

## **GUNVOR GROUP**

### **Business & Human Rights Resource Centre Survey Questions For companies operating or investing in Ukraine**

#### **Nature of involvement**

1. How long has your company or subsidiary been operating or investing in Ukraine? In summary, can you briefly describe the nature, sector, scale, and geographic area of these operations or investments?

Gunvor does not have any employees, physical property, or investments in Ukraine; however, Ukraine has been a customer of Gunvor's, and our company is in contact with Ukraine to supply commodities, such as natural gas, when needed.

#### **Assessing risks**

2. How is your company enhancing its due diligence to identify, prevent, and mitigate heightened human rights risks and comply with international humanitarian law? a. What measures is your company taking to ensure it relies and acts upon robust monitoring of the situation, including through consultation with your workers, affected communities, human rights groups, and/or humanitarian organizations?

Gunvor does not have any employees, physical property, or investments in Ukraine.

#### **Mitigating risks and tracking effectiveness**

3. What measures is your company or subsidiary taking to ensure that your business relationships, products, services, operations, or other actions do not contribute to Russian military activities or occupation in Ukraine (including Crimea and occupied parts of Donetsk and Luhansk Oblasts)?

Gunvor fully complies with all applicable international economic sanctions. Through the company's counterparty due diligence process, sanctions checks are carried out both through third-party systems and internal processes. Gunvor daily vets its entire list of business counterparties and relevant associated individuals. Gunvor's team further regularly engages directly with governments, including the U.S. and EU, that impose sanctions to ensure we understand the latest developments and actions. Moreover, Gunvor conducts no business in the regions mentioned. In addition, Human Rights due diligence is a part of Gunvor's Know Your Customer (KYC) process during counterparty onboarding and then daily through the company's ongoing screening system.

4. Is your company or subsidiary planning to scale-down or suspend your operations in Ukraine? If so, what are the immediate and longer-term steps that your company has taken or is prepared to take to mitigate the negative impacts of this decision on affected communities and your workers?

Gunvor does not have any employees, physical property, or investments in Ukraine.

5. What steps is your company or subsidiary taking to ensure that your risk prevention and/or mitigation measures do not negatively impact Ukrainian civilians?

Gunvor does not have any employees, physical property, or investments in Ukraine.

### Exercising leverage

6. Is your company or subsidiary taking any other actions to promote respect for humanitarian law, human rights, democracy, and peace in Ukraine?

As a company, Gunvor has unequivocally condemned the war in Ukraine and the senseless violence taking place against the civilian population. We support an immediate peace. The Gunvor Foundation is working to support charities aiding the resulting humanitarian crisis.

### For companies operating or investing in Russia

#### Nature of involvement

1. How long has your company or subsidiary been operating or investing in Russia? In summary, can you briefly describe the nature, sector, scale, and geographic area of these operations or investments?

Gunvor has been operating in Russia since the company's founding in 2000. Gunvor is a trader of physical energy, such as crude oil and oil products, which it exports from Russia. At one point early in the company's history, about 20 years ago, Russian commodities comprised the totality of Gunvor's trading; today, Gunvor's trading has no material exposure to Russia.

During the last 5-plus years, Gunvor's total global trading has consistently comprised of between 6%-11% of Russia-origin commodities. The company's trading activities are well diversified globally, with an emphasis on developed countries in Europe, North America and Asia.

Since 2014, Gunvor has been majority owned by the company's Chairman and CEO, Torbjörn Törnqvist, who today holds 88.4% of shares, with the entire remainder held by Gunvor employees. There are no outside shareholders or economic interests, Russian or otherwise.

Gunvor de-risked its asset portfolio from Russia in 2015, selling off all Russian assets, with the exception of a minority, non-controlling stake in the Ust-Luga Oil Products terminal, which is currently being reviewed. With respect to trading, Gunvor has been obliged to fulfil existing trading contracts, which are not sanctioned. No new business is being conducted. Examples of actions taken:

- Gunvor wholly owns a refinery in Ingolstadt, Germany, which historically has processed a small percentage of Russian-origin crude oil, less than 10%. The refinery is now not processing any Russian-origin crude oil, and no Russian-origin crude oil has been purchased for future processing. According to Reinhard Brandl, a German CSU politician and member of the Bundestag: "There is currently no connection between the Gunvor and Russia.... The Gunvor refinery is not seen as a problem in political Berlin, but as part of the solution."

- “Die Rolle der Raffinerien in der Region für ein mögliches Öl-Embargo”  
<https://www.donaukurier.de/archiv/die-rolle-der-raffinerien-in-der-region-fuer-ein-moegliches-oel-embargo-6157582>
- All of Gunvor’s existing Rosneft and Gazpromneft contracts have concluded in March. No new contracts are being signed.

## Assessing risks

2. How is your company enhancing its due diligence to identify, prevent, and mitigate heightened human rights risks and comply with international humanitarian law? a. What measures is your company taking to ensure it relies and acts upon robust monitoring of the situation, including through consultation with your workers, affected communities, human rights groups, and/or humanitarian organizations?

Gunvor fully complies with all applicable international economic sanctions, and continuously monitors the situation in Ukraine. Sanctions checks are carried out both through third-party systems and our own internal processes. Gunvor daily vets its entire list of business counterparties and relevant associated individuals. Gunvor’s Legal and Compliance teams further regularly engage directly with governments, including the U.S. and EU, that impose sanctions to ensure we understand the latest developments and actions. In the context of the current crisis, for specific counterparties, additional assessments are carried out to precisely understand the extent of the impact of our activities, and mitigations are defined accordingly.

Specifically concerning Human Rights, all of Gunvor’s operations and joint ventures are assessed for Human Rights risks, and Human Rights issues are included in Gunvor’s ongoing audit program. The assessment includes elements related to conflict areas and international Human Rights laws.

- More information can be found in the “Human Rights & Transparency” section of Gunvor’s annual **Sustainability & Ethics Report**: [https://gunvorgroup.com/wp-content/uploads/2021/10/Gunvor\\_Sustainability-Ethics-Compliance-Report\\_2020.pdf](https://gunvorgroup.com/wp-content/uploads/2021/10/Gunvor_Sustainability-Ethics-Compliance-Report_2020.pdf)

## Mitigating risks and tracking effectiveness

3. As the situation in Ukraine unfolds, is your company or subsidiary planning to cease operations in or divest from Russia? If so:
  - a. What have been the key considerations informing this decision and did you consult with your workers and/or other affected stakeholders as part of your decision-making process?

Gunvor took immediate steps to condemn the war, while moving to limit ongoing activities where contractually possible. This was a top-down decision, taken with full support of the company’s Executive Committee and management team. As stated, Gunvor’s sole asset in Russia, a minority, non-controlling stake in an oil products terminal, is under review.

- Gunvor statement from 3 March 2022: <https://gunvorgroup.com/news/gunvor-statement-regarding-the-war-in-ukraine/>

b. What are the immediate and longer-term steps that your company has taken or is prepared to take to mitigate any negative impacts of your exit on affected communities and your workers, including addressing any loss of income?

No Gunvor employees have been adversely impacted by this situation.

4. If your company or subsidiary chooses to continue operating in Russia, what human rights due diligence has been undertaken and how are you planning to mitigate harm in Ukraine?

See response to question 2.

5. What kind of due diligence measures does your company use to ensure that it does not have any business relationships with sanctioned Russian individuals and entities? Beyond sanctions compliance, how does your company ensure that it does not have any business relationships with individuals or entities with a track record of rights violating conduct?

See response to question 2.

In addition, Gunvor has invested millions of dollars in the latest IT systems to assist with counterparty due diligence and tracking, ensuring all employees have access to system data. Counterparties and related parties in the company's Counterparty Management System (CMS) are also screened daily against external, third-party vendor systems, which monitor for such information as sanctions violations and PEP exposure, or other relevant events. The same applies for Gunvor's vessel screening.

- CMS: All Gunvor trading and operational systems are linked with the Counterparty Management System (CMS), centralizing all counterparty due diligence within a single, controlled environment. CMS ensures uniformity of processes and oversight. For example, all payments for the company are checked against CMS before any transfer of funds can be made. Due to the centralized nature of the system, Compliance can react to any new information and, if required, deactivate a counterparty in all company systems within minutes. Vessels and owners are also screened daily through the CMS process.
- VESSEL SCREENING: Gunvor works with Pole Star for vessel screening. The PurpleTrac system is fully integrated within Gunvor's CMS, leveraging its interface and escalation technology. On any single day, approximately 15 vessels are screened by Gunvor's chartering teams. Compliance vessel screening is also integrated with the operational vessel vetting process, which ensures that comprehensive vessel screening must be completed prior to any vessel chartering.

Specifically, such due diligence framework includes:

- Risk-based assessments
- Collection and review of documents on counterparties enabling the identification of ultimate beneficial owners and intermediate layers
- Screening via two reputable external databases used by most external stakeholders of the banking and commodity trading sectors; these databases include adverse events linked to human rights violations

- Daily screening of active counterparties and the relevant entities and individuals related to them
- Targeted media checks, including by specialized engines/databases
- External enhanced due diligence reports as and when needed

As this relates to Human Rights, Gunvor has mandatory annual training for every employee covering many areas such as ABC, AML, market abuse and market conduct, economic sanctions, and other topics. Beginning in 2021, Gunvor has included a section on Human Rights, which is also included in the mandatory training of new hires. Gunvor's business partners also undergo training as and when relevant. In addition, Gunvor's KYC team has followed a specific training prepared with the support of a consulting firm specialized in Human Rights matters. This training includes guidance on how to detect and address Human Rights related findings in the due diligence of counterparties.

### **Exercising leverage**

6. How does your company intend to use your leverage to protect the rights of your workers and communities affected by your operations in Russia, including freedoms of association and expression?

Gunvor has no policies that limit our employees' freedom of personal expression. All employees and communities have access to Gunvor's whistleblowing reporting line. Reports and communications through this line are systematically handled by the Legal and Internal Audit Departments, which involve the appropriate functions of the company for effective remediation.

7. Is your company providing any support to Russian activists who are taking action against the war and in support of democracy and peace in Ukraine?

As a matter of policy, Gunvor does not participate financially in political activism anywhere in the world.