



Global Anti-Trust Policy

“We at Gearbulk are dedicated to conducting all of our business activities with the highest level of ethical standards, therefore compliance with all laws is a fundamental part of our corporate values.”

■ **Kristian Jebsen, Chairman**

GB GLOBAL - ANTI-TRUST / COMPETITION POLICY

1. Purpose

The purpose of the Gearbulk's Global Anti-Trust Policy is to promote compliance with all Anti-Trust laws. Anti-trust laws are designed to:

- Guarantee free and open competition in a free market economy; and
- Prohibit anti-competitive behaviour from either individuals acting alone or multiple players acting together.

2. Why Do You Need to Understand Anti-Trust Law?

All employees have a responsibility to ensure that they do not violate any Anti-Trust laws or Gearbulk's Anti-Trust Policy. Remember:

- Gearbulk conducts business all over the world.
- Each country has its own Anti-Trust laws. Even though they may follow common principles, there are differences between them that may result in some actions being considered legal in one location but illegal in another.
- Anti-Trust enforcement is conducted both at a national level and through cooperation between governments worldwide.
- Our business dealings may impact more than one country and therefore be subject to several Anti-Trust laws and jurisdictions.

Therefore you need to be familiar with Gearbulk's Global Anti-Trust Policy as well as local laws that may apply to you, and you must be able to recognise when you need to seek advice from Gearbulk's Head of Risk Management or the Legal Department.

3. What do Anti-Trust Laws Target?

- Price fixing with competitors
- Market sharing and customer sharing with competitors
- Co-operation with competitors in relation to tenders (bid rigging)
- Agreements between competitors to restrict supply or boycott customers.

3.1 Dominant Market Position

Gearbulk needs to be extra vigilant where it could be construed that it has or had a dominant market position.

The way that a dominant position is determined can vary significantly between jurisdictions. Therefore a simple legal definition or single rule to determine whether a company has a "dominant position" does not exist. For example, different levels of market share criteria are applied in US, EU, and Brazilian jurisdictions.

Determining whether a dominant position exists is based on economic analysis rather than legal definition.

As a result market share thresholds must be considered in conjunction with other competitive parameters, such as;

- Size of turnover
- Economic effect on other participants in the market, such as customers, suppliers and competitors
- Proposed commercial structures, and
- Market definitions

3.2 Market Definitions

The way in which the market is defined is very important in relation to how Anti-Trust legislation is applied. For example, the EU and other jurisdictions apply Anti-Trust principles that vary according to the following categories of maritime transport:

- Scheduled liner service
- Tramp or
- Specialised neo-bulk transport.

Due to the specialised Open Hatch Gantry Craned (OHGC) vessels, Gearbulk's pulp trade falls under the "Specialised neo-bulk transport" category. Since legal practise and case law within this area is limited, we have to be extra vigilant when it comes to Anti-Trust matters, and as a result legal advice may be required.

4. Penalties for Violation of Anti-Trust laws:

Gearbulk operates in different countries and is therefore exposed to different civil and/or criminal penalties. For example:

4.1 USA:

- Company criminal penalties – Up to US \$100 million
- Individual criminal penalties – Up to 10 years in prison and/or fines up to US \$1 million
- Injunctive relief – courts can order company to sell assets or leave markets
- Private Anti-Trust actions - Civil liability, Treble (x3) Damages

4.2 Norway:

- Company penalties - Up to 1% of turnover
- Individual criminal penalties – Up to 6 years in prison for aggravated violations

4.3 UK:

- Company penalties - Up to 10% of group global turnover
- Individual criminal penalties – Disqualified from being a company director and up to 5 years in prison for serious offences

4.4 European Union:

- Company penalties – up to 10% of worldwide annual gross revenue

4.5 Brazil:

- New legislation came into force in 2012
- Company penalties – up to 30% of the company's turnover in the year prior to the adoption of anti-competition practice
- Individual penalties - a fine of between 10-50% of the fine imposed on the company for managers directly or indirectly liable for their company's violations

4.6 China

- New legislation came into force in 2008.
- Company penalties – Confiscate any illegal income derived from illegal act(s), and the issue of fines ranging between 1-10% of the revenue of the operators business in the year proceeding the illegal act

4.7 Anti-Trust Enforcement:

Enforcement can reach beyond the borders, and many government agencies work cooperatively through bilateral or multilateral agreements to investigate and enforce Anti-Trust laws. You may be subject to the Anti-Trust laws of another country if your conduct affects the commerce of that country.

4.8 Damages:

Gearbulk could also be exposed to claims for damages if a customer or competitor can show that they have been harmed by anti-competitive behaviour.

5. Major Areas of Risk Under Anti-Trust Laws

The major areas of risk under Anti-Trust laws are:

- Price Fixing
- Clandestine Discussions
- Market Sharing and Allocation
- Tying/Reciprocal Dealing
- Boycotts and Refusal to Supply
- Mergers and Acquisitions

5.1 Price Fixing

Price Fixing is an agreement or understanding between competitors on price. To avoid price fixing allegations:

- Never discuss with your competitors the prices that you have agreed with your customers.
- Discussions with a competitor must be strictly limited to the same information as you would discuss with a customer (in particular never disclosing what terms and conditions you have fixed with another customer or competitor).
- All bids for works must be independent; never share a bid strategy with a competitor.
- Never exchange non-public information unless you consult the Head of Risk Management or Legal Department.

5.2 Clandestine Discussions

It is important to be vigilant of and not partake in discussions that are in secret or for improper purposes.

Trade Associations, industry network meetings, seminars and conferences can be legitimate forums for discussing legislation, safety, public policy, etc. However, it is important to remember that they are meetings where competitors are in attendance and therefore:

- Ideally such meetings should have an Anti-Trust statement read before the meeting commences and a lawyer should be present to monitor proceedings, however, it is not your responsibility to ensure that occurs, unless Gearbulk are hosting the meeting. In that case you must consult with the Head of Risk Management.

- Conversations about prices, markets, customers, volumes, strategy, etc must be avoided.

- If any conversation goes off topic:

- Stop the conversation. Advise the person that this is now an inappropriate conversation

Where applicable, appropriate, and if possible, excuse yourself as loudly and as memorably as you can

- Advise the Head of Risk Management or Legal Department as soon as possible and to seek further advice – also see section **9. Documenting our Interaction**

Decisions about when, where and how you do business should be made internally. It is prohibited to collude with competitors about sharing the market in order to decrease competition:

- Any commercial agreement that involves a non-compete clause must be reviewed and approved by the Legal Department or Legal Counsel.

5.3 Market Sharing & Allocation

It is illegal to share or allocate volumes or capacity in a market. Therefore it is imperative that you do NOT:

- discuss, agree or exchange information with competitors on the geographical areas in which we operate or intend to operate in; or
- agree not to compete in a competitor's geographical market or let a competitor agree not to compete in Gearbulk's geographical market; or
- discuss, agree or exchange information with competitors on the type of services that we operate or intend to operate; or
- discuss, agree or exchange information with competitors on the frequency and differentiation of the services provided, other than details that would normally be disclosed on an arms length basis when negotiating a relet agreement.

See section 5.5 Mergers and Acquisitions, Joint Ventures and Joint Sailing Agreements – Non Disclosure Agreements.

5.4 Tying & Reciprocal Dealing

Let your customers freely decide the services they want to buy. Do not use your market power to condition the sale of a desirable service on the purchase of an undesirable one. Any commercial agreement that involves a non-compete clause must be reviewed and approved by the Legal Department or Legal Counsel.

5.4 Boycotts

Boycotts include agreements or arrangements whereby we either refuse to sell to a customer unless they discontinue buying from a competitor, or buy all their services from Gearbulk. Both these arrangements breach Anti-Trust laws.

Any decision not to contract with a party (whether a supplier or a customer) should be made internally, and based on legitimate business reasons. Therefore, depending on the circumstances, professional legal advice may be required.

Never participate in joint boycotts with competitors.

5.5 Mergers and Acquisitions, Joint Ventures and Joint Sailing Agreements

In many markets, mergers, acquisitions, joint ventures and joint sailing agreements are highly regulated by Anti-Trust authorities. Remember:

- You may come into contact with sensitive competitor information. Be sure to follow the terms of any confidentiality agreements, as well as local Anti-Trust law.
- Do not share competitor information, such as, volumes, price and duration of contract(s), with other Gearbulk business units without approval from a member of the GLT.

However, in order to evaluate a joint venture, merger and or an acquisition it may be necessary to share competitive and or customer sensitive information. In such circumstances it is imperative that GB's standard Non –Disclosure Agreement (NDA), which has been approved by legal counsel, is signed by all the relevant parties. See Voyager / Risk Management.

Remember that documents you create in relation to a merger, acquisition, or Joint Venture (including handwritten notes, e-mails -even if deleted- and drafts of documents, whether kept at the office or in a private home) can be requested by the governments for review. Draft responsibly keeping such possibility in mind.

Please note that the Mergers and Acquisitions, Joint Ventures and Joint Sailing Agreements are complex matters and professional legal guidance may be required in particular circumstances; therefore at all times the GLT must be consulted prior to commencing any discussions with third parties.

6. Topics that may be discussed with Competitors

When you communicate with competitors, either in the course of business or in a social context, you may discuss matters of general interest, industry standards and common problems such as pollution and environmental requirements.

Furthermore, you may discuss legislative initiatives, reports from brokers, market research and trade publications as well as other industry related information, which can be regarded as generally known or public information.

You may also discuss the supply and demand conditions in the various markets on a general basis, but you must be careful to ensure that these discussions cannot be misconstrued as an attempt to fix prices, share markets or customers or to constrain supply.

It is imperative that interactions with Competitors are properly documented. This must be done within the BOM's monthly report - even if there has not been a breach of Anti-Trust laws.

7. Shipping Contracts

As a legitimate part of our business we enter into Cargo Relet and Time Charter arrangements. However, we must ensure that by doing so we do not breach Anti-Trust laws.

7.1 Cargo Relet Arrangements

Cargo Relets are arrangements whereby we agree with another owner or operator to book cargo on a vessel that we commercially control or agree with another owner or operator to book cargo on a vessel that they commercial control

Please note that it is legal to enter into "Relets" with competitors, however, the rates and contract terms applied to relet agreements have to be negotiated on the same commercial market basis that we would offer or accept from an owner or operator who was not a competitor. This is known as an "arms length basis".

We need to be vigilant, and may need to take legal advice, in a situation where one "Relet Agreement" is dependent on another "Relet Agreement" being put in place with the same counterparty. An arrangement where we "relet" on one trade, whilst agreeing to "relet" on another trade could be considered as sharing and or dividing a particular market or trade(s) and if so could be deemed illegal. Where the arrangements are complicated, legal advice must be obtained. In such a situation you must raise the issue with Commercial Advisory Team (CAT), who will determine whether legal advice is required.

It is important that Gearbulk does not exchange customer contracts terms with the competition. It is also important to ensure that information given to a competitor could not be used for anti-competitive purposes, but it is permissible to agree the same freight rate as agreed with the customer, provided this is always on an arm's length basis.

We must always ensure that any information that may be used for anti-competitive purposes is never given to a competitor. The competitor should not be informed if the rates agreed are the same as the rates charged to the customer, nor should they be informed of GB's future intentions and which customers we may intend to continue dealing with.

When negotiating a relet agreement it is imperative that the Contract approval process is followed and the relevant details disclosed in the BOM's monthly report; even if there has been no breach of Anti-Trust laws.

7.2 Time Charter Contracts

Time charter contracts to or from a competitor must be approved in accordance with Gearbulk's contract approval process. Such agreements must be negotiated on a commercial (arm's length) basis, as we would with any other owner or operator.

7.3 Joint Bids

An agreement to submit a joint bid with a competitor in relation to one or more customers' requirements, or even the discussion of same, needs prior approval by the GBH's board. The

agreement must be reviewed by legal counsel before it is finalised. All joint bids must be disclosed to the customer.

8 Dawn Raid

8.1 What is a Dawn Raid?

The competition authorities have extensive powers of investigation in enforcing the competition rules, including the right to carry out dawn raids.

Dawn raids are an unannounced on the spot inspection by a competition authority at the premises of the company being investigated.

An investigation will most often start early in the morning, normally lasting for a day or two and may involve whole or parts of Gearbulk's business activities in one or several countries.

The objective of the inspection is to seek and secure evidence of infringement of the competition rules.

The authorities primarily wish to search for documents or other written material (including e-mails and private files) that may confirm or disprove their suspicion. On the spot questioning of employees and management is common.

The inspection might also (under most regimes) be conducted outside the company's head offices, including Gearbulk's warehouses and employees' homes, leisure homes and vehicles.

8.2 Dawn Raid Manual

Gearbulk has a Dawn Raid Manual. This document details the process, issues and procedures that should be followed in the event that Gearbulk is subject to Dawn Raid. This document is available on Voyager

Training on the dawn raid process will be given to those individuals who would likely be included within the scope of an Anti-Trust investigation; including a dawn raid.

9. Documenting Our Interaction

In order for employees and the company to be protected it is important that our interaction with competitors is properly documented. It is likely that employees who perform commercial activities will come into contact with competitors through their day to day activities, and it is imperative that these interactions are properly documented. Such interactions should be documented within the BOM's Monthly report; regardless of whether a breach of Anti-Trust law has occurred.

All employees must advise their BOM of any interaction that they have had with a competitor or where relevant the Head of Risk Management.

10. Whistle Blowing

If you have concerns regarding the compliance with Anti Trust legislation and / or the Gearbulk policy you should do the following:

- Speak with your direct manager and advise him or her of your concerns, and
- Contact your GM or BOM, and advise him or her, of your concerns, and
- Contact the Head of Risk Management and advise him of the relevant details

Gearbulk has in place a third party hosted Whistle Blowing Hotline where an employee can anonymously report any concerns that they may have. Details of this hotline are displayed in all Gearbulk offices and on Voyager.

Gearbulk will not discriminate against and will support employees who “whistle blow”.

11. Notification

Contact the Head of Risk Management or Legal department at any time if:

- You have questions about the Gearbulk’s Global Anti-Trust Policy;
- You would like further information about local Anti-Trust laws;
- You need guidance in regard to a specific business situation that raises Anti-Trust concerns.

12. Conclusion

Every employee must remember that they have a responsibility to adhere to Gearbulk’s Anti-Trust Policy and to follow Anti-Trust laws.

Careful language will not avoid an Anti-Trust violation when the conduct is in fact illegal.

Gearbulk’s Anti-Trust Policy and Dawn Raid manual can be found on Voyager in the Risk Management section

Think before you speak or write.

Consult with the Head of Risk Management or the Legal Department whenever in doubt.