BP-POL-002

Third-Party Due Diligence & Sanctions Compliance Policy

Risk-based onboarding, ownership checks, screening, approval and ongoing monitoring

Blue Palm knows who it does business with, understands the real risk and stops transactions that may breach sanctions or integrity requirements.

VERSION	1.0
STATUS	Approved
POLICY OWNER	Nominated Compliance Officer – Mr. Hiua Schuani
APPROVAL AUTHORITY	CEO – Mr. Hiua Schuani
APPLIES TO	Blue Palm personnel and relevant third parties in Federal Iraq, the Kurdistan Region and the UAE/Dubai

1. Purpose and scope

This policy establishes a practical, risk-based process to know Blue Palm's suppliers, customers, agents, consultants, logistics providers, banks and other counterparties; identify integrity, sanctions, ownership and human-rights risk; and take documented decisions before and during a relationship.

It applies to all personnel who request, select, approve, contract with, receive from, sell to, screen, review or pay a third party.

2. Risk-based due diligence standard

Due diligence must be proportionate to the relationship, country, product, route, payment, government exposure and the third party's ability to create legal or reputational risk for Blue Palm. Commercial urgency never justifies skipping a mandatory check.

2.1 Baseline checks

- Verified legal name, trading names, registration or licence, registered address, operating address, tax details and authorised signatory.
- Direct and ultimate beneficial owners, directors and persons exercising control; explanation of any nominee, trust or opaque structure.
- Bank account in the contracted party's legal name and independent verification of any new or changed banking instruction.
- Relevant food, product, customs, labour, transport, safety and professional licences or certifications.
- Sanctions screening and proportionate adverse-media, conflict and reputation checks.
- Business rationale, expected services or goods, pricing or commission basis, countries and routes, payment terms and proposed subcontractors.
- Acceptance of Blue Palm's contract clauses or supplier standards on anti-bribery, sanctions, labour rights, accurate records, audit cooperation and termination.

2.2 Risk indicators requiring enhanced due diligence

- A public official, politically exposed person, state-owned enterprise or undisclosed government connection.
- An agent, introducer, customs broker, adviser, high commission, success fee or vague service description.
- Operations involving conflict-affected areas, public tenders, oil-sector customers, restricted goods, high-risk shipping routes or sanctioned jurisdictions.
- Opaque ownership, recent unexplained incorporation, nominee shareholders, inconsistent addresses or reluctance to provide information.
- Cash, split invoices, overpayment, refunds to a different account, third-party payment, personal account, unexpected country or last-minute bank change.
- Allegations or evidence of bribery, fraud, forced labour, child labour, trafficking, serious safety breaches, diversion or sanctions evasion.

3. Approval and review cycle

Risk tier	Approval and review
Standard	Business owner and Nominated Compliance Officer approval. Refresh at least every three years and on a trigger event.

Risk tier	Approval and review
Elevated	Compliance approval with documented mitigations. Refresh at least every two years and before material renewal.
High	Enhanced due diligence plus CEO and Compliance approval. Refresh at least annually, before material transactions and on trigger events.
Prohibited / unresolved	Do not onboard, transact or pay. Escalate for legal advice, rejection, reporting or other required action.

Trigger events include a change in ownership, control, directors, bank account, geography, service, subcontracting, allegations, sanctions status, unusual conduct or refusal to cooperate.

4. Sanctions compliance

4.1 Lists and parties screened

At minimum, Blue Palm will screen counterparties, beneficial owners, controllers, directors, relevant agents and banks against the United Nations Consolidated List and, for UAE activities, the UAE Local Terrorist List and applicable UAE implementation requirements. Vessels, carriers, ports and other parties will be screened where relevant.

EU, UK, US or other lists must also be checked when required by the governing law, a contract, a financing bank, an insurer, the transaction currency, the goods, the route or Blue Palm's risk assessment. This additional screening does not imply that every foreign regime applies to every transaction.

4.2 Timing

- Before onboarding and before signing a material contract.
- Before payment, shipment or release where the risk or elapsed time warrants it.
- At renewal, at the review frequency for the risk tier and whenever a trigger event occurs.
- Promptly after a material sanctions-list update affecting Blue Palm's exposure.

4.3 Possible match or prohibited activity

STOP AND ESCALATE
Do not proceed, release goods, make or return a payment, inform the affected party of internal suspicions, or change the transaction to avoid a restriction. Place a documented hold, preserve evidence and notify the Nominated Compliance Officer immediately.

The Nominated Compliance Officer will verify identifiers, rule out false positives, obtain specialist advice where necessary, and ensure that any freeze, rejection, licence, notification or report required by law is completed through the appropriate authority or regulated institution.

5. Decision and mitigation

A due-diligence decision must record the facts, risk rating, red flags, checks performed, approver, expiry date and any conditions. Possible mitigations include narrower scope, no subcontracting without consent, milestone payments, audit rights, additional evidence, training, transaction screening, management certification or a time-bound corrective-action plan. Mitigation cannot make prohibited conduct acceptable.

6. Contract and payment controls

- Use a written contract describing the real goods or services, price, territory, term, audit and termination rights.
- Require compliance with applicable anti-bribery, sanctions, export, human-rights, labour and records laws and prompt notice of a relevant investigation or ownership change.
- No payment without verified delivery and a valid invoice; no unexplained third-party or personal accounts.
- Commission must be commercially reasonable and supported by evidence of legitimate work.
- Purchasing and finance must confirm that onboarding approval remains valid before first and material payments.

7. Reporting

Anyone who sees a red flag, possible match, suspicious instruction or inaccurate record must stop the affected step and report it under BP-POL-003. Blue Palm will protect good-faith reporters and will not penalise a person for delaying a transaction while a genuine compliance concern is assessed.

Roles and responsibilities

Role	Core responsibility
CEO	Approves the policy; sets the tone; authorises high-risk exceptions or relationships; ensures adequate resources and independent escalation.
Nominated Compliance Officer	Maintains the legal register, advice channel, risk records and registers; coordinates training, screening, investigations and annual review.
Managers and supervisors	Apply the controls in daily decisions, create a respectful environment, prevent retaliation and escalate concerns without delay.
All workers	Read and follow the policy, complete required training, keep accurate records, ask when unsure and report suspected breaches.
Relationship owner	Explains the commercial need, collects accurate information, identifies changes and ensures conditions are met.
Purchasing and Finance	Confirm approval status, contracted identity, delivery evidence and verified bank details before commitment or payment.
Third party	Provides complete and accurate information, discloses ownership and changes, accepts contractual standards and cooperates with review.

Training, records and monitoring

Training

Induction must cover the parts of this policy relevant to each role. Refresher training is required at least annually for exposed roles and when a material change occurs. Training may be brief and practical, but attendance and comprehension must be recorded.

Minimum records

- Due-diligence questionnaire and supporting verification; ownership and screening evidence.

- Risk rating, decision, approvals, expiry and mitigation plan.
- Contracts, payment-verification records, periodic reviews, trigger-event reviews, holds and resolutions.

Proportionate indicators

- Percentage of active higher-risk relationships with current approval.
- Overdue reviews and unresolved red flags.
- Bank-change verifications and payment exceptions.
- Possible sanctions matches, false positives and confirmed restrictions handled within target times.

Records must be accurate, access-controlled and retained for the period required by applicable law, contract and Blue Palm's retention schedule. Personal data and sensitive reports must be restricted to those with a legitimate need to know.

Breaches, protection and review

A breach may result in corrective action or discipline up to and including dismissal, subject to applicable law and a fair process. Third-party breaches may lead to remediation plans, suspension, termination, recovery of loss and reporting to a competent authority where required.

Blue Palm prohibits retaliation against anyone who raises a concern, assists an investigation or refuses conduct they reasonably believe would breach law or this policy. Deliberately false or malicious allegations may be addressed through a fair disciplinary process; a concern that is not substantiated is not, by itself, misconduct.

The Nominated Compliance Officer will review this policy at least annually, after a significant incident, and when relevant law, sanctions, licensing conditions or operations change. Material changes require CEO approval.

Legal and standards reference

This section is a concise implementation map, not a complete statement of the law. The current official text, local legal advice and the applicable entity or licence conditions must be checked before relying on a provision.

Instrument	Relevance to this policy
Iraq Anti-Money Laundering and Counter-Terrorist Financing Law No. 39 of 2015	Supports risk-based customer and transaction integrity controls in Iraq; specific regulated duties depend on Blue Palm's activities. official/source text
UAE Cabinet Decision No. 74 of 2020 concerning the Terrorism Lists Regulation and Implementation of UN Security Council Decisions	Basis for UAE targeted financial sanctions implementation and screening against UN/UAE lists. official/source text
UAE Federal Decree-Law No. 31 of 2021 Promulgating the Crimes and Penalties Law, as amended	Relevant to bribery, fraud and criminal integrity risks in UAE relationships. official/source text

Voluntary European and international benchmarks

OECD Due Diligence Guidance for Responsible Business Conduct (2018) — source • EU Corporate Sustainability Due Diligence Directive (EU) 2024/1760, consolidated 18 March 2026 — source

Appendices

APPENDIX A

Third-Party Due-Diligence Questionnaire

Complete before appointment and renew at expiry or after a material change. Attach or reference the supporting evidence.

1. Request and relationship

Record reference		**Date opened**	
Requester / department		**Proposed start date**	
Relationship type	☐ Supplier ☐ Agent/intermediary ☐ Distributor ☐ Consultant ☐ Other: ________________	**Estimated annual value**	
Goods/services and business purpose		**Countries involved**	

2. Entity details

Legal name		**Trading name**	
Entity type		**Registration number**	
Country of incorporation		**Registration date**	
Registered address		**Operating address**	
Website / telephone / email		**Main contact / Tax/VAT no.**	
Licence/permit details		**Expiry date**	
Bank account name		**Bank country**	

3. Ownership and control

Owner / ultimate beneficial owner	Nationality / country	Ownership %	Public official / PEP?
			☐ No ☐ Yes
			☐ No ☐ Yes

Directors / senior management	
Parent, subcontractors, agents or intermediaries	

APPENDIX A — QUESTIONNAIRE AND VERIFICATION (CONTINUED)

4. Integrity and compliance questions

Question	No	Yes	N/A	Explanation / evidence reference
Has the entity, an owner or a director been convicted of, investigated for, or sanctioned for bribery, fraud, money laundering, sanctions breaches, modern slavery or similar misconduct?	☐	☐	☐	
Is any owner, director, key employee or close family member a public official or politically exposed person (PEP), or able to influence a public decision connected with this work?	☐	☐	☐	
Will commissions, success fees, cash, payments to a third country, personal accounts or unusual payment arrangements be used?	☐	☐	☐	
Is there any actual or potential conflict of interest involving Blue Palm personnel, customers, public officials or tender decision-makers?	☐	☐	☐	
Has the entity faced material regulatory action, litigation, insolvency, licence suspension or significant adverse media in the last five years?	☐	☐	☐	
Does the entity have appropriate licences, insurance and controls relevant to the proposed goods or services?	☐	☐	☐	
Does the entity agree to comply with Blue Palm's anti-bribery, sanctions, labour, confidentiality and audit requirements?	☐	☐	☐	

5. Supporting evidence checklist

Document / evidence	Attached	Verified	Reference / date checked
Certificate of incorporation / current registry extract	☐	☐	
Ownership chart and beneficial ownership evidence	☐	☐	
Relevant trading, food, import/export or professional licences	☐	☐	
Tax/VAT registration, insurance and bank-account verification	☐	☐	
References or evidence of capability and past performance	☐	☐	
Relevant compliance policies or signed Blue Palm undertaking	☐	☐	

Privacy note: collect personal identity documents only where necessary, proportionate and lawful; restrict access and retention.

APPENDIX A — SCREENING AND DECLARATION (CONTINUED)

6. Screening evidence

Screening subject and check	Source/database	Date	Result and evidence reference	Checker
Entity — sanctions/watchlists			☐ Clear ☐ Potential match	
Owners/controllers — sanctions/watchlists			☐ Clear ☐ Potential match	
Entity and principals — PEP screening			☐ Clear ☐ Potential match	
Entity and principals — adverse media			☐ Clear ☐ Concern	
Registration/licence verification			☐ Valid ☐ Concern	
Bank-account ownership verification			☐ Matched ☐ Concern	

7. Red flags and clarifications

Issue / red flag	Clarification or further evidence	Resolved?
		☐ Yes ☐ No
		☐ Yes ☐ No
		☐ Yes ☐ No

8. Third-party declaration

I confirm that the information provided is complete and accurate to the best of my knowledge. I will promptly notify Blue Palm of material changes to ownership, management, licences, sanctions status, conflicts, investigations or payment details. I understand that false or incomplete information may result in rejection or termination.

Name and position		**Entity**	
Signature		**Date**	

Internal next step: transfer the verified findings to Appendix B and retain this questionnaire with all referenced evidence.

APPENDIX B

Due-Diligence Risk Assessment and Approval Record

Record the risk rating, decision, approvals, expiry and mitigation measures. Link this form to the completed Appendix A.

1. Record summary

Third-party legal name		**Due-diligence reference**	
Relationship / service		**Business owner**	
Countries involved		**Assessment date**	

2. Risk assessment

Risk factor	Low	Medium	High	Reason / evidence reference
Country / sanctions exposure	☐	☐	☐	
Public-sector or PEP connection	☐	☐	☐	
Use of agents, subcontractors or intermediaries	☐	☐	☐	
Commission, payment structure or transaction value	☐	☐	☐	
Ownership transparency and corporate history	☐	☐	☐	
Adverse media, regulatory or legal history	☐	☐	☐	
Nature of goods/services and access to assets/data	☐	☐	☐	
Labour, human-rights, H&S or food-safety exposure	☐	☐	☐	

3. Overall rating and red-flag outcome

Overall risk rating	☐ Low ☐ Medium ☐ High ☐ Prohibited / unacceptable
Unresolved red flags	☐ None ☐ Yes — describe below
Assessment rationale	
Red flags / escalation details	

APPENDIX B — DECISION, MITIGATION AND REVIEW (CONTINUED)

4. Decision and approval

Decision	☐ Approved ☐ Approved with conditions ☐ Deferred pending information ☐ Declined
Decision rationale	
Contract controls required	☐ Compliance clauses ☐ Audit right ☐ Termination right ☐ No subcontracting without consent ☐ Payment restrictions ☐ Training/certification ☐ Other: ______________________

Role	Name	Decision	Signature / date
Business owner		☐ Support ☐ Do not support	
Compliance reviewer		☐ Approve ☐ Escalate	
Additional approver (if required)		☐ Approve ☐ Decline	

5. Mitigation and monitoring plan

Required action / control	Owner	Due date	Status / evidence
			☐ Open ☐ Complete
			☐ Open ☐ Complete
			☐ Open ☐ Complete
			☐ Open ☐ Complete

6. Validity, expiry and trigger review

Approval effective date		**Expiry / next review date**	
Review frequency	☐ Annual ☐ Two-yearly ☐ Three-yearly ☐ Event-driven	**Residual risk**	☐ Low ☐ Medium ☐ High
Trigger review required if	Ownership/control changes; new countries or services; material payment changes; sanctions/PEP or adverse-media alert; investigation, licence issue, serious incident or contract breach.	**Screening frequency**	
Closure / renewal outcome	☐ Renewed ☐ Conditions revised ☐ Suspended ☐ Terminated	**Outcome date**	

7. Final record check

Record complete	☐ Questionnaire and evidence attached ☐ Screening evidence retained ☐ Contract controls included ☐ Mitigation actions assigned ☐ Approval communicated ☐ Review reminder recorded
Completed by / date	