMEs dealing with Iran* provides EU companies with **due diligence verifications on specific business projects in Iran**, assessing their compliance with EU sanctions. The Output Reports provided by the Helpdesk allow EU companies to correctly assess whether their initiatives in Iran are in accordance with EU law, both with regards to their proposed business activity in Iran as well as their potential Iranian business partner.

Individual EU companies can submit enquiries via the [Sanctions Due Diligence Analysis Tool](#) for each planned business transaction, accessing a panel of experts to receive confidential first-line information on their specific business case. The Helpdesk will perform due diligence verifications and provide EU companies interested in engaging in business activities that involve Iran with a comprehensive professional due diligence report that highlights any potential risks of countervailing EU sanctions as regards the potential Iranian business partner, and the planned business activity in Iran.

By providing EU SMEs with well-researched documentation on their Iranian business partners, the Helpdesk also aims to **reassure EU financial institutions, which may be currently reluctant to handle transactions involving Iran**. The Helpdesk's Output Report aims not to replace but rather to complement internal compliance procedures employed by EU financial institutions. Financial institutions will be able to use this report, which, through independent sanctions compliance verifications, further supports their own due diligence procedures and provides additional information as to the compliance of individual business projects with EU sanctions.

How the process works:

Step 1. The EU company informs its Iranian trade partner about its intention to use the Helpdesk's services. The Due Diligence Analysis Tool will require both partners to fill in information that will be used by the Helpdesk solely for the due diligence process, will not be made available to each other, nor to any other party, and will be processed and stored in full compliance with GDPR legislation.

However, if necessary, the EU company can also choose that the Helpdesk team does not contact the Iranian partner, which might affect the accuracy and speed of the due diligence process.

Step 2. The EU company fills a basic questionnaire regarding the EU company, the Iranian partner, the proposed business activity, and the eventual third parties involved if known. Providing as detailed and exhaustive information as possible will increase the accuracy of the due diligence process in identifying the potential risks of non-compliance.

Step 3. If the EU company does not choose otherwise in its questionnaire, the Helpdesk will contact the Iranian partner. The Helpdesk will request the Iranian partner to fill out a questionnaire designed to retrieve the minimum necessary information that allows proper due diligence.

Step 4. The Helpdesk will conduct the necessary research based on the information provided, open-source checks, professional compliance databases, and on-the-ground expertise. This will take 2-6 weeks to complete, depending on the complexity of each case.

Step 5. The EU company will receive a detailed risk report, which is not shared with any other party.

Overview of Helpdesk operating procedures

The due diligence process conducted by Helpdesk operates on three levels, comprising Level 1, Level 2, and Level 3 due diligence. Due diligence on all three levels is conducted by legally qualified members of the Helpdesk Team, based both in Europe and in Iran. Below follows a brief description of the operating procedures of the Helpdesk on the three individual levels.

Incoming due diligence requests received by the Helpdesk are first engaged on **Level 1**. On this level, the data provided by the EU SME regarding the proposed business activity and the potential Iranian business partner is registered and examined against the self-declaration provided by the Iranian company using a specifically designed Helpdesk questionnaire. The data provided is further checked in publicly available databases both in the EU and in Iran. Both English and Persian-language sources of information are checked during the verification. These sources include key legal documents and sanctions lists, namely the Official Journal of the European Union (regulations), and

the EU Consolidated Financial Sanctions List. Furthermore, other sources of information including corporate registers, news media, social media, search engines, etc. are subject to comprehensive assessment. In case the Level 1 due diligence does not reveal any red flags that the proposed business activity or the potential Iranian business partner is subject to EU sanctions, a positive Output Report is prepared and sent to the EU SME. If the Level 1 due diligence reveals any uncertainties pertaining to the case, it is escalated to Level 2.

On **Level 2**, the information gathered on Level 1 is further verified against independent English and Persian-language legal sources, including international watchlists, lists of Politically Exposed Persons (PEPs), enforcement lists, and court filings. Level 2 due diligence further confirms or discounts the potential risks identified on Level 1, along with assessing possible exemptions with regards to each specific sector. In case this independent legal verification does not reveal any indication that the proposed business activity or the potential Iranian business partner is under EU sanctions, a positive Output Report is prepared and sent to the EU SME. If the Level 2 due diligence further confirms any uncertainties flagged on Level 1, it is escalated to Level 3.

On **Level 3**, which takes place physically in Iran, the existence of the Iranian company is verified via site visits and stakeholder interviews conducted by the Helpdesk team. Furthermore, a thorough reputation check is conducted on the ground to reflect the reputation and perceived integrity of the subjects, from the perspective of the local market and the international business community. Any ties to the IRGC, past compliance issues, along with current and past legal proceedings are reflected on this level. In case the on-the-ground verification does not reveal any indication that the proposed business activity or the potential Iranian business partner is under EU sanctions, an Output Report is prepared and sent to the EU SME. If the Level 3 due diligence further confirms any uncertainties flagged on Level 2, a negative Output Report will be prepared for the EU SME, informing it that it cannot legally proceed with its planned business activity.

Annex 1: Diagram illustrating the operating procedures of the Helpdesk

