



Sanctions Policy

PREPARER:	CHIEF FINANCIAL OFFICER
OWNER:	CHIEF EXECUTIVE OFFICER
APPROVER:	BOARD OF DIRECTORS
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Table of Contents

Sanctions Policy.....	1
Table of Contents	2
Sanctions policy for [company]	3
1. Introduction and Policy scope	3
2. Policy statement on sanctions.....	3
3. Applicable sanction regulations.....	4
4. Who must comply with this policy?.....	4
5. What are the risks?	4
6. Red flag review	4
7. Compliance controls	5
8. Employee responsibility	5

Sanctions policy for Arnarlax ehf.

Introduction and Policy scope

This Sanctions Policy (the “**Policy**”) sets out the mandatory rules and regulations in respect of Sanctions Laws (as defined below) for Arnarlax ehf. (the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”).

The purpose of the Policy is to secure that (i) all Group members and each of its directors, officers, representatives, employees, affiliates, and (ii) [counterparts] as well as other personnel that the Company may determine should be subject to this Policy (the “**Covered Persons**”) complies with relevant and applicable laws and sanctions at any point in time.

The Company is committed to carrying out its and the Group’s business in accordance with the highest ethical standards. The Company, the board of directors and its management are committed to complying, and ensure that each member of the Group complies, with all applicable trade sanctions regulations in the countries and jurisdictions in which the Group operates.

Any Covered Person of the Group who fails to adhere to this Policy or allows others to do so, will be subject to disciplinary action, up to and including dismissal and may be subject to civil, administrative or criminal penalties.

This Policy has been adopted by the board of directors of the Company. The owner of this Policy is the CEO of the Company. The Company’s CFO has the primary and day-to-day responsibility for implementing this Policy. This includes (i) monitoring its use and effectiveness, (ii) auditing internal control systems and procedures to ensure they are effective, (iii) dealing with queries concerning this Policy, and (iv) updating this Policy to reflect developments and ensure compliance with the relevant Sanctions Laws (as defined below).

Any updates to this Policy shall (i) be communicated to all Covered Persons of the Group and (ii) reflected in contractual documentation with Covered Persons outside the Group.

Policy statement on sanctions

The Company and each Group member will comply with all economic and trade sanctions applicable to its business activities and/or which any Group member has undertaken to comply with pursuant to any financing agreement. This includes economic or financial sanctions laws and/or regulations, trade embargoes, prohibitions, restrictive measures or decisions implemented, adopted, imposed, and/or from time to time enforced (the “**Sanction Laws**”) by any relevant Sanctions Authority (as defined below). It is the Company’s Policy that each Group member comply with all relevant Sanction Laws in the Group’s operations worldwide.

The Company will ensure that if a Covered Person becomes sanctioned, any business with such entity or individual will either be terminated or duly restricted, as per the relevant Sanction Law.

This Policy is intended to help employees, charterers and any parties acting on the Group’s behalf and being a Covered Person under this Policy to understand under which situations Sanctions Laws might apply and to support them in making the right decisions in line with the corporate position as stated in this Policy.

Applicable sanction regulations

The Company's Policy is very simple in that (i) the Group shall comply with the Sanction Laws in the countries where it operates (the "**Sanctions Authority**") and (ii) Covered Persons shall comply with applicable Sanction Laws of any Sanctions Authority. The following countries/territories are regarded as Sanctions Authorities as per this Policy:

All countries included in the EU sanction map are regarded as Sanctions Authorities as per this Policy.

Given the Group's presence in the EU, the Company aim for the Group to comply with all such Sanction Laws regardless of the geographic location of the Group's business operations.

Who must comply with this policy?

This Policy applies to all Covered Persons.

What are the risks?

Infringements of this Policy may lead to civil and/or criminal penalties against the Company, a Group member or any other Covered Person of the Group, including, but not limited to, freezing or blocking of assets, monetary fines, imprisonment, extradition, blacklisting, revocation of licences and disqualification of directors, as well as damage to the Company's reputation or a limitation of the Group's business activities.

No employee, third party or any parties acting on the Group's behalf will face retaliation or adverse consequences for reporting, in good faith, a known or suspected violation of this Policy to the CFO.

Red flag review

The Group, its representatives and employees shall look for any red flags or circumstances that may indicate the direct or indirect involvement of a restricted territory, restricted party, controlled item, service, end-use or any other sanctions compliance concern. There are a number of issues which should cause us to conduct further investigation into whether a particular transaction or relationship may present a potential economic trade sanctions regulatory issue.

Examples of Red Flags to be reported includes, but is not limited to:

A lack of information as to the identity of the counterparty involved and/or the reluctance of a party to provide such information;

If the counterparty has owners or beneficial owners from sanctioned countries, is involved in business with sanctioned entities or individuals, or is otherwise involved with sanctioned entities;

Unusual invoicing requests;

Unusually favourable payment terms.

Any suspicion of the direct or indirect involvement of a restricted territory or party should alert the relevant Covered Person of the Group to further investigate the activity in accordance with this Policy and report it to the CFO.

Compliance controls

In order to ensure compliance with this Policy, the CFO shall:

Monitor economic trade sanctions regulations and update the business in the event of any material change;

Determine and approve controls to be followed in specific regions where applicable;

Provide legal advice and guidance on specific situations on request, including on resolution of issues and red flag reviews; and

Conduct ad hoc risk assessments as required in high-risk regions and monitor any specific processes and controls.

Employee responsibility

All senior management, employees of Sales Department and directors of the Group have the obligation to read and comply with this policy, to understand and identify this Policy.

Any employee of the Group violates this policy may be subject to disciplinary action up to and including termination, in addition to any other potential actions or penalties resulting from a breach.