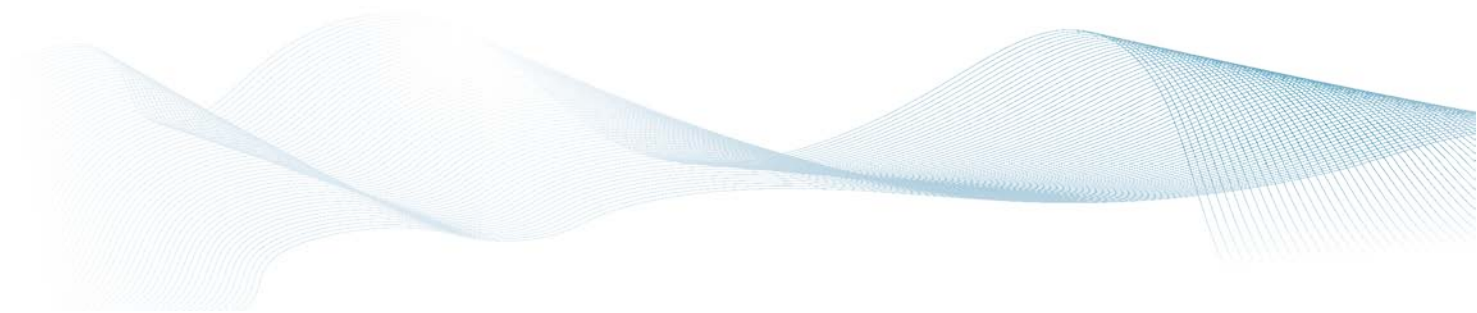




Sanctions Compliance Policy

Effective March 2022



March 2022

To: Peninsula¹ Employees

From: John Arthur Bassadone, CEO

Re: Peninsula's Sanctions Compliance Policy

Introduction – What are International Trade Sanctions?

International trade sanctions are laws and regulations enacted by governments (such as the government of the United States (**US**) or the United Kingdom (**UK**)), international organisations (such as the United Nations (**UN**)) and supranational bodies (such as the European Union (**EU**)) to promote foreign policy and other objectives, including:

- limiting the adverse consequences of a situation of international concern (for example, by denying access to military or paramilitary goods, or to goods, technologies or funding that enable international terrorism or the proliferation of weapons of mass destruction);
- seeking to influence other persons or governments to modify their behaviour; and
- penalising other persons or entities (for example, by blocking or “freezing” their assets, or denying access to international travel or to the international financial system).

Sanctions are intended to deter a range of activities, which may include political or military aggression, providing sanctuary for criminals and terrorists, developing nuclear or other weapons programmes, and abusing human rights.

Sanctions are implemented largely by prohibiting companies and individuals from doing business with persons, entities, countries and governments that are the targets of the sanctions. Such restrictions can include:

- export bans, import bans and prohibitions on the provision of certain specified services;
- prohibiting certain commercial activities (such as joint ventures and other investments);
- barring the transfer of funds to and from a sanctioned country; and
- targeted financial sanctions, which include freezing the assets of and prohibiting any dealings with a government, country, or territory, and designated entities and individuals.

One key method of imposing sanctions is to designate a country, territory, government, individual or entity as a target of sanctions. For example, the US Department of the Treasury (via its Office of Foreign Asset Control (**OFAC**)) has imposed country-wide embargoes on Cuba, Iran, North Korea, Syria, and the Crimean, Donetsk People's Republic (DNR) and Luhansk People's Republic (LNR) Regions of Ukraine. OFAC also publishes a list of Specially Designated Nationals (or “**SDNs**”), which includes individuals and entities who are the subject of US sanctions. The sanctions that apply to SDNs also apply automatically to entities owned 50% or more by one or more SDN. The US and the EU also impose economic sanctions and embargoes that target geographic regions and governments; some programmes are comprehensive in nature and block the government and include broad-based trade restrictions, while others target specific individuals and entities. In non-comprehensive programs, there may be broad prohibitions or narrower restrictions on dealings with countries, specific named individuals and entities.

Certain sanctions regimes (such as some of the sanctions measures put in place by the US) are intended to have extraterritorial application (i.e., they may be extended to persons outside the US).

¹ In this Sanctions Compliance Policy (“Policy”), “Peninsula” refers to Peninsula Petroleum Group Holdings Limited (a company incorporated in Malta) and to all of its wholly-owned direct or indirect subsidiaries.

Failure to comply with relevant sanctions laws would constitute a breach of legal and/or regulatory requirements. The consequences to Peninsula of such a breach could include legal or regulatory actions with financial penalties, significant reputational damage and associated losses, and may expose Peninsula's officers, directors and employees to financial penalties and even imprisonment.

Peninsula's Sanctions Compliance: Key Principles and Employee Responsibilities

Key Principles

Peninsula is committed to adhere strictly to all applicable sanctions regulations and takes a conservative and diligent approach to sanctions compliance. Peninsula has taken external legal advice in the UK, EU and US in respect of the construction and implementation of its policies and procedures and internal observance of these policies is mandatory for all employees. We remain confident that Peninsula has in-depth and structured processes in place to ensure we are compliant with all applicable sanctions legislation, providing our stakeholders, suppliers and clients with the comfort they require.

The following key principles govern Peninsula's approach to sanctions:

- We comply with the requirements of the US, UN, EU, UK and Singapore sanctions regimes (whenever these apply to our operations) and will not undertake any business that would breach those sanctions regimes.
- In addition to complying with the requirements of the above sanctions regimes (whenever these apply to our operations), we comply with other sanctions regimes whenever they apply to particular Peninsula operations or specific transactions, and will not undertake any business that would breach those sanctions regimes.
- We may decide not to provide products or services even where it is permitted by law, particularly where the circumstances present reputational risk.

Employee Responsibilities

Peninsula has a zero-tolerance approach to violations of this Policy or applicable sanctions regimes. If an employee fails to comply with this Policy or with its spirit, then they may be subject to disciplinary action that may include dismissal from employment. Disciplinary measures will depend on the circumstances of the violation and will be applied in a manner consistent with Peninsula's policies.

Every Peninsula employee is responsible for dealing appropriately with sanctions-related concerns and ensuring sanctions compliance. Peninsula employees must never enter into any transaction which they know, suspect or could reasonably conclude, involves a sanctions compliance issue, without prior approval from the Legal department. If an employee is in any doubt over a potential sanctions issue, they should escalate the matter to the Legal department.

In addition to this general responsibility, every Peninsula employee must:

- Protect Peninsula's interests and reputation above commercial gain.
- Consult with the Legal department immediately if asked to deal with a sanctioned or restricted country, entity or individual.
- Be vigilant for transactions that look suspicious from a sanctions perspective or indicate deceptive shipping practices (such as irregular vessel documents, unusual AIS activity, STS operations in high-

risk areas, frequent vessel flag or name changes, or unusual requests from counterparties). These must be reported immediately to the Legal and Credit departments.

- Make sure the data entered into Peninsula's trading system or provided to the Legal and Credit departments is correct at all times – for example an incorrectly entered vessel IMO can lead to the Legal and Credit departments vetting the wrong vessel.
- Not attempt to conceal or falsify sanctions information, either with colleagues or external stakeholders, and immediately report any request to conceal or falsify information to the Legal department.
- Immediately action any circulars, training sessions, emails or other communications relating to sanctions from the Legal, Credit or Finance departments or the Senior Management Team.

Peninsula is fully committed to developing a speak-up culture where employees should not be afraid to speak-up if they think that something is wrong or needs to be fixed. Employees should at all times feel comfortable sharing their views, asking questions, flagging anomalies, expressing concerns, or reporting perceived violations of this Policy. If an employee becomes aware of any suspected or known violations of this Policy they have a duty to report promptly such concerns to their Line Manager and/or the contact persons identified below.

The body of the Policy contains the measures Peninsula will take to comply with sanctions and implement these principles. Please review the measures carefully to understand the rules and focus on the measures that apply to you.

The controlled and updated version of the Policy is accessible to all employees electronically on Peninsula's Intranet site and is published at [Peninsula360.com](https://peninsula360.com).

Who to contact with questions

Questions and reports of suspected violations may be directed to Alex Jamet (General Counsel), Zain Hudda (Deputy General Counsel) or Ian Mathew (Legal Associate). To encourage questions and reports, these contacts may be made anonymously by using the "Sanctions and KYC Reporting Tool" on the Peninsula Portal ([https://penpetrol.sharepoint.com/sites/LegalSite/SitePages/Sanctions\(1\).aspx](https://penpetrol.sharepoint.com/sites/LegalSite/SitePages/Sanctions(1).aspx)).

Thank you for your commitment to Peninsula and for understanding the role you all play in our sanctions compliance.



John A. Bassadone
CEO of the Peninsula Group

March 2022

Sanctions Compliance Procedures: Marine Fuel Customers

Peninsula has a multi-tier approach to checking and approving all customer enquiries for the supply of marine fuel products.

- When Peninsula becomes aware that a customer or a specific vessel has been sanctioned by the US, UN, EU or UK – for example, by being included on the OFAC SDN List, the EU Consolidated Sanctions List, or the UK Sanctions List (collectively the “**Sanctions Lists**”) – that customer or vessel will be blocked on our trading system and Peninsula cannot enter into transactions with them until such time as the relevant sanctions designation is removed.
- Peninsula has a subscription to a market-leading financial crime screening tool (Refinitiv World-Check) enabling our Credit department to check customer credentials on an ongoing basis against the World-Check global database of sanctions lists. Every Peninsula customer, and (if available by reasonable inquiry) their ultimate beneficial owners² are uploaded by the Credit department to World-Check and reviewed as detailed in Peninsula’s Know Your Customer (KYC) procedures.
- For every customer enquiry our trading system automatically checks the customer vessel, and its ownership, operator and management entities (who may be unrelated to Peninsula’s customer) for any sanctions compliance issues via Peninsula’s subscription to Lloyds List Intelligence.
- Finally, all enquiries are screened against their port calling data for the previous thirty (30) days. The Credit department is automatically notified if a customer’s vessel has called to a relevant sanctioned jurisdiction within the thirty (30) days preceding the date of the delivery. Further information about that voyage will be requested from the prospective customer (such as bills of lading). Peninsula’s subscriptions to live ship tracking services and port agent data are used to review the vessel’s previous port calling information. Peninsula also requests confirmation from the customer of the next port of call for (i) any vessel seeking to take bunkers in the Middle East or Port Klang in Malaysia (as this port sees a large volume of onward voyages to Iran); and (ii) tanker vessels with a history of that vessel (or the relevant vessel owner) trading to sanctioned jurisdictions.

The enquiry will only be approved if Peninsula can be reasonably sure – on the basis of the procedures outlined above – that the relevant commercial activity of the vessel and the customer does not violate any sanctions regulations. There are instances where the customer is unable or unwilling to provide the relevant documentation demonstrating that no such violation will arise. The reasons for not sharing such documentation are complex and do not automatically create grounds for suspicion. These reasons may be: (a) bureaucratic (e.g. in large organisations the person responsible for buying marine fuels on behalf of the customer is in a different department with no leverage over the individual responsible for the vessel’s commercial arrangements); (b) commercial (e.g. the parties to the bill of lading regard it as commercially sensitive and do not consent to sharing it); or (c) practical (e.g. in the case of a container vessel which has many thousands of cargo documents). In such instances, the matter is referred to Peninsula’s Legal department who look at all the facts involved, including: (i) the trading history we have with the customer; (ii) the customer’s reputation and compliance culture; (iii) the robustness of the customer’s own sanctions policies; (iv) the validity of the customer’s reasons for not providing the information; and (v) whether the customer can informally confirm the details of the relevant voyage. Based on these facts, Peninsula’s Legal department may decide to reject the enquiry, request additional information or approve the enquiry without requesting additional information – relying on the customer’s

² Non-transparent ownership structures are commonplace in the shipping industry. Peninsula will ask its customers and/or use the resources available to it (all public and subscription sources including World Check) to determine this information but is not always able to do so. Please refer to Peninsula’s KYC procedures for further information.

agreement to Peninsula's standard Marine Fuels Terms and Conditions of Sale, which contain a sanctions compliance clause (see below). The Credit and Legal departments typically document this vetting process and the ultimate reasons for any decisions made through email exchanges which are maintained in the files of the two respective departments.

Once a vessel has been bunkered by Peninsula, Peninsula's Credit department monitors the movements of the vessel for thirty (30) days after supply. If this data shows a vessel has called to a relevant sanctioned jurisdiction the Credit department will make enquiries with the customer – which may include requesting the relevant bills of lading – in respect of that voyage in order to satisfy ourselves that the underlying cargo transaction or activity of the vessel does not infringe any sanctions.

Peninsula's standard Marine Fuels Terms and Conditions of Sale contain an updated sanctions compliance clause which has been prepared in conjunction with our external sanctions lawyers. The clause now reads as follows:

*a. The Buyer warrants and represents that the Vessel is employed at all times in full compliance with all trade sanctions, foreign trade controls, export controls, non-proliferation, anti-terrorism and similar laws, regulations, decrees, ordinances, orders, demands, requests, rules or requirements issued or enacted by the United States of America, the United Nations, the European Union, the United Kingdom and/or Singapore ("**Trade Sanctions**").*

b. In particular, the Buyer warrants and represents that:

*(i) neither the Buyer nor the Vessel are included on the Specially Designated Nationals and Blocked Persons List published and amended from time to time by OFAC or the equivalent lists published by the European Union, the United Kingdom and Singapore (collectively, "**Sanctions List(s)**");*

(ii) neither the Buyer nor the Vessel are owned or controlled or acting for or on behalf of any individual or entity which is included on any Sanctions List;

(iii) no individual or entity with any interest in any cargo on board the Vessel is included on any Sanctions List; and

(iv) every cargo carried on board the Vessel can be loaded, carried and discharged without infringing any Trade Sanctions.

c. The warranties in clauses 19(a) and 19(b) are deemed repeated every day from the date of entry into the Contract until thirty (30) days after Completion.

d. The Buyer shall, as soon as possible, at the request of the Seller, provide bills of lading, seaway bills or other applicable documentation evidencing carriage of any cargo on board the Vessel.

e. If in the reasonable opinion of the Seller the Buyer's warranties under clause 19(a) or (b) are inaccurate, the Buyer fails to provide relevant documentation under clause 19(d), or there is a risk that payment by the Buyer for any invoiced amount under the Contract may be delayed and/or confiscated by any bank, financial institution, regulator or governmental entity, the Seller shall be entitled to:

(i) terminate the Contract without liability; or

(ii) change the currency of the Contract to a currency other than United States Dollars, with the applicable currency conversion rate to be set by the Seller in its sole discretion.

f. The Seller shall not be obliged to perform any obligation otherwise required by the Contract including any obligation to perform, deliver, accept, sell, purchase, pay or receive monies to, from, or through a person or entity, or engage in any other acts if this would be in violation of, inconsistent

with, or expose the Seller to punitive measures under, any Trade Sanctions.

g. *The Buyer shall indemnify and hold the Seller harmless for non-compliance by the Buyer or the Vessel of this clause 19.*

This clause contains extensive and repeated warranties from our customers as to their sanctions compliance and a right for Peninsula to request documentation from the customer relating to the cargoes carried on board the vessel. If in Peninsula's opinion any warranty given by the customer under this clause is inaccurate, or if the customer has failed to provide relevant documents once requested, Peninsula then has the right to terminate the transaction without liability. Peninsula also has the ability to change the payment currency of transactions, in circumstances where the transaction itself does not breach sanctions legislation but where a USD payment may present a risk of payment disruption by US based banks (as those banks will be subject to primary US sanctions).

Indirect Sales

In some transactions, Peninsula will sell marine fuels to entities which are themselves acting as marine fuel suppliers. Those counterparties will, in turn, on sell the marine fuels to vessel owners or operators. We call these transactions "**Indirect Sales**". From a sanctions compliance perspective, there can sometimes be issues with Indirect Sales arising from the fact that Peninsula's buying counterparty is not the owner or operator of the vessel. For example, it can be more difficult to obtain documentary evidence about the relevant vessel's trading activity if Peninsula's buying counterparty does not have the ability to obtain such documents under its contract with the vessel owner/operator. More generally, Peninsula only has limited visibility over the sanctions checking procedures used by other marine fuel suppliers.

In order to mitigate these potential risks, Peninsula asks all Indirect Sales counterparties to provide a letter confirming that, for any transactions involving Peninsula, **(a)** the counterparty will conduct sanctions checking procedures on the vessel's owner/operator equivalent to the procedures set out in this policy, and **(b)** the counterparty will indemnify Peninsula for any adverse consequences arising from the counterparty failing to follow or enforce such equivalent procedures.

Sanctions Compliance Procedures: Marine Fuel Suppliers

Every supplier from whom Peninsula purchases marine fuel products is screened via World-Check, and any new suppliers must be screened as part of our onboarding procedures before being activated on Peninsula's trading system. Any supplier or potential supplier that appears on any of the Sanctions Lists will be blocked on our trading system by the Credit department and Peninsula cannot enter into transactions with them.

Furthermore, Peninsula includes the following warranty in all confirmations issued to marine fuel suppliers that the contemplated transaction complies with all relevant sanctions legislation:

"Buyer has relied on the Seller's confirmation that the Product(s) supplied do not originate and/or have not been exported or re-exported from, nor contain components which originate and/or have been exported or re-exported from, Iran, Syria, Venezuela, North Korea, Cuba, Russia, Belarus, the Crimean, DNR or LNR regions of Ukraine or any other sanctioned countries.

Neither party shall be obliged to perform any obligation otherwise required under the contract

*(including without limitation an obligation to perform, deliver, accept, sell, purchase, pay or receive monies to, from, or through a person or entity) if this would be in violation of, inconsistent with, or expose such party to punitive measures under, any laws, regulations, decrees, ordinances, orders, demands, requests, rules or requirements of the United Kingdom, the European Union, any EU member state, Singapore, the United Nations or the United States of America, applicable to the parties relating to trade sanctions, foreign trade controls, export controls, non-proliferation, anti-terrorism and similar laws (the "**Trade Restrictions**").*

*Where any performance by a party would be in violation of, inconsistent with, or expose such party to punitive measures under, the Trade Restrictions, such party (the "**Affected Party**") shall, as soon as reasonably practicable give written notice to the other party of its inability to perform. Once such notice has been given the Affected Party shall be entitled:*

- (i) immediately to suspend the affected obligation (whether payment or performance) until such time as the Affected Party may lawfully discharge such obligation; and/or*
- (ii) where the inability to discharge the obligation continues (or is reasonably expected to continue) until the end of the contractual time for discharge thereof, to a full release from the affected obligation, provided that where the relevant obligation relates to payment for goods which have already been delivered, the affected payment obligation shall remain suspended (without prejudice to the accrual of any interest on an outstanding payment amount) until such time as the Affected Party may lawfully resume payment; and/or*
- (iii) where the obligation affected is acceptance of the vessel, to require the other party to nominate an alternative vessel; in each case without any liability whatsoever (including but not limited to any damages for breach of contract, penalties, costs, fees and expenses)."*

Sanctions Compliance Procedures: Cargo Trading

Peninsula operates in various petroleum product cargo markets. This can be where Peninsula is trading the cargoes or where it is purchasing product for its own marine fuel supply operations. The counterparties in such transactions include oil majors, regional oil producers/refineries, global oil trading companies and smaller local suppliers. All counterparties undergo KYC vetting by our Credit department.

All contracts for sales of cargoes by Peninsula incorporate the latest version of the 2015 BP Oil International Limited General Terms & Conditions for Sales and Purchases of Crude Oil and Petroleum Products ("**BP GTCs**"). The sanctions compliance section in the BP GTCs provides (inter alia) that neither Peninsula nor our counterparty buyer can be obliged to do anything which contravenes applicable sanctions laws, and where contract performance by either Peninsula or the buyer exposes it to sanctions compliance issues, the party so affected is entitled to suspend the relevant obligation until performance can be rendered without any sanction concerns. The BP GTCs are widely used in the market and therefore it is not uncommon for contracts for purchases of cargoes by Peninsula to incorporate them as well. Contracts for cargo purchases by Peninsula may alternatively incorporate other oil majors' general terms and conditions, but generally the sanctions compliance clauses in all these alternative general terms and conditions provide very similar rights and obligations as under the BP GTCs.

Where Peninsula is purchasing cargo, the transaction cannot be executed without either getting

confirmation of the origin of the product in question or, where such confirmation is unavailable from the seller, it is made a condition of the purchase contract that the relevant product does not originate from a non-exhaustive list of sanctioned jurisdictions³. If it subsequently becomes apparent that the product does originate from a sanctioned jurisdiction, Peninsula is entitled to terminate the contract.

For any cargo transaction where Peninsula is responsible for the shipment of the product (i.e. where we are selling on CIF, DES or DAP incoterms, or where we are buying on FOB incoterms) the Credit department will check the intended performing vessel and its owning, operating and managing entities (to the extent we have the relevant information) via World-Check to confirm they are clear of sanctions issues before the relevant charterparty is fixed.

³ The product must not originate from Iran, DPRK, Syria, Belarus, Cuba, Venezuela, Russia, the Crimean, DNR or LNR Regions of Ukraine, or any other sanctioned country or entity.