

Economic Sanction Policy

Approved by Leadership team on 2014/07/17, updated on 2024/06/01

Note: This policy is worded in English. Translations are made available in Dutch, French, German and Portuguese. In case of divergences between the English version and the Dutch, French, German or Portuguese versions, the English version will prevail.

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Short description

Aperam and its employees conduct business in more than 40 countries around the world and, accordingly, are subject to various economic sanctions laws and regulations.

Aperam is firmly committed to compliance with all applicable sanctions laws and regulations, including but not limited to those administered and enforced by the EU and its member states, the UK and the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") as well as the sanctions regimes of any other country in which Aperam conducts business.

Government authorities may impose sanctions for a variety of national security and foreign policy reasons, either unilaterally, based on UN Security Council resolutions, or other multilateral policy initiatives.

This policy outlines the actions that are required to ensure that Aperam complies with those sanctions and that it does not contract or engage with countries, regions, industries, organizations or individuals which are the target of such sanctions.

Non-compliance with these legal requirements is a principal risk for Aperam and can result in reputational damage, financial penalties and loss of business.

Scope

This policy applies to all employees (permanent, contract and temporary), directors and officers of Aperam and all of its subsidiaries. It is also applicable to any third party acting on behalf of or in the interest of Aperam and/or its subsidiaries, including in case of a joint venture with another company or organization. It is the responsibility of all employees to familiarize themselves with and comply with applicable economic sanctions laws and regulations related to their job responsibilities.

1. Introduction

Wherever Aperam, including its subsidiaries and affiliates (hereinafter Aperam and all subsidiaries and affiliates collectively referred to as "Aperam"), does business, it is committed to comply with all sanctions that affect its business activities.

The obligation to comply with local, national and international laws and regulations applicable to its business is also included in Aperam's Code of Business Conduct. Through this policy, Aperam and its management aim to ensure compliance with economic sanctions targeting countries, individuals and legal entities, and the appropriate management of associated risks.

The failure to address the risk of sanctions violations may undermine Aperam's reputation and lead to investigations, fines and/or other penalties for the company and/or individuals.

All applicable sanctions lists are used as part of Aperam's screening processes. Regular KYS/KYC, including sanctions-related screening, is carried out for all counterparties before business transactions are entered into. Furthermore, Aperam conducts regular reviews of its existing suppliers and customers utilizing a risk-based approach, including through the use of sanctions-related screening, as well as further checks upon the imposition of new sanctions.

For more guidelines on this topic ➤



For more, see
[Aperam policies](#)

► [Aperam Code of Business Conduct](#)

► [Aperam anti corruption and money laundering policy](#)

2. Scope of application

This policy applies to all jurisdictions in which Aperam currently operates. It will also apply to any additional jurisdiction where Aperam intends to operate or start business relationships.

Issues with economic sanctions arise most frequently in the following broad areas: sales, procurement, mergers and acquisitions, financing and banking. This policy aims to ensure the compliance with applicable economic sanctions in these areas. Employees responsible for these activities must monitor Aperam's business transactions to comply with applicable economic sanctions. As Aperam often does transactions affecting several locations and jurisdictions, it is important to be aware of all the laws that are applicable to such transactions.

For example, goods sold from inventory in one country, but originating from another, and potentially even paid to a bank account in a third country, may be subject to the restrictions and regulations in all involved countries.

3. Definition of Economic Sanctions

Economic sanctions are foreign policy tools used by governments and international organisations and bodies (such as the UN and the EU) principally to influence a change in the behavior of a specific country's government, individuals or groups in a direction which shall improve peace and security, consolidate democracy and protect human rights, but also prevent terrorism, money laundering, narcotics trafficking, nuclear proliferation etc.

Sanctions place restrictions and controls on the movement of goods and services (trade sanctions) or money (financial sanctions) to specified countries, industries, organisations or to individuals.

Economic sanctions laws and regulations generally prohibit companies and persons from conducting any type of economic activity with the targets of such sanctions. In addition, in some cases, a person in possession or control of property belonging to a target may be required to freeze or "block" that property to deny use of the property by the target.

Sanctions can target an entire country or they can be more narrowly targeted at individuals or groups. Prominent forms of economic sanctions include trade barriers, asset freezes, travel bans, embargoes, and restrictions on financial transactions.

4. Risk management

Aperam's sanctions risk is managed by conducting due diligence on and screening of its counterparties using specialist sanctions screening software before entering into transactions with them and regularly afterwards. Aperam uses a risk-based approach to determine whether existing or potential counterparties are a sanctions target or otherwise attract sanctions risk. Aperam also implements controls in respect of payments, using a risk-based approach to ensure that they are consistent with the requirements of this policy.

The applicable screening periods for existing counterparties vary depending on the individual risk profile (e.g. if companies are incorporated in higher risk territories). The screening process is used to identify whether an existing or potential new counterparty is for example subject to an asset freeze or is owned or controlled by someone subject to such measures. Aperam also checks for any products in its supply chain that may be

subject to any sectoral, product or technology sanctions.

All employees dealing with third parties are required to remain vigilant to the risks of breaching Sanctions Laws, should ensure that they do not breach them and should be alert to any red flags. If there is suspicion or evidence to suggest the involvement of a party targeted by Sanctions, the employees should report their concerns to the Compliance organisation before proceeding with the transaction.

The Compliance Department determines and approves controls to be followed in specific regions, while the Legal department gives legal advice and guidance on specific situations on request and conducts any red flag reviews. The Compliance Department oversees ad hoc risk assessments as required in high-risk regions and monitors any specific processes and controls.

5. Sales and procurement (KYS/KYC process)

Sales of Aperam products and services to and purchases from sanctioned targets would present the highest sanctions compliance risk.

Accordingly, before entering into business transactions, the relevant sales or procurement department must follow the established KYS/KYC process as described in the Aperam anti corruption and money laundering policy.

The KYS/KYC process includes:

- the gathering and review of all information related to the transaction,
- the completion of internal and external KYS/KYC questionnaires,
- and – where necessary - the approval of Aperam's Compliance Department or the Compliance Committee to ensure compliance with any applicable sanctions regulation.
- For existing counterparties this process needs to be repeated periodically, whereas the period depends on the risk assessment in the individual case.

Any customer or supplier that is located in, or a national of, a country which is the target of sanctions may not be accepted for any transaction unless the Compliance Department has reviewed the facts and approved the transaction in the individual case. This also applies to indirect sales via intermediaries such as wholesalers, distributors or brokers where Aperam has information that either the intermediary itself or the country of origin/destination of the products is subject to sanctions.

The prior approval from the Compliance Department for a business transaction is also required if the assessment based on the established KYS/KYC process brings up any red flags. Thus, sales and procurement personnel must consult the Compliance Department before conducting any transaction where the circumstances of the transaction raise any red flags or questions about the true identity of the counterparty. For high risk transactions, The Compliance Department will submit the case for review and approval to the Aperam Compliance Committee.

For more guidelines on this topic ➤

6. Violations and consequences

Aperam takes breaches of its Code of Business Conduct and policies very seriously and does not tolerate any acts or attempts to violate or circumvent economic sanctions. Violations of economic sanctions expose Aperam and its employees to regulatory enforcement proceedings that may result in both corporate and individual personal liability.

Failure to observe economic sanctions would also damage Aperam's reputation and violations may result in criminal prosecution and substantial pecuniary fines as well as

For more, see
[Aperam policies](#)

► [Aperam anti corruption and money laundering policy](#)

potential loss of export privileges.

Individual consequences for breaching this policy depend on the severity of the breach but may range from a warning to termination of employment. In certain instances, there may also be civil and/or criminal liability. In all cases where the evidence is sufficient to warrant disciplinary action, such action will be taken in compliance with all applicable laws.

7. General Guidance and Contacts

As this Economic Sanctions Policy cannot cover every eventuality, Aperam's employees are encouraged to use their good judgment and apply common sense. In case of doubt or any questions, please contact the Compliance Department.

Aperam, its business partners, agents, contractors and other third parties involved have the duty to do their best efforts to ensure that their business operations fully comply with applicable economic sanctions.

8. Update of this policy

The Legal Department is responsible to update this Policy based on regulatory changes or other legal or organizational developments.