



Gram Car Carriers ASA

Sanctions and Trade Compliance Procedure

(adopted by the board of directors on 7 April 2023, updated per 7 February 2024)

1 INTRODUCTION

This Trade Compliance Procedure (the "**Procedure**") is a supporting document to Gram Car Carriers' Sanctions and Trade Compliance Policy (the "**Policy**").

The Procedure sets out the specific requirements and processes that must be completed for any contemplated transaction, activity or business partner relationship that

- directly or indirectly may involve or relate to one of the countries, regions or territories ("**Country**" or "**Countries**") on the Sanctions Country List (see [Appendix 1](#)), or
- otherwise is considered to constitute potential risk with respect to import and export control regulation ("**Trade controls**") and/or international sanctions and restrictive measures ("**Sanctions**").

This Procedure applies to everyone working for or on behalf of Gram Car Carriers ASA (the "**Company**"). It is your responsibility to make sure the requirements and processes set out in this Procedure are followed. However, when in doubt, escalate the query to the CEO of the Company who will assist you and / or take further legal advice if required.

This Procedure covers all of the Company's work, but examples of the kinds of transactions and activities that you are likely to need to give special attention to are charterparties; agency, management and supply agreements. This is because these types of transactions tend to involve a significant number of related entities and relationships that can pose a risk to the business if the Procedure is not followed.

For example, when fixing a new charterparty, consider not only your direct charterer's identity and historical trading patterns, but also the related positions of sub-charterers, receivers, financiers, insurers, ports and others involved in the supply chain. Examples for an existing charterparty include checking if voyage orders given by your charterers are lawful, checking whether our P&I Club or War risk insurance cover the relevant trade, or if a bill of lading has been endorsed to new receivers checking Sanctions lists to make sure that delivery to those receivers is lawful.

The best practice is to follow this Procedure, ensure that charterparties and agreements include appropriate Trade controls and Sanctions clauses (and supporting clauses such as force majeure, termination and trading limits), as well as taking note of any new risks that arise during performance. Efforts should be made to ensure that similar measures are in place throughout the supply chain and to maintain records related to compliance with this Procedure. Taking these steps will support the Company in the event of any queries/concerns raised by counterparties or government authorities.

For a legal overview of what Trade controls and Sanctions are, see [Appendix 4](#).

2 RESTRICTED AND PROHIBITED COUNTRIES

The Company has developed a list of countries, regions or territories (together referred to as "**Country**" or "**Countries**") that are subject to Sanctions. In order to consider the various Sanctions and Trade control risks pertaining to the Countries on the Sanctions Country List (see [Appendix 1](#)), the Company has implemented two levels of controls:

- **Restricted Countries:** This includes Countries that are subject to selective and targeted Sanctions programs. For example, it may be possible to call at some ports in these Countries but not others, or deliver some types of cargo, or it may be that certain receivers or suppliers are subject to Sanctions meaning that we must not work with them or supply them with specific types of goods. Any contemplated transaction, activity or business partner relationship that directly or indirectly may involve or relate to a Country identified as a Restricted Country on the Sanctions Country List must follow the procedure in section 4.
- **Prohibited Countries:** This includes Countries that are subject to comprehensive and country-wide Sanctions programs (trade embargo). Due the extraordinary risk associated with these Countries, any transaction/activity or business partner relationship that directly or indirectly involve one of these Countries is not permitted.

3 STANDARD PROCEDURE, INCLUDING RISK ASSESSMENT

When

An assessment of risk with respect to Trade controls and/or Sanctions shall always be performed before entering into any form of commitment, agreement or other type of a binding understanding (also by way of fixing on subs, a Letter of Intent, Minutes of Understanding, tenders, bids, offers etc.) to engage in a transaction/activity or with a business partner.

This could typically be when you consider a **new transaction** with existing business partners, suppliers or others; consider renewal of existing agreements; or approach new business partners, suppliers or others.

During **ongoing agreements** you should also carry out a further risk assessment in the event of a material change in circumstances or other causes for concern. Examples include but are not limited to:

- Changes in name or ownership of your counterparty.
- An unusual request for a ship-to-ship transfer or to make an unexpected port calls or other unexpected/unusual changes in voyage orders.
- If a charterer has a history of using vessels that switch off their AIS, or have regular or unusual changes in ownership or name changes.
- If documents supplied to you are illegible or unclear, for example, identity documents, corporate structure diagrams, or certificates of origin, insurance cover notes, and other shipping documents.
- If an existing trade route passes through areas that become exposed to political unrest.
- Changes in the currency used for the transaction, or changes in the parties or other significant elements involved.

Who

It is the responsibility of everyone working for or on behalf of the Company to check Sanctions and Trade control risk prior to concluding any form of commitment, agreement or other type of binding understanding (as a minimum), and to determine whether the procedures set out in section 4 shall be followed.

How

In determining whether a transaction, activity or business partner relationship constitute a potential risk with respect to Trade controls and/or Sanctions, and thus whether the procedure set out in section 4 shall be followed, the following issues must be considered:

- 1) May the transaction, activity or business partner relationship directly or indirectly involve or relate to a Country on the Sanctions Country List? In order to determine whether this is the case, the following questions must *inter alia* be assessed:
 - Is the potential new or existing business partner (e.g. operators of car carriers, ship management companies, suppliers, repair companies, shipyards, equipment makers, agent, or other contracting party) located, incorporated or doing business in a Country on the Sanctions Risk List?
 - Does any product or service that the Company is sourcing originate from a party that is located or incorporated in a Country on the Sanctions Risk List (or is owned or controlled by such party)? For example, is the product or service sourced via a supplier, distributor or other intermediary.
 - Will your PCTCs deliver cargo to/from a Country on the Sanctions Risk list?
 - Will your PCTCs call at a port in a Country on the Sanctions Risk List, whether loading, discharging, bunkering or otherwise taking supplies and services?
 - Will your PCTCs carry cargo which will have its end destination/end-use/end-user in a Country on the Sanctions Country List?
 - Taking into account any abnormal circumstances in a transaction, is there anything with this transaction indicating that the cargo on your PCTCs may be destined for an end-use, end-user, or destination on the Sanctions Country List? For example, if you suspect that the product might be forwarded by the Company's business partner (either directly or through third party) to a Country on the Sanctions Country List.

If you know or have reasons to suspect that the answer to any of the above questions is yes, then this triggers the enhanced procedure set out in section 4.

It may be necessary to conduct investigations or research to properly assess the above questions and identify the actual end-use and end-user of the cargo carried on your PCTCs. This may for example be necessary if you have any suspicion that the transaction will have a connection to a Country on the Sanctions Country List. How far in the contractual chain it is necessary to do research depends on the factual circumstances of each case. The CEO of the Company and/or external legal counsel may support with assessing this question for a specific transaction/export.

- 2) Is the business partner designated for Sanctions (i.e. included on any relevant Sanctions lists)? Perform sanctions screening of the counterparty, the counterparty's direct and

indirect owners (including ultimate beneficial ownership) and, if known, any entity controlling the counterparty. It might be necessary to screen additional parties. The procedure for sanctions screening set out in [Appendix 3](#) shall be followed in this respect.

If you know or have reason to suspect that your business partner, intermediary, end-user or any actor in the supply chain (such as sub-charterers, receivers, financiers, insurers, ports) may be designated for Sanctions, or if you know or have any reason to suspect that any such party does not comply with Sanctions and Trade controls, this triggers the processes set out in section 4, and you must immediately notify the CEO of the Company.

- 3) If documents supplied to you are illegible or unclear, for example, identity documents, corporate structure diagrams, or certificates of origin, insurance cover notes, and other shipping documents, this triggers the processes set out in section 4.
- 4) Certain goods are subject to Trade control ("**Controlled item**"), for example defence-related products. If the PTCTs carry cargo which may be a Controlled item, e.g. military vehicles, this triggers the processes set out in section 4.

4 ENHANCED PROCEDURE FOR CERTAIN TRANSACTIONS, ACTIVITIES OR BUSINESS PARTNERS

The following steps shall always be followed and completed before you may proceed with a transaction, activity or business partner relationship that according to section 3 constitute a potential risk with respect to Trade controls and/or Sanctions:

- 1) The Sanctions and Trade Compliance Questionnaire (the "**Questionnaire**") in [Appendix 2](#) must be filled-out in due time before any deadlines/closing dates, to allow for the necessary time to make the required assessments and integrity due diligence ("**IDD**"). If there is not sufficient time, for example, because an unexpected issue has come to light at a late stage, you should immediately escalate to the CEO of the Company who will be able to consider the most appropriate course of action – you should not proceed without completing this step unless authorized to do so.
- 2) Based on the information in the Questionnaire, you must conduct a Sanctions and Trade control due diligence, including IDD of the parties involved to identify potential Sanctions risk, see [Appendix 3](#). The result of the due diligence shall be submitted to the CEO of the Company who will provide a decision on the matter.
- 3) Any contractual arrangement that involves any real or apparent link to a sanctioned country, company or individual, must be approved by the CEO of the Company.
- 4) For transactions relating to sales and export involving certain Countries, it may be required to obtain an end-user/end-use declaration/undertaking from the Company's counterparty, in order to conclude the Sanctions and Trade controls risk assessment.¹

¹ External counsel may assist in drafting such an end-user/end-use declaration/undertaking when necessary. Please note that even if an end-user/end-use declaration/undertaking has been obtained from the customer, it does not release the Company or you from the due diligence obligations in relation to the relevant transaction. This is particular the case if you know or have reason to suspect that the product is ultimately intended for a prohibited end-use or end-user.

- 5) Any agreement or other form of commitment must be made in writing and include appropriate contractual language to ensure compliance with Sanctions and Trade controls (such as contractual warranties, undertakings, limitations and relevant exit-clauses).

If the cargo carried on the PCTCs is a Controlled item, you may be responsible for ensuring that the appropriate license or authorization is in place prior to the export/import.

* * *

Signed

CEO of Company: Georg A. Whist

Date: 7 February 2024

Board approval date: 7 February 2024

This policy will be reviewed every year.

Version	Date	
1	7 April 2023	Approved by the Board of Directors of Gram Car Carriers ASA
2	7 February 2024	Approved by the Board of Directors of Gram Car Carriers ASA

Appendix 1

SANCTIONS COUNTRY LIST²

Country, Region or Territory	Restricted	Prohibited
Afghanistan	X	
Belarus	X	
Burma (Myanmar)	X	
Burundi	X	
Central African Republic	X	
Territory of Crimea and Sevastopol		X
Cuba		X
Democratic People's Republic of Korea (North Korea)		X
Democratic Republic of the Congo	X	
Haiti	X	
Iran		X
Iraq	X	
Lebanon	X	
Libya	X	
Russian Federation	X	
Somalia	X	
South Sudan	X	
Sudan (and Darfur)	X	
Syria		X
Tunisia	X	
Venezuela	X	
Yemen	X	X
Zimbabwe	X	

² This list is based on the sanctions programs implemented, administered and enforced by one or more of the following authorities: the United Nations Security Council, Norway, the European Union, Singapore and/or the United States of America. Please note that the countries subject to sanctions implemented by these authorities change periodically, as do the details of each sanctions program, and the Sanctions Country List should accordingly be updated regularly. However, there may be times where the Sanctions Risk List is not 1:1 with the relevant sanctions programs. For accurate overview, guidance must be sought with external legal counsel.

Appendix 2

SANCTIONS AND TRADE COMPLIANCE QUESTIONNAIRE

To be filled out by anyone working for or on behalf of Gram Car Carriers ASA (the "**Company**") who is responsible for the contemplated transaction, activity or business partner relationship.

<p>1. Please specify which the Company entity which is anticipated to enter into the transaction, activity, or business partner relationship</p>	
<p>2. Please describe the activities involved, e.g., specify the type of business partner relationship or transaction/activity (including the goods, services, technology, software or know-how that are to be purchased/sold/transported ("Items"), if any).</p>	
<p>3. Please specify in which country the Item is produced, and if relevant, the origin of any component Items or materials.</p>	
<p>4. Is the Item a "Controlled item", or otherwise subject to any export/import controls?</p> <p><i>If the answer to this is yes, you may be responsible for ensuring that the appropriate license or authorization is in place prior to the export/import, even though we are not the importer/exporter of the Item in question.</i></p>	
<p>5. Please specify counterparty name, address, and country of incorporation, as well as the name(s) of the counterparty's parent company(-ies) and ultimate beneficial owners if known.</p> <p>Please specify if the counterparty is expected to enter into a sub-sale, sub-contract or sub-charter etc., and if so provide equivalent information for the other parties in the chain.</p>	
<p>6. If relevant, please specify name, address, and country of incorporation of any agent, broker or other intermediary that is involved in the transaction/activity.</p> <p>Please provide equivalent information for any insurers, receivers, ports and other involved in the supply chain, if known.</p>	

<p>7. Please specify the country to which the Company (or its agents/contractors) will deliver any Item, as well as any load and discharge ports.</p>	
<p>8. Will there be a re-export of the Item? If yes, to whom and to which country does the counterparty intend to export the Item?</p>	
<p>9. What is the intended end-use of the Item?</p>	
<p>10. Please specify the currency of contract, approximate value and number/frequency of transactions.</p> <p>Please also specify whether any financiers are to be involved, such as banks supplying a letter of credit, loan or guarantee.</p>	
<p>11. Is there any available information, or are there reasons to suspect that there is:</p> <ul style="list-style-type: none"> - a different end-use - a different end-user - a different country of end-use than indicated by our counterparty? 	

Date: _____

Filled out by: _____

Appendix 3

SANCTIONS AND TRADE CONTROL DUE DILIGENCE

- 1) Make sure that you have received the information as requested in the questionnaire, including:
 - Full and correct style and jurisdiction of counterparty
 - Details of beneficial ownership
 - Description of contractual arrangement and direct and indirect counterparties
 - Type of cargo including load and discharge ports
 - Any other information that is necessary to perform a proper assessment.
- 2) Carry out a due diligence process with the following steps:
 - a) Do US, EU, Singaporean or Norwegian Sanctions and/or Trade Controls apply?
 - b) Review whether any of the countries involved in the transaction are subject to Sanctions. Consult the Sanctions Country List, but be aware that the countries subject to sanctions change periodically, as do the details of each sanctions program. Make sure you consult the most updated sources.
 - c) Perform sanctions screening / IDD. This will always comprise of an "initial" IDD of the individuals and/or entities involved (i.e. online background check and/or due diligence self-assessment), as well as screening of their names against relevant Sanctions lists. In certain circumstances a "comprehensive" IDD may be required (which may include "on the ground" investigation). You must determine the level of IDD to be conducted and will request support from external advisors if and when considered necessary. See below for further guidance on sanctions screening.
 - d) Check whether the cargo (and vessel or other means of transport if not owned/controlled by Gram Car Carriers ASA (the "**Company**") is subject to Sanctions or Trade controls.
 - e) Check [your insurance company's policy to ensure that our cover is not prejudiced. What about the insurance of the vessel/cargo? (see excerpt of relevant contract provisions in [Appendix 5](#))
 - f) Ensure that your bank will carry out payments relating to the intended business (see excerpt of relevant contract provisions in [Appendix 5](#)).
- 3) If in doubt as to how to assess any of the issues in point 2, it is important that you consult with the CEO of the Company as to whether advice from external legal counsel should be obtained.
- 4) Submit the result of the due diligence to the CEO of the Company for approval.
- 5) Any contractual arrangement that involves any real or apparent link to any sanctioned country, company or individual must be approved by the CEO of the Company
- 6) Save all the evidence showing that the due diligence set out above has been carried

out. This includes all reports from the sanctions screening (e.g. Dow Jones or other), and a summary of what has been discussed/assessed and explain the rationale of the assessment. Save all documents in the Company\Compliance - Dokumenter [designated place].

Further notes on the sanctions screening:

Based on guidelines from relevant government authorities, we would be expected to have screened the following counterparties:

- 1) All of our direct counterparties, i.e. those we deal directly with and make funds or economic resources directly available to.
- 2) We also need to screen the counterparty's direct and indirect owners and, if known, any entity controlling the counterparty. If for example the ultimate beneficial ownership of an entity rests with a designated person (for example, they own a corporate body which owns another corporate body), most authorities take the view that all entities that are part of the ownership chain are subject to sanctions. This means that in order to rule out sanctions exposure our screening have to continue all the way up to the ultimate beneficial owner.
- 3) It might also be necessary to screen additional parties (indirect counterparties) if they may indirectly benefit from our trade. According to the guidelines available, we must adopt a risk based approach to the range of such third parties that needs to be screened. Remember that also a port can be targeted by sanctions, and/or a port may be controlled by someone on a sanctions list.

If we have any reasons to suspect that our trade may indirectly benefit a sanctions target we must continue to dig until the suspicion is disproved.

Direct counterparties may include car carriers operators, ship management companies, suppliers etc.

Indirect counterparties may include charterers, manufacturers, forwarders/NVOCCs, tonnage owners, suppliers, traders, end-users, banks.

Appendix 4

LEGAL OVERVIEW

WHAT ARE SANCTIONS

Sanctions are political instruments or tools aiming to bring about a change in the policies or conduct of those targeted. They are used by international institutions (e.g. the United Nations and the European Union) and national governments as an integrated part of their foreign and security policy approach. Sanctions are sometimes referred to as restrictive measures.

Sanctions can target:

- governments/states/regimes because of their policies or conduct;
- entities (companies) providing the means to conduct the targeted policies;
- groups or organisations such as terrorist groups; and
- individuals supporting the targeted policies or involved in targeted activities (e.g. suspected terrorists, weapons proliferators, and their financiers, being engaged in narcotics, trafficking, cyber warfare and other transnational criminal activities).

Sanctions typically seek to change policies or conduct related to terrorism, nuclear proliferation activities, development of weapons of mass destruction, human rights violations, annexation of foreign territory and deliberate destabilization of a sovereign country.

Sanctions come in many forms as they are developed in response to a given policy or conduct. They can be comprehensive and country-wide (e.g. prohibitions on virtually all activities and transactions related to a country/region (trade embargo)); or selective and targeted (e.g. prohibitions/restrictions on certain activities or transactions related to specific industry sectors in a country/region or with specifically named individuals, entities, groups or vessels), using different measure to block access to assets or restrict trade.

The most common types of Sanctions used are:

- Arms embargo, i.e. prohibition against export of weaponry and dual-use items (i.e. goods which have both a civil and military use) to certain countries or territories.
- Travel ban, i.e. restrictions of specifically named individuals or citizens of a country on admission to enter a country/the EU, or to travel beyond their country of nationality.
- Asset freeze, i.e. prohibition to i) deal with funds or economic resources belonging to, owned or controlled by named individuals, entities or bodies (their assets are to be frozen), or ii) make any funds or economic resources available, directly or indirectly, to, or for the benefit of, those individuals, entities or bodies. These prohibitions would typically also cover any entity that is owned or controlled by the individual, entity or body subject to asset freeze. In the US asset freeze is also known as "Specially Designated Nationals" ("SDNs").
- Economic or trade sanctions, i.e. restrictions concerning specific economic activity applying to named individuals, entities, groups or vessels, or entire industry sectors in a country/region (e.g. energy, petrochemical, shipping, insurance, metals or automotive sector), such as import or export bans on certain listed goods, technology and services, prohibitions on supplying certain services, investment ban, restrictions on access to capital markets etc.

Generally, Sanctions laws and regulations apply to all nationals and legal entities established under the laws of that country, including their foreign branches, irrespective of where their activities take place, and to all conduct occurring within the country's territory. Some governments have also implemented Sanctions with extraterritorial effect, meaning that they apply to foreign nationals and entities for engaging in certain activities entirely outside of the government's jurisdiction.

WHAT ARE TRADE CONTROLS

By Trade controls we refer to the laws and regulations that apply to the import and export of certain goods or technology to/from a country or territory. Countries have different Trade control rules. For example, the EU has a common set of export control rules, while each EU Member State may impose additional controls for reason of *inter alia* national public security.

Trade controls are general in scope, and not limited to countries subject to Sanctions. Trade controls work independently of Sanctions. This means that in addition to complying with Sanctions, Gram Car Carriers ASA must ensure compliance with applicable Trade controls every time are involved in the import or export materials or products to/from a country.

The control may include an import/export prohibition or requirement for a license, certificate, permit or authorisation from the national competent authority based on the country of origin/destination, the intended use or user of the goods or technology. Such license or authorization are normally time limited.

The goods and technologies subject to Trade controls are generally listed on "control lists" maintained and published by the national authority, with a specific item number/code defining the details and reasons for control ("Controlled items"). Typically, Controlled items fall into two categories, military and dual-use. Goods and technologies are classified as military goods if they are designed specifically or predominantly for military use, such as small arms, armed vehicles and protective equipment. Goods and technologies are considered to be dual-use when they can be used for both civil and military purposes. The Trade controls may also cover services related to such Controlled items.

Non-listed goods, technologies and services may also be subject to Trade controls. For example, the export control regime of both the EU and Norway consist of a so called "catch-all" clause, imposing export authorization requirements for any type of goods, technology or service when there is reason to believe the item is intended for use in connection with a biological, chemical, nuclear weapons or ballistic missile weapons program, or for military use in a country that is under an EU or UN arms embargo. The latter would generally cover countries subject to Sanctions, thereby linking the Trade control regulations with the Sanctions regulations. The catch-all clause is often referred to as "end-use controls" since it necessitates an assessment of whether the end use is related to one of the illicit uses described above, irrespective of whether the export includes a Controlled item.

Some export control rules also have extra-territorial effect (including the US export control regulations). This means that in addition to apply to export that occur from that country's boarder, their export control regulations also apply when products that originates from their country (e.g. US-origin product) is exported from one foreign country to another (e.g. from Germany to Russia).

Due to the potential end-use of vehicles, e.g. use for military purposes, it is important to determine whether export/import restrictions apply (e.g. if it is prohibited, require a license or prior

authorization). Although a specific product carried on the PCTC's is not a Controlled item, the export may be caught by the end use controls or Sanctions may apply because of inter alia the business partner Gram Car Carriers ASA is dealing with. It is therefore fundamental that both the risk of Trade controls and Sanctions are assessed.

Appendix 5

H&M Insurance cover is in accordance with "The Nordic Marine Insurance Plan of 2013", which includes the following clause:

Clause 2-17. Sanction limitation and exclusion

This Clause shall be paramount and shall override any other clauses inconsistent therewith.

No insurer shall be deemed to provide cover and no insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit may expose that insurer or **its** reinsurers to any sanction whether primary or secondary, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, the United Kingdom, the United States of America or any State where the insurer or **its** reinsurers have their registered office or permanent place of business. In the event of the subject-matter insured having been engaged or engaging in any activity whatsoever that may expose the insurer or **its** reinsurers to any sanction whether primary or secondary, prohibition, restriction, law or regulation as described in sub-clause 1 above, the insurer shall be entitled to terminate the insurance by giving 14 days' notice. Termination also applies to the rights of the mortgagee, but the insurer shall immediately notify the mortgagee of the termination.

In addition, applicable to one underwriter, the following clause is included under their coverage:

Russia-Related Sanctions Clause

Notwithstanding any other terms of this insurance, this insurance additionally excludes:

Loss damage liability or expense arising from capture seizure arrest restraint detainment confiscation or expropriation where such capture etc directly or indirectly arises out of or in connection with a Russia-related Sanction. For the purposes of this exclusion, a Russia-related Sanction means any action measure or sanction (permanent or temporary) imposed on and/or enforced and/or taken against the vessel and/or any property thereon pursuant to any legislation, regulation, order, directive, executive act or any other executive or political means whatsoever brought into force at any time (whether before or after the date of this policy) by the United Nations, the European Union, the United Kingdom, the United States or any other State or supra (1) national body whatsoever where such legislation etc has been brought into force in connection with, or by way of response to, Russias's military action against Ukraine. For the avoidance of any doubt, this additional exclusion is entirely without prejudice to the Sanction Limitation and Exclusion clause incorporated herein.