

International Sanctions Compliance Policy



International Sanctions

The scope of this policy is international sanctions as described in the following as well as any other internal group policy of Clipper Bulk that contains commercial restrictive measures.

WHAT ARE INTERNATIONAL SANCTIONS?

Sanctions are restrictive measures imposed on countries, governments, and/or individuals representing such government, entities, or individuals in an effort to bring about a change in policy or activity by the target country, part of the country, government, entities, or individuals.

Such restrictive measures include but are not limited to:

- Financial sanctions (e.g., freezing of funds)
- Trade sanctions (import and export bans)
- Restrictions on travel (visa or travel bans)

WHO CAN ISSUE INTERNATIONAL SANCTIONS?

The United Nations Security Council and the EU may impose sanctions.

Also, the national parliament or the competent authority in a country may pass legislation or decisions incorporating sanctions against another country or certain entities, bodies, or individuals.

As many sanctions are effective across borders then Clipper Bulk must assure that we do not engage in transactions that may be subject to sanctions imposed by any council and or nation if a breach of such sanctions will undermine the reputation of Clipper Bulk or lead to investigations, fines and or other penalties.

WHEN ARE SANCTIONS ISSUED?

The UN Security Council and the EU Council may adopt resolutions on sanctions where a country or a person persistently violates international conventions and agreements, for instance regarding human rights. A country may become subject to sanctions if the country is involved in a war or civil war, including breaches of ceasefire agreements.

E.g., in response to the acts of war initiated by Russia against Ukraine, restrictive measures against Russia have been issued from a broad variety of councils and nations worldwide, which target specific sectors and individuals of the Russian economy.

CONSEQUENCES OF VIOLATING INTERNATIONAL SANCTIONS

The consequences of violation of sanctions committed by private persons or companies, whether intentionally or negligently, depend on national law but are in general subject to criminal liability in the form of fines and imprisonment. Further consequences may be sanctions listed by the nation and/or authority or any other form of reputable damage.

HOW TO IDENTIFY AND STAY UPDATED ON INTERNATIONAL SANCTIONS

Generally, there exists a high level of knowledge and awareness of current sanctions within the Clipper Group due to our continuous contact and monitoring of the market.

In order to ensure that there is the required and updated knowledge within Clipper Bulk on changes to existing sanctions (including the lifting of same) or adoption of new sanctions, the legal department is subscribing to various newsletters from the relevant authorities and a number of the leading international maritime and shipping law firms.

In addition, certain software screening solutions have been acquired and form an integral part of commercial decision-making to safeguard the commercial activities of Clipper Bulk and adhere to international sanctions.

Similarly, the chartering departments will through their daily contact with the market obtain information on the latest developments within the sanctions field.

In case of doubt as to the existence or the contents of international sanctions, please contact the Legal Department.

DUE DILIGENCE AND TOOLS TO DETERMINE WHETHER TARGETS ARE SUBJECT TO INTERNATIONAL SANCTIONS

The scope and content of international sanctions may vary significantly from case to case depending on which restrictive measures are used as sanctions (e.g., arms embargo, oil embargo, other trade restrictions, financial restrictions, etc.) and depending on the subject of the restrictive measures (states, persons, organizations, etc.).

In order to ensure compliance with international sanctions thorough due diligence investigations must be observed if Clipper is conducting or is contemplating conducting business in countries or with entities or persons, where sanctions may be of relevance due to the nature of the cargo or the countries, persons or entities involved. For further assistance in determining whether a transaction may be exposed to sanctions please see the Clipper Group Sanction Manual available on Bridge.

The exact scope and extent of the due diligence investigations will depend on the actual circumstances in each case – However the following should raise awareness and give cause to a thorough investigation;

- The contemplated business is in a critical region of the world
- Difficulty in establishing the counterpart/customer
- You are being asked to deal with one party but deliver cargo to other
- Payment details/receiver do not relate to the contractual business parties.
- Critical cargo
- Unusual (too good to be true) high premium to the market.

Generally, the due diligence investigations have the following aim:

- Identify the direct counterparties and whether they are subject to sanctions.
- Identify the contractual chains and whether anybody in the contractual chain is subject to sanctions.
- Identify the cargo and its purpose, including whether it may be a dual-use product.
- Identify the payment streams involved in the transaction and identify the parties who will receive payment in relation to the transaction.
- Identify which Clipper entities are or will be involved.
- Identify whether there are limitations in obtaining appropriate insurance for the contemplated transport or if current coverage may be lost.

For the purposes of collecting and documenting your due diligence investigations please make use of the Clipper Bulk Due Diligence Questionnaire available on Bridge.

Please always contact the Legal Department if you need to establish whether a client or other business partner is subject to international sanctions.

The due diligence investigations shall form the basis for the decision on whether to engage in the contemplated business and Legal Department should be contacted regarding any transaction where there is a concern as to whether the transaction potentially could breach sanctions.

The decision or approval to engage in such business where there might be a concern must be approved by the CEO.

WHISTLEBLOWER REPORTING

Clipper Bulk has available a Whistleblower Scheme that allows employees as well as the public in general to report any irregularities and or violations that any employee or person may deem serious and subject to reporting, and which fall under the scope of the Scheme.

Further information about the Whistleblower Scheme and reporting under the same is available at clipper-bulk.com.

REVIEW AND AMENDMENT

The Senior Management Team will annually review and if relevant update this policy.

Adopted by the Clipper Group Ltd. Board on 12 June 2023.