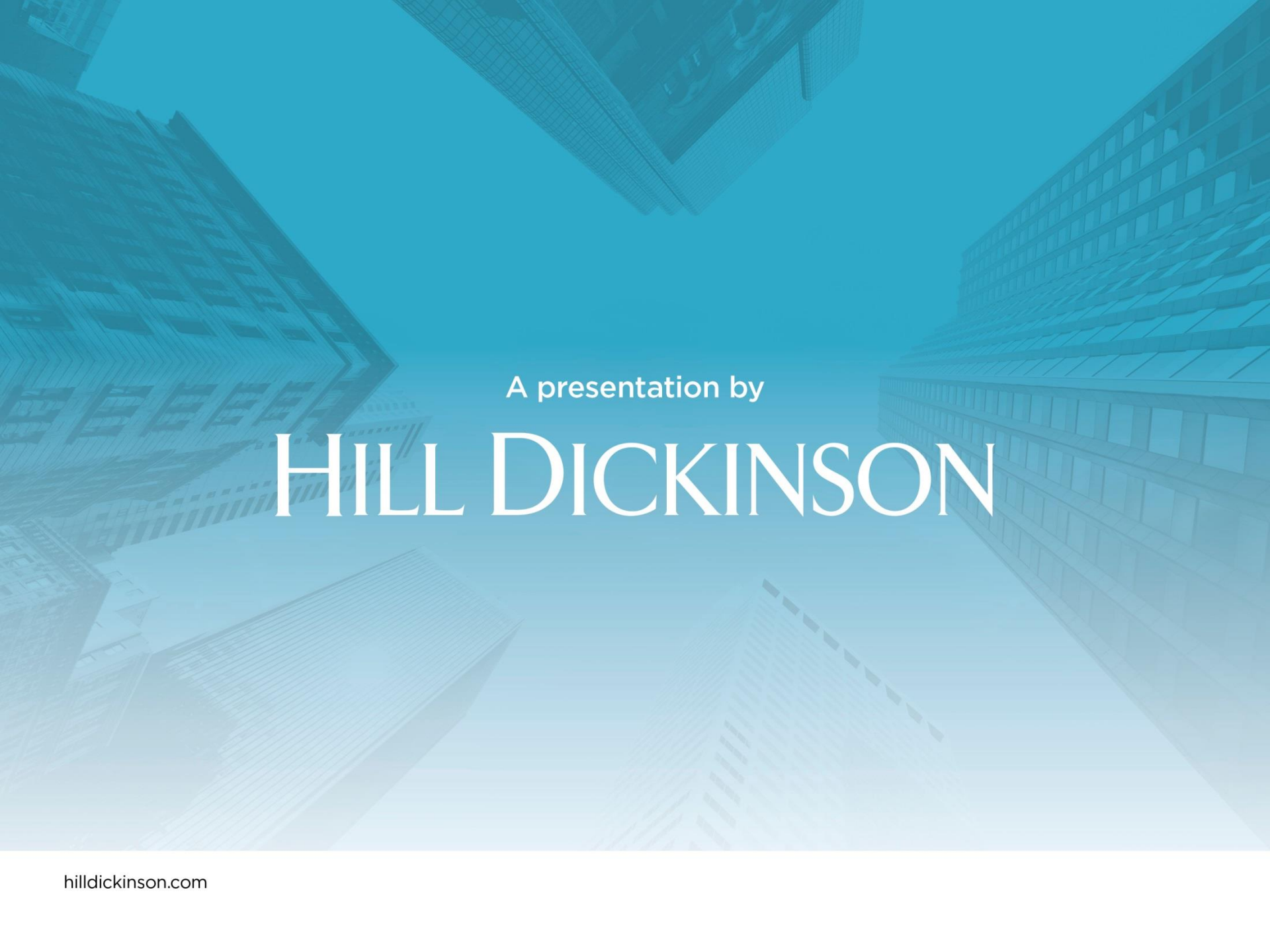




A presentation by

HILL DICKINSON

When you comply with sanctions, but get sanctioned anyway – how the sanctions' authorities are casting the net wider

By Siiri Duddington

Introduction

We are now in the enforcement stage

What has the UK and EU said?

- They are targeting individuals and businesses sustaining Putin's illegal war in Ukraine
- They are targeting key sources of Russian revenue

The European Commission on the 19th package:

To strengthen enforcement, we are now sanctioning 118 additional vessels from the shadow fleet. In total, more than 560 vessels are now listed under EU sanctions. Major energy trading companies Rosneft and Gazpromneft will now be on a full transaction ban. And other companies will also come under asset freeze. We are now going after those who fuel Russia's war by purchasing oil in breach of the sanctions. We target refineries, oil traders, petrochemical companies in third countries, including China.

As recently as 15 October 2025, the UK Government has said:

At this critical moment for Ukraine, Europe is stepping up. Together, the UK and our allies are piling the pressure on Putin - going after his oil, gas and shadow fleet - and we will not relent until he abandons his failed war of conquest and gets serious about peace.

We are sending a clear signal: Russian oil is off the market.

As Putin's aggression intensifies, we are stepping up our response. The UK will continue to strip away the funding that fuels his war machine. We will hold to account all those enabling his illegal invasion of Ukraine.

The Reasons

- Strong focus on engagement in Russian oil

“involved in obtaining a benefit from or supporting the Government of Russia through carrying on business in a sector of strategic significance to the Government of Russia, namely the Russian energy sector”

If exporting Russian origin oil, does this mean that a company obtains a benefit from or supports the Government of Russia?

COMMON THEMES from the Reasons

Companies

- 1) SCPs were in place, together with enhanced sanctions due diligence
- 2) No breach of sanctions Regulations; specifically including price cap compliance
- 3) How does the G7 Price Cap fit in?
- 4) Generally, there is a misunderstanding of shipping actors
- 5) Up until recently, focus appeared to be on smaller actors
- 6) Intelligence-gathering; reliance upon general online reports
- 7) What about diplomatic or direct efforts to engage?

The Reasons continued

Individuals

- *By affiliation to a designated entity or to disrupt*
- *No detailed reasons*
- *Absence of express opposition to the war*
- *The decision to impose sanctions on specific individuals is not necessarily based on the nature or severity of the alleged conduct, but on prevailing market conditions*

As a side note – query if these points have been properly tested in Court by way of judicial review

Vessels

*For the first time, the EU has adopted a measure **targeting specific vessels contributing to Russia's warfare against Ukraine**, which are subject to a port access ban and ban on provision of services. These vessels can be designated for various reasons such as the transport of military equipment for Russia, the transport of stolen Ukrainian grain, and support in the development of Russia's energy sector, for instance through the transport of LNG components or transshipments of LNG. **This measure also targets tankers part of Putin's dark fleet which circumvent the EU and Price Cap Coalition's caps, while adopting deceptive shipping practices in complete disregard of international standards.** 27 vessels were targeted today on these grounds.*

The grounds for inclusion of vessels, are stated as follows:

- *Article 4x, paragraph 2(b): transport crude oil or petroleum products, as listed in Annex XIII, that originate in Russia or are exported from Russia while practicing irregular and high-risk shipping practices as set out in the International Maritime Organisation General Assembly resolution A.1192(33).*

By implication, vessels engaged in Russian oil are shadow fleet vessels

IMO Resolution A.1192(33)

The IMO Resolution contains the following wording, which provides guidance on what we understand the EU Council would consider to constitute “irregular and high-risk shipping practices” and/or to cast a vessel as a dark or shadow fleet vessel:

- 1) Engaging in illegal operations for the purposes of circumventing sanctions;
- 2) Carrying out unsafe operations which do not adhere to international regulations and well-established and strict industry standards and best practices;
- 3) Intentionally disabling or manipulating AIS or LRIT transmissions;
- 4) Having substandard maintenance / intentionally avoiding flag State and port State control inspections / intentionally avoiding commercial screenings or inspections;
- 5) Unclear ownership / not operating under a transparent corporate governance policy;
- 6) Lack of insurance coverage / not maintaining adequate liability insurance or other financial security;
- 7) Disguising cargoes' destination or origin;
- 8) Engaging in STS operations which cannot be explained.

EU reasons

Factors / Red flags

- 1) Change of flag
- 2) Age of vessel
- 3) Sale price
- 4) AIS Gaps – the authorities use Windward and S&P MIRS
- 5) Insurance
- 6) Russian calls
- 7) Badship.com

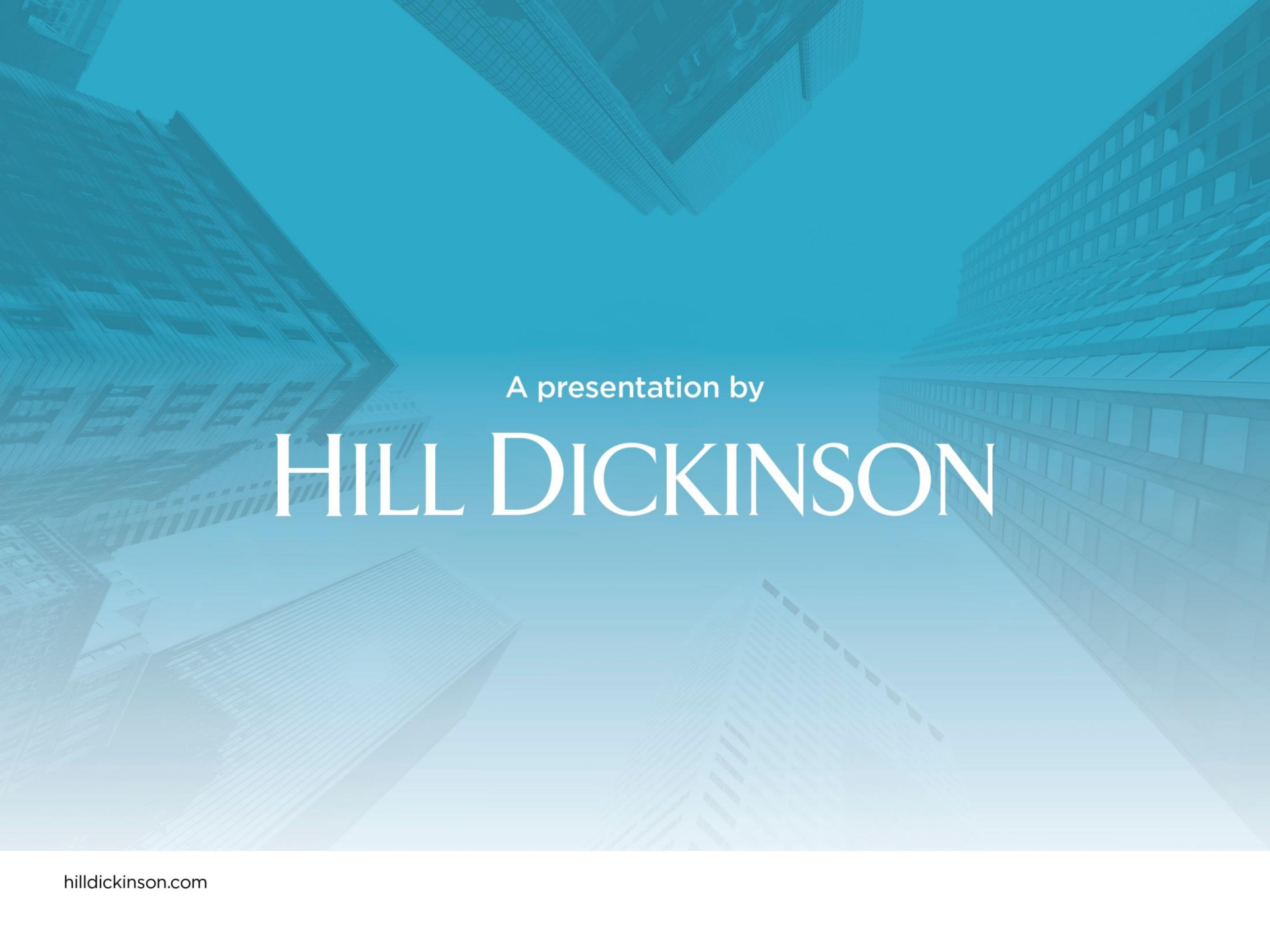
So, what does this all mean?

You can be sanctions' compliant but still get sanctioned

Is there a moral dimension at play? – even if a trade or transaction is permissible, you're seen as complicit if you engage with Russian trade

- The risk is wider than merely complying with sanctions
- If you're on the radar, you're at risk

How do you mitigate that risk?



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