

# 1 Ships and other vessels

## 1.1 Examples of risk

In order to effectively identify, understand, assess and mitigate risks related to ships (including all kinds of vessels from smaller pleasure boats, motor-sailing, super-yachts, to cargo ships etc.), a risk assessment is beneficial. It may take into consideration some of the following:

What risks may be associated with the seas where the vessel is operating?

Vessels may be used to support illicit activities, for example:

- › Smuggling of weapons and arms
- › Human trafficking
- › Drugs trafficking
- › Illicit wildlife smuggling

Vessels may also use flags of convenience to avoid robust regulation, for example concerning:

- › Cargo fraud
- › Pollution prevention
- › Maritime safety

Typologies internationally demonstrate how vessels may be abused by terrorist organisations, for example to:

- › Transfer illicit arms
- › Transfer illicitly obtained crude oil or liquefied natural gas

Vessels may be sanctioned or subject to sanctions evasion practices, for example:

- › Vessel-to-vessel transfers of cargo
- › Manipulation of a vessel's automatic identification signal (AIS) to make it appear as if its location is elsewhere than where the vessel is actually located.

## 1.2 Examples of good practice relating to oversight and control

Good practices include, but are not limited to, understanding, documenting and, when necessary, taking action concerning the following:

- › Name of vessel
- › Type of vessel
- › Unique reference/IMO number
- › Flag (nationality/tax residence)
- › Vessel checked against sanctions lists
- › Who are the crew?
- › Have the crew been vetted?
- › Who leases the vessel?
- › Has the lessor been vetted?
- › Has the lessee been vetted?
- › If vessel is used by, for example, beneficiaries of a trust, what consideration has been given concerning benefit in kind disclosures (taxation)?
- › Use a marine agent been involved in arrangements?
- › Has the maritime agent it been vetted?
- › What agreements are in place including, for example, activities the vessel may undertake, what cargo it may carry, what locations it may visit, who may lease it and for what purpose etc.?

- › What cargo is it carrying (for each transaction) and has it been verified? (e.g. shipping container numbers and content)
- › When was the vessel last valued?
- › What is the known value of the vessel?
- › Is there insurance in place?
- › Have you had sight of insurance documentation?
- › Checking and verifying the vessel's logbook - locations/routes/cargo?
- › What safeguards have been put in place to verify the accuracy of the logbook?
- › If the vessel is owned via a complex offshore structure – why is that?
- › If the vessel (or the structure/owners/controllers and associates) are associated with any higher risk jurisdictions/designated persons – what additional safeguarding/monitoring/mitigation measures have been taken?
- › What vetting is undertaken in terms of persons owning, controlling and using the vessel (and their associates)?

For all of the above:

- › Have you satisfied yourself as to the legitimate current and ongoing use of the vessel?
- › Are you confident that you have undertaken sufficient due diligence in order to evidence your confidence regarding the legitimate current and ongoing use of the vessel?
- › What professional advice has been sought by you?
- › What professional advice has been sought by other parties involved?
- › Have you had sight of documents and retained evidence for your records?

Important note:

- › **Ask yourself - will the safeguards be adequate to prevent illicit abuse, sanctions busting and to satisfy regulatory requirements?**

### 1.3 Aircraft

Similar considerations as mentioned above for ships are also relevant to aircraft.