

TRACE - RIGHTSHIP COMPLIANCE RATING

TRACE in partnership with RightShip is pleased to offer a compliance rating and, where appropriate, a due diligence report designed for vessel owners.

The compliance rating of vessel owners will result in greater commercial transparency and reduced risk to charterers, who are expected to conduct due diligence on the vessels they charter, beneficial vessel owners, and third parties involved with the vessels. A model that avoids duplicative processes, subjecting vessel owners to a single, rigorous due diligence process, benefits vessel owners, charterers and the larger business community by minimizing expense and avoiding delay.

The compliance rating will consist of TRACE conducting a due diligence review of vessel owners, to include sanctions screening and an internationally recognized anti-bribery review.

This process will result in one of four possible compliance ratings (CR):



Indicates that no “red flags” have been identified.



Indicates that “red flags” have been identified, but have been resolved by TRACE.



Indicates that “red flags” have been identified that TRACE was unable to resolve.



Indicates that an entity or any of its owners are listed on an international sanctions list.

Vessels owners with a compliance rating of 1 or 2 will receive a copy of their detailed due diligence report. There will be no underlying due diligence report for companies with a higher compliance rating.

For vessel owners who choose to undergo the compliance rating process, the CR will be displayed on the RightShip online risk management platform. The CR does not form part of RightShip’s vessel rating and is determined independently by TRACE after a thorough due diligence review, analysis and approval process.



VESSEL OWNER EXPECTATIONS

The compliance rating process is voluntary for vessel owners. Vessel owners seeking to obtain a CR should contact TRACE directly. Vessel owners will be asked to execute a consent form prior to the due diligence review and one component of this will be their consent to have their CR posted on RightShip's platform.

The vessel owner will be responsible for the cost of the CR, which is currently USD \$2800 for the first year and USD \$1400 for each year thereafter. This fee includes multilingual anti-bribery online training for up to 40 employees of the vessel owner.

During the initial review vessel owners will have to disclose and produce the information below:

- › Detailed company information, including information on subsidiaries, affiliated entities and third parties.
- › Business registrations, as applicable.
- › Corporate literature or a company description.
- › Beneficial ownership (except for shareholders owning less than 5% of publicly-traded companies).
- › Identification and CVs for owners, directors and key employees.
- › Additional ownerships, directorships and employment of all owners, directors and key employees.
- › Current and previous government employment of owners, directors and key employees.
- › One financial reference or audited financial statement.
- › Media search dating back ten years in a comprehensive international database.
- › Denied party screening and two negative media searches.
- › Evidence of anti-bribery code of conduct and training.

TRACE EXPECTATIONS

Vessel owners' CR status will be sent to RightShip periodically to upload onto its platform so that the CR can be displayed for each vessel.

The CR will be entered on the RightShip platform. However, the full due diligence report (DDR) on the vessel owner with a compliance rating of 1 or 2 will not be available on the RightShip platform.

Each vessel owner has control of their complete DDR and will decide whether to share it with any charterer. TRACE will verify the authenticity of a DDR upon request.

Where a single shareholder has a number of Special Purpose Companies (SPCs), the SPCs can be aggregated and approved under a single certification. Where an SPC has multiple shareholders, either each SPC will require individual certification, or, if all shareholders are known, the SPC will be considered to be certified if all shareholders have been certified.

Where a vessel is owned by a single company, a group, or a beneficial owner, the CR will apply equally to all vessels under that identical ownership.

In cases where the shareholders have already been certified, we will prepare a new report on the SPC in question (at no cost). At that time we will determine the appropriate rating for that SPC.

Once provided a CR, the vessel owner, beneficial owner(s) and the vessels themselves will be monitored daily against sanctions watch lists. Any new sanctions "hits" will be reviewed by TRACE, and the RightShip platform will be updated as soon as practical thereafter, including with an adjusted CR, if appropriate.



COMPLIANCE RATING RENEWAL PROCESS

After its initial CR, the vessel owner will be required to undergo an annual re-certification.

Vessel owner's will be contacted approximately 60 days prior to the 12-month anniversary to begin the renewal process. If the vessel owner does not engage in the renewal process, the CR will expire on the 12-month anniversary and the previous CR will be removed from RightShip's platform.

If the vessel owner has engaged diligently in the renewal process, but has nevertheless been unable to complete the undertaking by the 12-month anniversary, the vessel owner's status will be shown as "under review" for up to 60 days. If, thereafter, the renewal process has not been completed by the vessel owner, the CR will be removed from RightShip's platform.

COMPLIANCE RATING & DDR BENEFITS

- › Vessel owners will complete due diligence reviews once saving time from duplicative and time consuming due diligence processes.
- › A compliance rating and a certificate to be displayed on RightShip's online risk management platform.
- › A copy of the full underlying DDR that vessel owners can share it with charterers as they wish or upon request.

To initiate your compliance rating please contact the TRACE*certification* Team at certification@TRACEinternational.org.

TRACEcertification is not a guarantee against past or potential wrongdoing by the certified entity or a guarantee against potential liability. A summary of any "red flags" identified during the TRACEcertification review will be included in the report, but not all red flags preclude TRACEcertification. Companies doing business with the TRACE Certified entity should always request a full copy of the underlying report.

About TRACE

TRACE International and TRACE Incorporated are two distinct entities with a common mission to advance commercial transparency worldwide by supporting the compliance efforts of multinational companies and their third party intermediaries. TRACE International is a non-profit business association that pools resources to provide members with anti-bribery compliance support while TRACE Incorporated offers both members and non-members customizable risk-based due diligence, anti-bribery training and advisory services. Working alongside one another, TRACE International and TRACE Incorporated offer an end-to-end, cost-effective and innovative solution for anti-bribery and third party compliance.

For more information, visit www.TRACEinternational.org. Follow TRACE:    