



The 7-step guide: How to choose a sanctions compliance supplier

Banks, financial organisations, trading companies, insurers and governments with exposures to shipping and cargoes need to know (and be able to prove) who, what and where they are trading with at all times. Not an easy task (especially for global operations) given the complexity of maritime supply chains. However, there are finally sanctions screening solutions available that offer tools to screen ships and reveal their historical trading patterns. Some even track the ship's movements in real-time or automate these complex compliance procedures.

But which solution is right for your business?

Here are 7 key factors you should consider before you make your decision:

- 1 **Screening**
 - Which associated entities are included?
 - Can screening criteria be customised?
- 2 **Ship movement history**
 - How much movement history data is provided?
 - Is the movement history good quality?
- 3 **Vessel monitoring**
 - What is the best vessel monitoring solution?
- 4 **Good reporting**
- 5 **Data providers**
- 6 **Price**
 - Charged per-user?
 - Free trial
- 7 **Support and key account management**
 - Hours of operation
 - Channels

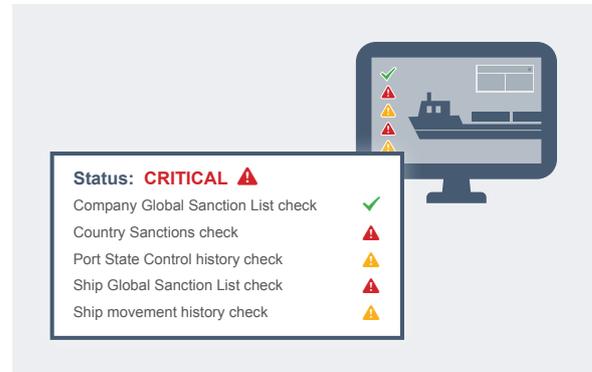
Read our 7-step guide to choosing the very best sanctions compliance supplier

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Screening

As well as the ship itself, your prospective supplier's solution should be capable of screening the ship's associated entities (right down to their regulatory status, country of domicile, control and flag). Ask the supplier if they screen:

- **Ship**
 - The ship's sanctionable status
 - The ship's flag
- **Associated entities**
 - Its associated entities' sanctionable status
 - Its associated entities' country of registration, country of domicile and country of control



Which associated entities are included?

Make sure your prospective supplier screens at minimum the ship's:

- Group beneficial owner
- Registered owner
- Shipmanager / Commercial manager
- Operator
- Technical Manager

Can screening criteria be customised?

You need a compliance solution that reflects your organisation's needs and business rules - not a compliance process limited by the solution's fixed feature set. Ask your prospective supplier if you can customise your screening parameters in accordance with your operational priorities and risk definitions. For example:

- **Can you customise the priority of certain sanctions lists?**
 - Depending on which country your organisation is based, you may be more (or less) interested in certain sanctions lists.
- **Can you add your own custom risk definitions?**
 - There may be countries which, despite not being comprehensively sanctioned, your organisation may not wish to do business with (e.g. Iran).

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Ship movement history

Access to comprehensive ship movement history can reveal hidden risks such as whether a ship has called at the port of a sanctioned country or stopped at a related offshore anchorage and/or potentially transhipped cargo.

How much movement history data is provided?

How much history is enough for your organisation? The answer will depend on various factors. Take into consideration whether you're likely to be assessing back-dated financing requests. If you are, you may need more historic ship movement data. Look for a provider that can provide you with the amount of history data that you need for your business. Too little and you may not get the insights you need. Too much and you may find yourself spending too much time checking through reams of unnecessary data.

Is the movement history good quality?

Your prospective supplier should offer you more than just a list of latitudes and longitudes. When you're evaluating a service, look for a supplier that utilises Satellite-AIS, Terrestrial-AIS and ship movement data to provide a detailed and seamless audit trail of the vessel's movements, port calls and high risk activity. Look out for suppliers who give you the option to customise the risks you're interested in being alerted to - it will make your job easier in the long term.

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Vessel monitoring

The United Nations, in their advisory '*Sanctions compliance for the maritime transportation sector*', recommended that businesses operating in, or associated with, the maritime transportation sector should adopt vessel monitoring solutions as part of their sanctions compliance programmes.

The **Monetary Authority of Singapore** made a similar recommendation in their recent information paper '*Guidance on anti-money laundering and countering the financing of terrorism controls in trade finance and correspondent banking*' when they recommended that it is good practice for banks to find out the recent voyage history of the vessel and if the vessel has docked at embargoed countries during its previous voyages.

Learn more:

Our guide to the UN advisory on sanctions on sanctions compliance.



Learn more:

Use our MAS Sanctions Controls Checklist to make sure you are compliant.



What is the best vessel monitoring solution?

✓✓✓ **Good: AIS-only vessel tracking**

AIS-only ship tracking services typically offer an adequate source of information for basic ship tracking. However, if you are using freely available AIS data for compliance purposes, it is crucial that you understand the vulnerabilities of AIS, especially the risk of falsification of data.

Learn more:

What you need to know about AIS: Why AIS is not enough.



✓✓✓ **Better: Secure satellite tracking**

Unlike AIS, secure satellite tracking options (such as Inmarsat's world leading global satellite communications service) offer higher frequency (near real-time), more accurate tracking data. In contrast to AIS data, which can be manually falsified, Inmarsat tracking is secure and tamper resistant. It is approved by the IMO for the monitoring of international transiting vessels. In fact, Inmarsat is relied upon by governments, flag registries and major shipping companies.

✓✓✓ **Best: Multiple vessel tracking data sources**

Solutions that combine tracking data from multiple sources have many advantages. Using two or more data sources allows you to cross-check results for consistency. The use of multiple sources can also enhance your confidence in any conclusions drawn, and offset the limitations of any single data source. **Look for a supplier that combines secure satellite tracking data (e.g. Inmarsat), Terrestrial AIS (T-AIS) and Satellite AIS (S-AIS).**

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Good reporting

Keeping thorough records and audit trails of transactions and due diligence are an essential component in any good sanctions compliance programme, but many organisations find they are strained by the burden of manual compliance and reporting. Make sure you choose a sanctions compliance solution that helps you to streamline or remove manual processes. Here are some suggested questions you could ask your prospective sanctions compliance solution provider:

Learn more:

Read our case study and learn how SOCAR Trading benefit from PurpleTRAC.



- How will the solution help me to minimise, streamline or remove manual processes?
- Does the solution keep an up-to-date record of all my users' historical and on-going usage of the solution?
- Does the solution automatically provide timestamped, tamper-resistant documentary records of the searches and screens you have performed?
- How can I access this data? (e.g. online)
- When can I access this data? (e.g. 24/7)
- In what format can I access this data? (e.g. tamper-resistant, auditable and verifiable PDF)

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Data providers

Some suppliers use their own in-house data, while others have aligned with best-of-breed third party experts for the provision of certain types of data such as:

- Vessel information (for name matching)
- Sanctions lists
- Ports
- Vessel position data

You may want to ask your prospective supplier questions like:

- **How regularly is their data updated?**
 - Sanctions and regulations are complex and constantly evolving, so it is important that your supplier updates their data regularly to reflect the current situation.
- **Is their data provided by a third party?**
 - Is the third party reputable? Check with your prospective who their data providers are and look them up. Are they best-in-class?
- **Do they utilise their own 'in-house' data?**
 - How do they collect it? Check that their collection methods are robust and reliable. For example, what quality control do they have in place to ensure data accuracy and validity?
 - How do they ensure it is up-to-date?

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Price

Ask if your prospective supplier prices their solution on a usage or per-user basis and take some time to consider which model will work best for you.

Charged per-user?

There are a number of factors you should consider when considering a user-based solution.

- **How large is your team?** If you work for a large organisation, being charged per-user could become prohibitively expensive and time consuming (request new user account, raise invoice, make payment).
- **Do you operate globally?** While you may be considering a solution for just one office or location right now, have you considered the cost implications should you wish to unify your sanctions compliance programme across all your offices/locations? A solution that is charged per-user will be harder and more expensive to roll out globally.

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Free trial

Most suppliers offer a free trial. Do a test drive to see if the service meets your needs before you commit.

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Support and key account management

Hours of operation

Many banks and financial organisations operate from offices around the world, meaning support could be required at any time of the day or night. Check whether your prospective supplier's support team operates on a 24/7 basis, or whether they have limited support hours.

Channels

Ask your prospective supplier how you can reach them in the event you need support. Email support is useful, but sometimes you'll need an instant response, so make sure the prospective supplier offers telephone support as well. Ask them for the support number and put them to the test - try calling and see long they take to respond.



PurpleTRAC is a comprehensive vessel compliance and sanctions screening solution for organisations with exposures to maritime supply chains.

To find out how PurpleTRAC can help you reveal (and prove) who, what and where you are trading with at all times, register for a free (no obligation) trial, at:

purpletrac.polestarglobal.com/trial

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