

COMPLIANCE

Training Program



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Compliance Overview



What is compliance in business?

Compliance in business means that the conduct of the company must comply with the rules of regulatory bodies.

This concept covers all the policies, rules, internal and external controls to which an organization must conform. When in compliance, an organization's activities will be in full accordance with the rules and laws applied to its processes.

Both the company and all its people, including suppliers of interest, need to behave in accordance with the rules of regulatory bodies.

In addition, they must ensure faithful compliance with the various internal normative instruments. Only in this way will the company comply with regulations for environment, labor, finance, work safety, operations, accounting, etc.

Why is compliance important?

Being in compliance shows that managers and teams are in control of the processes and procedures, implemented and executed with effective political, commercial, labor, contractual and behavioral compliance.

Not being in compliance means being unnecessarily high risk, which can lead to financial, equity and market losses, among many others. Risk management and compliance are closely linked.

What are the things that you need to know & comply with?

- Anti-corruption/Bribery
- Anti-trust/Competition
- U.S. Export Control Compliance
- OFAC/Sanctions/Embargoes
- Denied Party Screening

A&L Cargo's Commitment to Compliance



A&L Cargo operates in a number of markets around the world. A&L Cargo is committed to conducting business with integrity, that is honest and ethical, and comply with all laws, policies, governing rules and regulations as follow (not limited to):

- Vietnam's Anti-Corruption Law
- The U.S. Foreign Corrupt Practices Act ("FCPA")
- The United Kingdom Bribery Act 2010 ("Anti-Bribery Act")
- The Organization For Economic Cooperation and Development Convention on Combatting Bribery of Foreign Officials in International Business Transactions ("OECD Convention")
- Article 164 of the Criminal Law of the Peoples Republic of China ("Chinese Criminal Law")
- And Similar Laws ("collectively the "Anti-Corruption Laws")

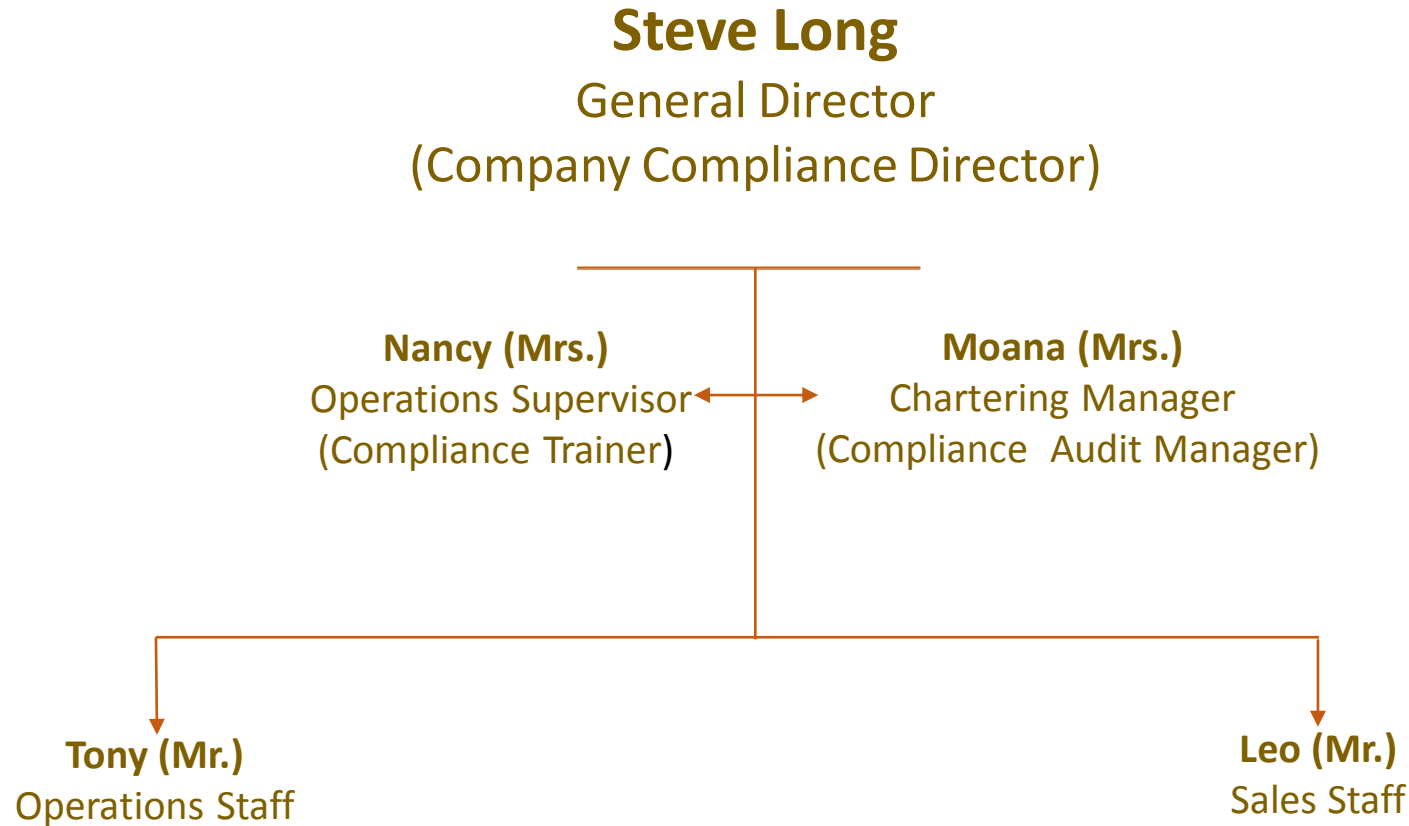
The Anti-Corruption Policy (the "Policy") applies to all of A&L Cargo's directors, officers and employees and direct agents throughout the world. The Policy also applies to all business partners ("Business Partners"), a term including third-party distributors, dealers, suppliers, joint-venture partners, agents, contractors and others.

The Policy extends to all of A&L Cargo's financials and other record-keeping activities; it supplements and should be interpreted with any other policies and laws, including securities and import-export regulations, to which A&L Cargo is already subject. It is A&L Cargo's firm intention and unswerving policy to comply fully with Anti-Corruption Laws worldwide.

All A&L Cargo employees are required to attend the Compliance Training conducted by the Company's Compliance Trainer on a yearly basis .

A&L CARGO

COMPLIANCE TEAM ORGANIZATION CHART



Anti-corruption/Bribery & Anti-trust/Competition



Anti-corruption/Bribery

- This Anti-Bribery and Corruption Policy establishes principles that must govern our conduct in order to: a) conform to the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and similar anti-corruption laws worldwide and b) more broadly, reinforce our intention and obligation to act honestly and ethically in all of our business dealings.
- This policy applies to all employees, including those of wholly and majority-owned entities of A&L Cargo
- A&L Cargo's anti-corruption and anti-bribery policies, training, risk assessments, and follow-up are intended to help prevent and avoid corruption and bribery.

Anti-trust/Competition

- Antitrust is the name given to laws and regulations that ensure healthy competition between businesses in the open market. It is also known as competition law in many jurisdictions. Competition helps to keep prices down, provides more choice for the consumer, and produces higher quality products and services. It also leads to greater innovation.
- Regulatory bodies around the world enforce antitrust and competition laws to ensure open and free markets, promote vigorous competition and protect consumers from anti-competitive practices such as cartels and the abuse of a dominant position by companies that seek to dominate a market by abusing their dominant position.
- A&L Cargo believes that fair competition and a free market serve the best interests of our company, our employees, shareholders, and customers. It is the policy of A&L Cargo that ALL employees shall comply with all applicable antitrust and competition laws of any country or group of countries applicable to A&L Cargo's business.

U.S. Export Control Compliance

The United States Export Regulations prohibit exports and re-exports of U.S. products by U.S. companies (and in some cases foreign subsidiaries and branches of U.S. companies) to certain countries. These countries are listed in OFAC's website (<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information>). Additional guidance can also be found at <https://www.bis.doc.gov/index.php/policy-guidance/country-guidance>

OFAC/Sanctions



OFAC

- Sanctions are, in essence, laws that impose a broad range of transactional prohibitions. Prohibited transactions can consist of nearly all commercial or financial transactions with targeted countries. Prohibited transactions can also include nearly all commercial or financial transactions with particular persons, individuals, and entities identified by OFAC. Furthermore, the sanctions can prohibit other dealings in which U.S. persons may not engage unless authorized by OFAC or expressly exempted by statute. Because each sanctions program is based on different foreign policy and national security goals, specific prohibitions may vary between programs.
- The Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.
- OFAC publishes lists of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific.
 - Specially Designated Nationals List (see next slide for more details)
 - Consolidated Sanctions List
 - Additional OFAC Sanctions Lists
- U.S. sanctions programs vary in scope. Some are broad-based and oriented geographically (i.e. Cuba, Iran). Others are "targeted" (i.e. counter-terrorism, counter-narcotics) and focus on specific individuals and entities. These programs may encompass broad prohibitions at the country level as well as targeted sanctions.

UN Sanction Rules

- UN sanctions derive from UN Security Council Resolutions which require member states to implement them in their domestic legislation. In the EU they are implemented through Regulations which have direct effect in EU member states.

EU Sanction Rules

- EU Sanctions are imposed as part of the EU Common Foreign and Security Policy. They apply within the territory of the EU (including its airspace); on board any aircraft or any vessel under the jurisdiction of an EU Member State ; to any person inside or outside the territory of the EU who is a national of an EU Member State ; to any legal person, entity or body, inside or outside the territory of the EU, which is incorporated or constituted under the law of an EU Member State; and to any legal person, entity or body in respect of any business done in whole or in part within the EU.
- EU sanctions may affect non-EU members if they are directed at insurers, even where the ship, the parties and the particular trade has no connection to the EU.
- Under most EU sanctions, there is a defense if you did not know or had no reasonable cause to suspect that your actions have caused a breach of sanctions. This means that if appropriate due diligence has been undertaken, and no suspicion reasonably aroused, then no offence has been committed even if it turns out that there has been an infringement. But what constitutes appropriate due diligence will depend on the particular facts of the case.
- EU sanctions provide for implementation of 'effective, proportionate and dissuasive' penalties, which are imposed at national level.

SDN (Specially Designated Nationals)



As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs." Their assets are blocked and U.S. persons are generally prohibited from dealing with them.

SDN searches can be conducted on OFAC's web-site: <https://sanctionssearch.ofac.treas.gov/>

Key notes when doing a SDN search:

1. Compare the name in the transactions with the name on the SDN List. Is the name in your transaction an individual while the name of the SDN List is a vessel, organization, or company (or vice-versa)? If yes, you do not have a valid match. If no, then you may have a valid match and you should go on to #2.
2. Now you should check to see how much of the SDN's name is matching against the name in the proposed transaction. Is just one of two or more names matching (i.e., just the last name)? If yes, you do not have a valid match. If no, then you may have a valid match and should go on to #3.
3. Compare the complete SDN entry with all of the information you have on the name matching in your transaction (ie. the "What, Where, Who, Why" information). An SDN entry often will have a full name, address, nationality, passport, tax ID or cellular number, place of birth, date of birth, former names and aliases. The more matches there are, the more likely it is that there is a valid match. However, if you are missing information and cannot corroborate the matching name with any other identifiers, then you must go back and get more information. Ultimately, you need to reasonably be able to determine that the person the company may transact with is or isn't the person that is hitting on the list. Without a reasonable basis to conclude one way or the other, the transaction should not be pursued.

And finally, if there is a match and several of the identifiers match or are similar, you likely have a valid match. The transaction should be cancelled and/or abandoned.

Denied Party Screening



- The UN, US, EU, and many national governments (e.g. CH) forbid the export, re-export or domestic sale of goods to a “denied person or entity”.
- Currently there are more than 350 “denied party lists” which are constantly being updated and changed.
- A&L Cargo employees will need to screen denied parties (people or entities) listed on one or more of the denied party lists.
- All staff need to check very carefully in some below website (at least but not limited) as suggested process as following:

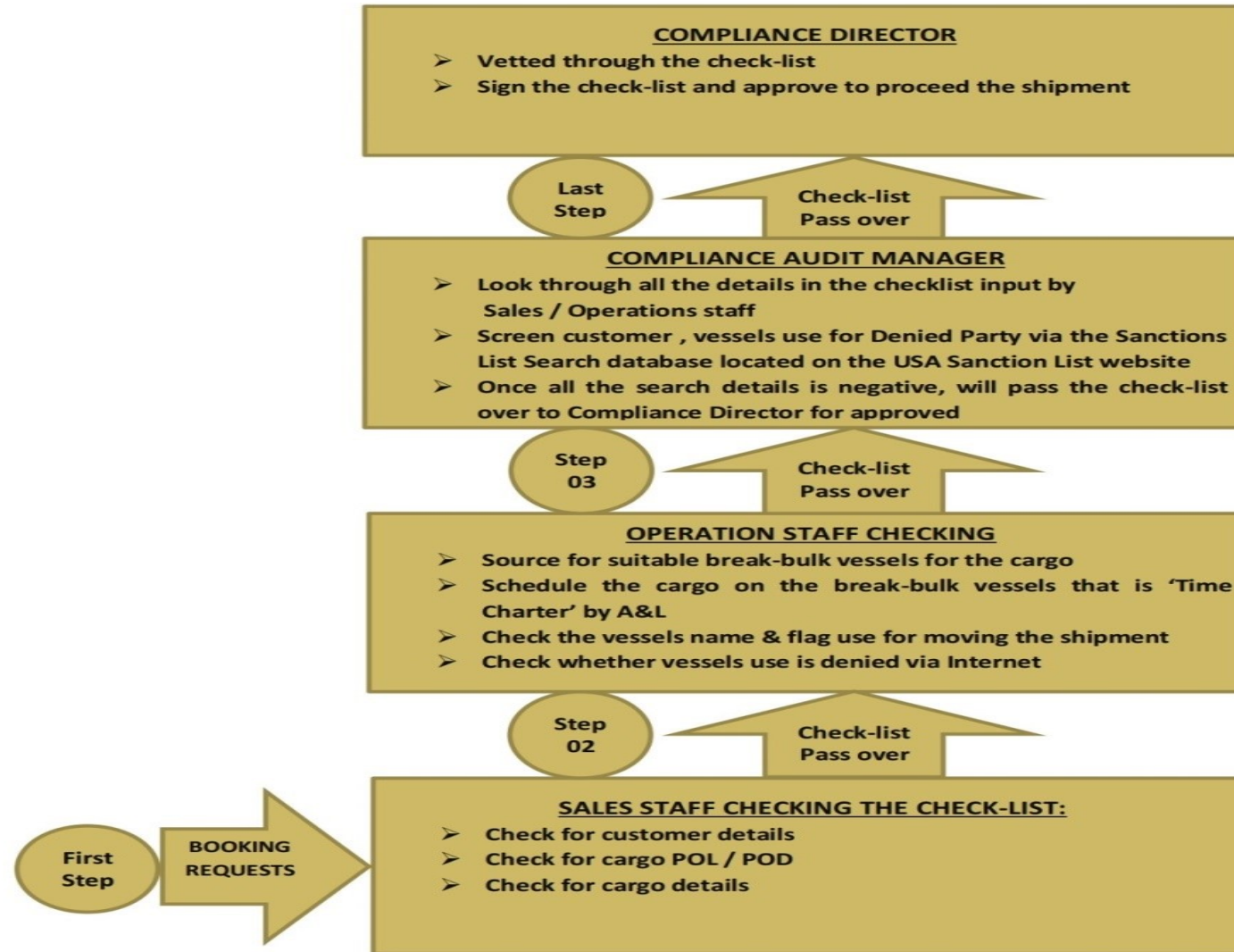
<https://sanctionsmap.eu/#/main>

<https://sanctionssearch.ofac.treas.gov/>

https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list

<https://www.s-rminform.com/global-sanctions-report-2019-asia-pacific/>

A&L Screening Process:



NOTE: At any point whereby Denied on the Customer, Commodities, POL , POD or Vessel is Found, the shipment will be rejected by A&L Personnels

Shipment Booking Check-List Form



■ **HAI PHONG CITY (HEADQUARTERS)**
Add: Room221, 2nd Floor, Thanh Dat O1 Building,
No. 3 Le Thanh Tong Str., Ngo Quyen Dist.,
Haiphong City, Vietnam
Tel : (84) 31 3686525
Fax: (84) 31 3686527
Email: info.al@al-cargo.com

■ **HA NOI CITY**
Add: Room1611A, 16th Floor, Chammvit Tower,
No. 117 Tran Duy Hung Str., Cau Giay Dist.,
Hanoi City, Vietnam
Tel : (84) 4 32323397
Fax: (84) 4 32323398
Email: info-hn@al-cargo.com

■ **HO CHI MINH CITY**
Add: 5th Floor, Office Building,
No.171 Khanh Hoi Str, Dist 4,
Ho Chi Minh City, Vietnam
Tel : (84) 8 39450050
Fax: (84) 8 39450049
Email: info-hcm@al-cargo.com

www.al-cargo.com

Shipment Booking Check-list

Is the following information correct for each entry? If not applicable, mark the "N/A" column. To mark a box, use an "x" or a checkmark.

	INFORMATION	Yes	No	N/A	REMARK
1	Name and address of shipper				
2	Name and address of consignee				
3	Is Shipper known to A&L				
4	Is Consignee known to A&L				
5	POL embargo Country ? (Cuba, Iran, North Korea, Crimea Region of Ukraine, Syria, Russia, Venezuela, Sudan)				
6	POD embargo Country ? (Cuba, Iran, North Korea, Crimea Region of Ukraine, Syria, Russia, Venezuela, Sudan)				
7	Are the cargos Military (weapon, military equipment) or forbidden goods ?				
8	Are the cargos Dangerous Goods ? If yes, any SDS (safety data sheet) attached ?				
9	Check for vessel name & flag use				
10	Is the Vessel use transit at embargo countries ?				
11	Is the Vessel use Denied Party ?				
12	Is the Vessel's owner Denied Party?				

Name of person checking the shipment .

Sales Staff : _____

Operations Staff : _____

Compliance Audit Manager : _____

Approved by (Compliance Director) : _____

Branch: _____

Date: _____

Note: Any item marked NO must be rechecked and addressed with shipper. Booking will be reject if Denied Party is found .

Identifies Who Needs to be Screened:

Based on best practices, organizations should follow the screening process below:

- Countries where buyer, intermediate consignee, ultimate consignee and end-user are located. *(Country screening helps to identify potential warnings, restrictions and/or embargoes).*
- Customers
- Intermediate and ultimate consignees, if different from customers
- End-users, if different than customers
- Pay-to and pay-from parties in transactions
- Banks and other financial institutions
- Suppliers and vendors
- Service providers
- New hires and employees
- Contractors and subcontractors
- Consultants
- Representatives and agents
- Visitors and represented company
- Recipients of software and technical data
- Freight forwarders
- Customs brokers



Screen Shot" examples:

The screenshot shows the 'Sanctions List Search' web application. The header includes the 'Office of Foreign Assets Control' logo and the title 'Sanctions List Search'. Below the header is a detailed disclaimer about the tool's purpose and limitations. The main section is a 'Lookup' form with fields for 'Type' (set to 'All'), 'Name' (set to 'cosco shipping'), 'ID #', 'Program' (set to 'All'), 'Address', 'City', 'State/Province', 'Country' (set to 'All'), and 'List' (set to 'All'). There is a 'Minimum Name Score' slider set to 100. 'Search' and 'Reset' buttons are at the bottom of the form. Below the form, it says 'Lookup Results: 2 Found'. A table displays the results with columns for Name, Address, Type, Program(s), List, and Score. The results are for 'COSCO SHIPPING SEAMAN SHIP MGMT' and 'COSCO SHIPPING TANKER (DALIAN) SEAMAN AND SHIP MANAGEMENT CO., LTD.', both with a score of 100.

Name	Address	Type	Program(s)	List	Score
COSCO SHIPPING SEAMAN SHIP MGMT	29, Qiqi Jie, Zhongshan Qu	Entity	IRAN-EO13846	SDN	100
COSCO SHIPPING TANKER (DALIAN) SEAMAN AND SHIP MANAGEMENT CO., LTD.	29, Qiqi Jie, Zhongshan Qu	Entity	IRAN-EO13846	SDN	100

Identify a Screening Process:

Screening activity typically involves searching for name and address matches of the identified trade entities. Since the watch lists are subject to frequent changes that are often effective immediately, screening is essentially a repetitive task. The best practices in the industry today recommend three basic approaches in regard to the timing and nature of the screening.

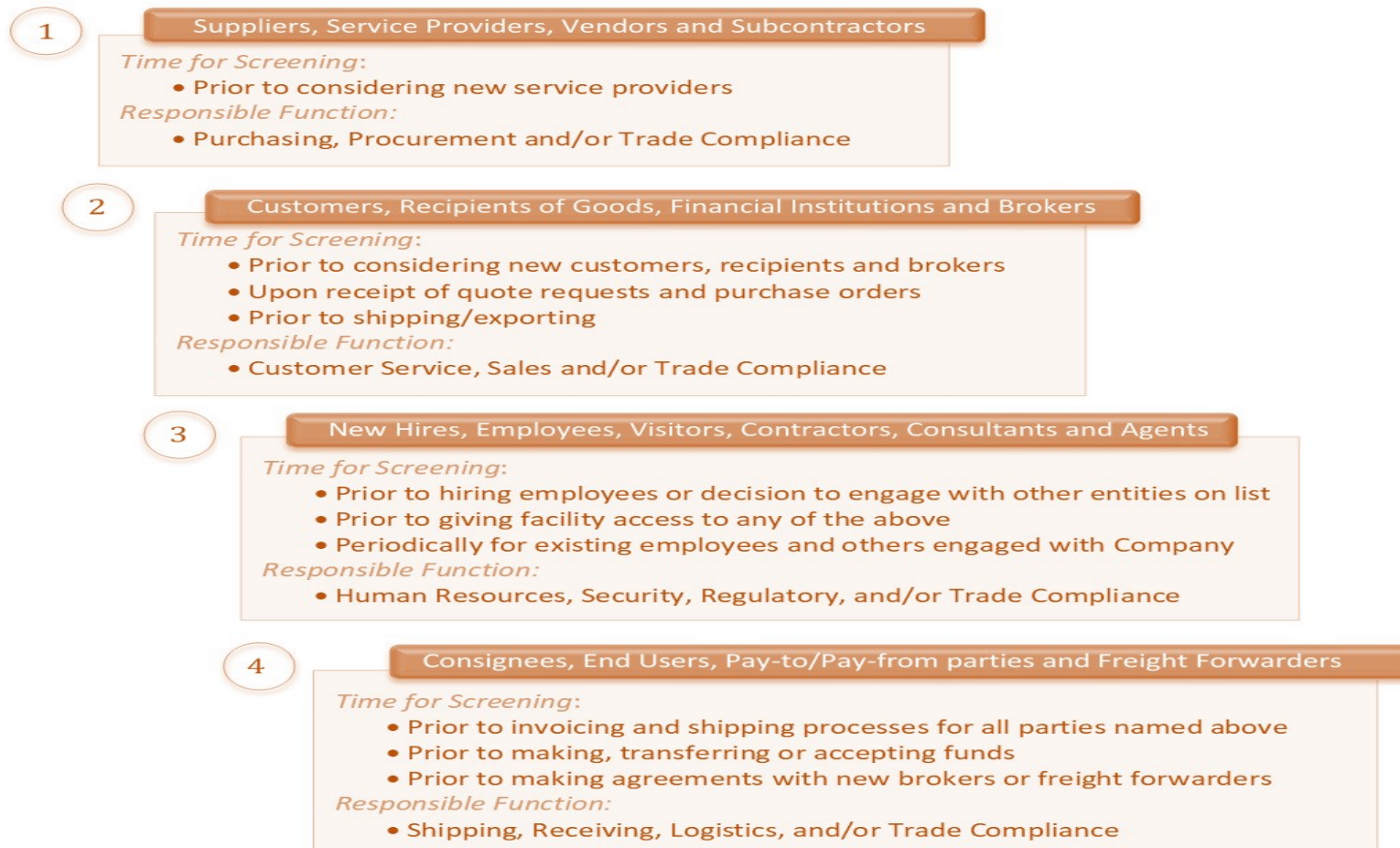
1. **Party based screening:** Screening of all business partners every time restricted party lists are updated.
2. **Transaction based screening:** Screening of only the relevant business partner(s) prior to each business opportunity and/or transaction.
3. **Hybrid screening:** Screening of all business partners periodically in addition to screening of the relevant business partner(s) prior to each transaction.

Considering the fact that the most up-to-date restricted party lists should be used for any approach, screening can be manually intensive work. In cases with the existence of a large amount of trade partners, using a software solution is inevitable (A&L Cargo is considering this solution in a right time). Automated software usually has the ability to employ a “fuzzy logic” algorithm, which searches for similar sounding names or phonetic matches in order to account for differences in native alphabets and foreign entity lists.

The following is a full breakdown of Best Practices in Timing and Responsible Functions. This outline should be adapted to best facilitate the evaluating Company and operational functions within that Company.

Again – based on best practices, these parties should be identified within a particular transaction and screened.

It is not always possible to make a full determination of participating parties, but those that can be identified should be screened. You will notice that the list above is not necessarily a “transaction” based list. Certain items like employees, contractors and brokers should be addressed from the perspective of the company interaction



Screening Results – What to Do?

No match is found: Depending on the screening method selected, if no match to the screened entity is found – Green Flag – proceed with process.

Partial matches are found: If a percentage match above 80% is found, ensure that the screened entity is not the same entity as any of those partial matches. This can be verified by reviewing name and/or address variances between the screened entity and found matches. Often it will be necessary to further review the other information listed, such as other names (e.g. aka), addresses, date of birth and identity information of the partially matched entities.

Exact matches are found: Similar to a partial match, screening person and authorized individuals must review the matching fields and additional information on listed entities and confirm the match. Once confirmed, organization must stop processing the transaction and execute further analysis of the nature of the business transaction.

Entities might be sanctioned for all types of or for certain types of transactions by the listing agency. Depending on the restriction type and legal jurisdiction, it must be determined if an export authorization license can be secured prior to transaction initiation, or if the transaction must be abandoned and what the company policy is in this case.

In all above cases, record retention is paramount. Accordingly, it is highly recommended that results of all screening activities along with the clearance approvals by the authorized persons are documented



It is important that the applied screening process must initiate a “stop handling” of a potential match transaction until the screened entity is cleared. Only authorized persons should be allowed to approve the clearance and ‘next steps’ if a partial match is found or perform follow-up procedures if an exact match is determined.

Compliance Check-list



Asking the “ Right” questions

1. Who is the exporter / importer
2. What is/are the item(s) to be exported / imported .
3. Where is/are the country(s) that the items is going to be exported / imported

Identifying Compliance Red flags

1. Identifying which sanctions regimes apply to a transaction (which includes considering the country of loading, transit, transshipment and discharge);
2. Investigating whether the particular trade, voyage or operation is subject to any prohibitions or restrictions;
3. Reviewing whether any of the parties involved e.g. Owners, Charterers, Sub-Charterers, cargo interests (e.g. shippers, receivers, consignees, buyers and sellers), port operators, bunker suppliers or local agents etc. are named on the relevant sanctions list(s) or are owned and/or controlled by entities named on the sanctions list(s);
4. Sanction regimes change regularly and this can occur with little or no prior notice e.g. a cargo that was not previously prohibited may become subject to sanctions during a voyage.
5. Carry out enhanced due diligence in high risk jurisdictions (e.g. Iran, Syria, North Korea etc) as there has been evidence of deceptive shipping practices in these areas e.g. physically altering a vessel's identification, falsifying shipping documents, manipulating AIS (the automatic identification system) on vessels and carrying out illicit ship-to-ship cargo operations (to conceal the origin or destination of the cargo) etc.
6. Denied Party Screening
7. Any thing unsure? ASK

Conclusion



Compliance is our strategic approach to managing risk and protecting our Company and our Customers by ensuring that all of us perform our duties with integrity and in accordance with all applicable policies and laws.

Risks for Company

Doing business with a denied party poses the following risks :

- 1) Loss of export privileges
- 2) Large fines
- 3) Loss of reputation
- 4) Imprisonment (extreme cases)

The fines for violations can be substantial. Depending on the program, criminal penalties can include fines ranging from \$50,000 to \$10,000,000 and imprisonment ranging from 10 to 30 years for willful violations. Depending on the sanctions program, civil penalties range from \$250,000 or twice the amount of each underlying transaction to \$1,075,000 for each violation.

Annex A: A&L Cargo Compliance Policy



Code Of Conduct



Anti – Corruption Policy



Corporate Compliance Policy



Annex B: A&L's employees record of compliance training

Compliance Training Record Q3 - 2020 List

No.	Name of Attendees	Department	Training Date	Location	Remark
1	Truong Quoc Long	Director	29/06/2020	HCM	Trainer
2	Vu Thanh Hoa	Sales	29/06/2020	HPH	Completed
3	Trinh Thu Huong	Cusomter Services	29/06/2020	HPH	Completed
4	Pham Doan Chi hai	Operation	29/06/2020	HCM	Completed
5	Pham Thuy Dung	Chartering	29/06/2020	HCM	Completed
6	Truong Van Hung	Sales	29/06/2020	HPH	Completed
7	Nguyen Dang Hiep	Sales	29/06/2020	HCM	Completed
8	Vu Ngoc Ha	Accountant	29/06/2020	HPH	Completed
9	Nguyen Manh Hung	Operation	29/06/2020	HCM	Completed

Annex C: Rules and Sanctions Program on Iran



OFAC



EU



UK



UN



-----The End -----

THANK YOU !