

Purple TRAC | SOCAR Case Study



About SOCAR Trading



The biggest supplier of Azeri Light crude oil in the world

Four main trading offices



London, Geneva, Dubai & Singapore

Overview

The ever-changing regulatory landscape means compliance with sanctions is a complex and growing challenge. In October 2014, SOCAR implemented Pole Star's PurpleTRAC sanctions compliance technology to give them a complete and auditable vessel compliance program.

Background

Sanctions and international regulatory policy grows by the day and the need to know and prove who, what and where you are trading with is now essential in order to mitigate the risk of money laundering and terrorist financing.

But the ever-changing landscape means sanctions compliance is a complex and growing challenge. The lack of an independent, standardised and on-demand platform for performing and recording due diligence of ships has long been a source of frustration for the banks and financial institutions.



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Challenge

In 2014, SOCAR Trading identified an opportunity to improve and streamline its compliance processes. When it came to sanctions compliance and due diligence for ships, SOCAR identified four key issues:

- 1** The first was that their ship chartering team lacked a clearly defined process to “clear” vessels for charter from a due diligence standpoint. They were relying on the information that was provided to them by majors, brokers and shipowners to determine if a vessel was compliant; but they had no way of verifying or validating the accuracy of this information.
- 2** The second was that SOCAR's charterers did not have an independent ship screening and clearing system, and no centralised, time-stamped record of the due diligence that had been performed.
- 3** The third challenge was that chartering is time sensitive. Charterers need to make quick decisions on whether to charter a ship. If they have to wait hours for compliance to clear the ship, they may miss an opportunity.
- 4** The fourth challenge was that charterers and financiers of the ships needed to know where they were and where they were headed. Unfortunately, the AIS tracking on which they were relying did not transmit in certain areas or at certain times (in piracy areas for example). Whilst their charterers kept in mail communication with the Master of the ship, no independent, verifiable tracking of the vessel was possible.

SOCAR Trading set out to find and implement a technology solution that would give them the ability to screen ships before a voyage, track ships during their voyages and report on the due diligence performed on-demand, at any time of the day or night. SOCAR Trading also needed a solution that would:

-  Fit into the charterers' existing workflows
-  Allow them to perform the screening and clear the ship themselves
-  Offer a quick, simple and easy to understand clear or not clear result
-  Not require significant investment in human resources
-  Track the ships in near-real time (even when the ship's AIS transponder was switched off)

Solution

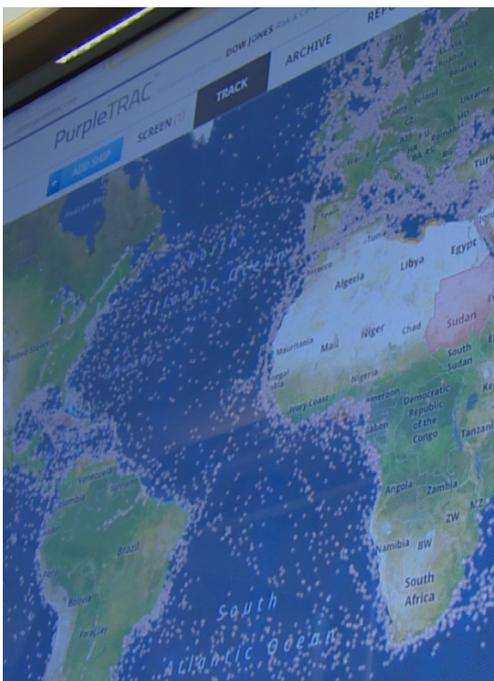
SOCAR Trading turned to Pole Star, a specialist in ship tracking and monitoring technology. Pole Star had recently launched a new solution, PurpleTRAC, which not only offered all the functionality required, but because it had been developed with the help of other financial institutions, fit within their existing workflows and processes. After a short, successful trial period, SOCAR Trading rolled out PurpleTRAC in October 2014 for the due diligence screening and tracking of vessels that are chartered by SOCAR's chartering team, including time charters.

At the chartering desk, Pole Star's PurpleTRAC solution offers many features for SOCAR Trading, including the ability to screen vessels on-demand against a wide variety of lists and risks. It offers the ability to track the ships (even when their AIS transceivers are switched off) as well as secure, auditable, downloadable records of SOCAR Trading's due diligence activities.

Result

With PurpleTRAC, SOCAR Trading are able to manage sanctions compliance and due diligence throughout the full lifecycle from pre-charter sanctions screening to post-voyage risk analysis:

- Before a voyage begins, SOCAR Trading utilise PurpleTRAC's advanced, automated screening tool (incorporating data services from Dow Jones, IHS and ORBCOMM) to:
 - Screen ships against a comprehensive set of trade compliance lists (including over 400 economic sanctions, embargoes and denied party lists)
 - Interrogate Port State Control inspection records
 - Analyse historical movements to determine if the ship has recently called at a blacklisted port or a sanctioned or high-risk country
- The chartering team relies on PurpleTRAC's fast and easy-to-understand screening results to make its final decision on whether to charter a ship
- A 'clear' screening result means their compliance team can proceed, a 'warning' means further investigation is required and a 'critical' result means the team ends the process and rejects the ship
- During the voyage, PurpleTRAC tracks the ships in near real time (using Inmarsat satellite tracking technology, even when the AIS transceiver is switched off)
- Re-screen ships on a daily basis, alerting the chartering and compliance teams of any non-compliance or suspicious activities (e.g. a ship entering a war risk zone or sanctioned area, the AIS not working or the ship is stationary)
- After the voyage, PurpleTRAC provides auditable, downloadable, tamperproof reports, allowing SOCAR Trading compliance team to review voyages and analyse incidents



Benefits

The benefits that SOCAR Trading has realised from their investment in Pole Star's PurpleTRAC screening and vessel monitoring solution include:

- Time savings worth approximately 200,000 USD/year
- Human resource savings worth approximately 500,000 USD/year
- Time stamped records of due diligence, ready for audit by compliance and regulators
- Extended tracking facilities - AIS + Inmarsat near real time monitoring
- Port State Control (MOU) vessel deficiencies intelligence
- Flexibility for charterer, operator, trader with a system available 24 hours from any location
- Ability to screen ships in 30 seconds or less
- Implementation of a complete and auditable vessel compliance program, enabling higher levels of compliance across their entire global operations
- Confidence that SOCAR Trading has responded to the sanctions compliance with a best of breed compliance program



\$200,000
worth of man
hours saved
every year

\$500,000
of human
resource
saved every
year



Flexibility:
a system
available 24/7
from anywhere

The ability
to screen
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Learn more about PurpleTRAC and arrange a free trial at:

polestarglobal.com/purpletrac