

AM/NS

INDIA

SANCTIONS COMPLIANCE POLICY

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1. Purpose

ArcelorMittal Nippon Steel India Limited (“**the Company**” or “**AM/NS India**”) has a reputation for honesty and integrity in its management practices and in its business transactions. It is therefore vital for the AM/NS India to prevent direct or indirect Sanctions links.

AM/NS India and its employees are subject to various economic sanctions laws. This Sanctions Compliance Policy (“**Policy**”) establishes guidelines for complying with laws wherever AMNS India and its subsidiaries does business.

The purpose of this Policy is to create awareness in Employees about Sanctions provisions, provide guidance for sanctions screening process and prevent Company’s involvement with any sanctioned individual or entity directly or indirectly.

2. Scope

Relevant to all employees of AM/NS India and its subsidiaries (“**AMNS**”).

3. The AM/NS India Code of Conduct

Wherever it does business, it is the policy of AMNS to comply with all applicable sanctions laws and regulations (including the Unlawful Activities Prevention Act (UAPA), 1967) and other such laws issued by the United Nations, European Community, international organizations and various nations wherever it does business.

The obligation to comply with local, national and international laws and regulations applicable to its business is also contained in the AM/NS India’s Code of Conduct.

It is the responsibility of each and every director, officer and employee to understand the Code of Conduct and this Policy and to seek help from the Compliance Officer if and when there is any question or doubt as to how these rules apply in a given situation.

4. Legal environment

Unlawful Activities Prevention Act (UAPA), 1967 is the principal anti-terrorism law in India which includes some guidelines related to Sanctions such as Sanctions list. Economic sanctions laws have a variety of sources and are issued in support of national and international policies to prevent terrorism, money laundering, narcotics trafficking, nuclear proliferation and various international relations goals. Economic sanctions laws generally prohibit regulated 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 sanctioned target may be required to freeze or “block” that property to deny the target use

of the property.

These laws change frequently and are often complex and, therefore, difficult to understand. Generally, there are two types of economic sanctions: those that target entire nations and those that target specific-named people and organizations. In some cases, compliance is complicated by the existence of laws of a nation that prohibit compliance with the economic sanctions laws of another nation (so called “**blocking laws.**”) The United States sanctions (administered by the Office of Foreign Assets Control or OFAC) against Cuba and Iran and Europe’s responses to those sanctions, are the best known examples of this conflict.

Problems with economic sanctions and trade policies arise most frequently in three broad areas: sales, procurement and M&A.

Employees responsible for these activities must monitor AM/NS’s business transactions to comply with applicable economic sanctions and trade policies. As AMNS often does transactions with some aspect of the matter in several locations, it is important to be aware of all the laws that may affect a transaction. For example, goods sold from inventory in one country, but manufactured in another, may be subject to both countries’ restrictions.

5. What are Sanctions?

Sanctions refer to laws relating to economic sanctions consisting of restrictions and prohibitions on transactions with certain countries, entities and individuals operated by a specific state or a group of countries. Sanctions target specific types of transactions, such as a prohibition to trade with a specific business, country, government or regime. An embargo represents a complete prohibition of all trade activities between countries. Sanctions and embargoes are political tools used throughout the world.

6. Country-based sanctions

Country Based Sanctions refers to the sanctions on countries (such as Iran, North Korea, Cuba, Syria, etc.) by the global regulatory bodies.

Before doing business directly or indirectly with a country that is the target of country-based sanctions (See **Appendix A**), the relevant business segment must inform the Compliance Officer and obtain clearance in writing from the General Counsel¹ and taking into account wider reputational and regulatory issues. The Compliance Officer must be copied on any clearance.

If such clearance has been given, the relevant business segment must - before entering into any specific transaction with a party in a country that is the target of country-based sanctions - review the full

¹ Approval can be in the form of an electronic mail including through minutes of a meeting or minutes of a conference call.

information about the transaction to ensure compliance with the applicable law and seek the assistance of the Compliance Officer whenever there is any question or doubt as to how the sanctions apply.

As some country-based sanctions are also subject to blocking laws by other countries, it is not appropriate to simply refuse to do the proposed transaction as such a refusal may be a violation of applicable blocking law. The EU, Canada, and Mexico currently have blocking laws concerning certain U.S. sanctions against Cuba or Iran.

A special case of country-based sanctions is the Arab League Boycott of Israel. The United States and some other nations have adopted counter measures to discourage adherence to the boycott. Compliance with these measures are particularly complex and should not be attempted without Compliance Officer's supervision. Anytime any AMNS receives a request for information or to take any action in support or in any way related to the Arab League Boycott, immediately contact the Compliance Officer and take no further action on the request until advised by the Legal Department.

7. List-based sanctions

List Based Sanctions refers to the list created by various regulatory bodies for the sanctioned people and sanctioned organizations. These lists are provided by local as well as global regulatory bodies.

List-based sanctions target specific people and organizations. There are many lists of such targets and the lists are frequently changed. Among the issuers of such lists are the United Nations Security Council, the World Bank, the European Union and several nations. AMNS will subscribe to a commercial service that compiles the various lists into one database. That database would be available for use within the business segments of AMNS.

Before entering into a transaction with a party located in a country subject to list-based sanctions, we must be checked (through the database, as and when made available) to determine if such party is targeted by any sanctions regime. If the party appears to be sanctioned, the Compliance Officer must be informed and the transaction may not be conducted until clearance has been received from the General Counsel. The Compliance Officer must be copied on any clearance. The Compliance Officer will also review whether there are any potential conflicts caused by blocking statutes (see section 4 above).

If the parties' name or address is similar to a name appearing to be sanctioned or in the database, attempt to obtain additional information to resolve the question of the correct identity of the party and consult the Compliance Officer.

Countries where list-based sanctions are currently in effect are in **Appendix A**.

8. Basic Principles of Sanctions Screening

The Company must perform sanctions screening on its business partners, customers, vendors, dealers, distributors, franchisees, lessors, lessees or other such persons with whom the Company has any business or transactional dealings, related parties (individuals or entities who have relationship with the Business Partner for sanctions and negative news).

Sanctions screening should be performed in order to comply with regulatory restrictions on trade or other economic activity with certain jurisdictions, individuals, entities, organizations, vessels, airplanes, or countries (collectively referred to as “**Sanctioned Parties**”).

Sanctions screening must be conducted in accordance with the principles set out in this Policy and any agreed due diligence procedure.

The Company shall endeavor to include Sanctions Compliance clauses in all third-party agreements.

9. Individuals

Most sanctions laws are based upon where a person is currently located i.e. the local law applies. However, some of the sanctions laws (notably the U.S. laws) apply to the citizens and permanent residents of the issuing country wherever such person is located. So a U.S. citizen or permanent resident (green card holder) working and living outside the U.S. is still subject to U.S. sanctions laws. U.S. citizens and permanent residents working outside the country of their citizenship should consult with the Compliance Officer to determine if they are subject to special procedures to address this problem. In any event, such people should not have any role in a transaction with a country or person targeted by sanctions issued by the country of their citizenship or permanent residence without consulting the Compliance Officer.

10. Facilitation

Some sanctions regulations (notably the U.S. laws) apply very broadly to indirect activities that assist a third person to conduct a transaction with a target. A person subject to such regulations may not authorize, broker, approve, finance or otherwise assist another person to do a transaction with a target. Given the global nature of AMNS business, administrative, finance and IT functions of our businesses are often performed in one nation for units located in another nation. This situation may raise sanctions issues. As a result, when any transaction with a target is being considered, a careful review of all direct and indirect AMNS participants is important. For example, a U.S. bank cannot transmit money in a transaction with a Cuban national. Whenever you identify a transaction where a sanction target is directly or indirectly involved, consult the Compliance Officer. Do not attempt by yourself to restructure the transaction to attempt to avoid the sanctions issue.

11. Sales procedures

Sales of AMNS products and services to sanctions targets present the highest sanctions compliance risk. Accordingly, when qualifying a new customer, sales people must include in their process a review of the customer's status as a target of sanctions. Any customer that is located in or a national of a country which is the target of country-based sanctions may not be accepted for any transaction unless the Compliance Officer has reviewed the facts and the transaction has been approved by the General Counsel. This also applies to any sale where AMNS has information that the final destination for the products sold to an intermediary is a target country or national of such country.

For customers not located in or nationals of country-based sanctions, but which are located in list-based countries, a check of the database of names (see above under List-Based Sanctions) is required before any transaction may be accepted or agreed to. If upon such a database search a name similar to the customer's name is in the database, consult the Compliance Officer for guidance on the transaction before agreeing to any sale or other transaction.

Sales of products manufactured in other countries require an analysis of the sanctions applicable to the AMNS unit making the sale and the unit manufacturing the product. Similarly, sale to any type of an intermediary, such as a wholesaler, distributor or through a broker or trader requires AMNS to determine the end user and end-use of the goods and such person's status under sanctions regulations. If the intermediary purchases the goods for general inventory and is not itself a target of sanctions, then the sanctions status of the intermediary is generally AMNS's only concern. However, if the sale to the intermediary is directly or indirectly pursuant to a specific order from a sanctions target, or that intermediary's sales of such goods are predominantly to sanction targets, the sale must be reviewed based upon the rules applicable to the sanctions target/end user. If AMNS has reason to know the goods are directly or indirectly destined for a sanctions target, the transaction must be reviewed based upon the end user's status under the sanctions rule. Knowledge will be determined in hindsight on the basis of all the circumstances surrounding the transaction. If there are abnormal circumstances in a transaction that indicate a sale is destined for an end user subject to sanctions, AMNS and involved employees are at risk of regulatory proceedings. (See "Red Flags" below). Accordingly, sales personnel must consult the Compliance Officer before conducting any transaction where the circumstances of the transaction raise any question about the true identity of the end user.

AMNS export sales are also subject to the export and re-export laws of the involved countries. Export and re-export laws are different than economic sanctions laws. The difference is that economic sanctions regulate the conduct of persons and companies, generally on the basis of nationality or location, and prohibit transactions with targeted individuals or nations. Export laws regulate goods and technology based

upon the origin of the goods/technology and prohibit sales or transfer to certain end users or destinations. AMNS must comply with both economic sanctions and export laws². This Policy relates only to economic sanctions laws.

12. Procurement

Transactions with suppliers expose AMNS to sanctions regulatory enforcement proceedings. Accordingly, wherever possible, Procurement should maintain a list of qualified or approved suppliers that have been vetted for their status under sanctions. Such suppliers' list should be reviewed at least once a year to determine whether the sanctions status of any listed supplier has been changed. Casual or ad hoc suppliers that provide services or products to AMNS from any location listed above as a country-based sanctions target require prior approval of the General Counsel. The Compliance Officer must be copied on any clearance.

Casual or ad hoc suppliers that provide products or services to AMNS from any country where list-based sanctions are in effect requires a review of the database of such lists before any transaction can be conducted and a written confirmation that documents that the supplier does not appear on any sanctions list. If the supplier's name or address is similar to a name in the sanctions database, contact the Compliance Officer before conducting any transaction.

13. M&A

AMNS must avoid M&A transactions that subject it to economic sanctions. The analysis of economic sanctions impact on M&A transactions is particularly complex as consideration must be made of sanctions impact on the AMNS group, its constituent companies, employees, officers, directors, security holders, creditors, financial institutions and advisors. In recent years, organized programs of securities divestment for companies doing business with targets have become a more frequently used tools for economic sanctions.

At the earliest stages of a proposed M&A transaction, a careful assessment of economic sanctions risks must be conducted. Such an assessment starts by a careful review of the proposed acquisition's businesses to determine whether any aspect of such business is the subject of economic sanctions. If any aspect of that business raises sanctions questions, a careful review of the impact of conducting the transaction must be made. The Compliance Officer will assist in this assessment and should be contacted before any discussions with representatives of the proposed acquisition are held.

14. Red Flags

In some situations, AMNS can be exposed to regulatory enforcement risk if abnormal circumstances in a

² For assistance in Compliance with export laws contact the Compliance Officer.

transaction indicate a violation of an applicable sanctions law. Such abnormal circumstances vary depending on the nature of the transaction and market practices and customs. However, if such a situation arises, it will be investigated, often months or years after the events, by regulators who may have only limited knowledge of markets and commercial practices. AMNS will not be protected in these situations by employees adoptive a “head in the sand” approach to avoid learning the facts of the transaction.

Accordingly, if there are abnormal circumstance in a transaction that raise a suspicion that the true nature of the transaction and identity of the parties is not known to AMNS, contact the Compliance Officer for guidance and assistance. While what is an abnormal circumstance for any particular transaction will vary by product, market and many other factors, the following check lists suggest possible concern:

- The counterparty has a name or address similar to a sanctions target.
- The counterparty or an agent is reluctant to provide normal information about:
 - The counterparty identity;
 - The end use of the product;
 - Whether the product will be exported or used domestically;
- The payment terms or method are unusual such as cash for items not normally sold for cash.
- Shipping or delivery terms are vague or indicate a reshipment is going to take place.
- The counterparty is not familiar with the product and its uses.
- The product does not fit with the counterparty’s usual activities or location
- The consignee has a different name or location than the Business Partner or ultimate end user;
- Unusual invoicing, shipping, or packaging requests;
- Abnormal shipping route;
- Unusual volume requests compared to the anticipated size of the market;
- Unusually favorable payment terms or large cash payments;
- Any suspicion or evidence to suggest the possible involvement of a sanctioned party or sanctioned territory;
- Any suspicion or evidence to suggest that products to be exported, re-exported, or otherwise provided to a Business Partner may be "dual-use";
- Any suspicion or evidence to suggest a military related end-use (e.g., military end-user).

If abnormal circumstances arise in any transaction, contact the Compliance Officer for guidance beyond proceeding further with the transaction.

15. Maintenance of records

The Company shall maintain all necessary records of transactions for a minimum of five years or as per applicable law. The records shall include identification of the Business Partners and any potential findings with regards to Sanctions screening obtained at the onset and during the course of business relationship.

16. Internal Controls

All business units within the AMNS should have in place internal controls and procedures to enhance compliance with this Policy.

17. Audits

AMNS is committed to conducting audits to ensure compliance with applicable sanctions and blocking laws.

18. Enforcement and Actions taken by AMNS

Violation of Economic Sanctions exposes AM/NS India and its employees to regulatory enforcement proceedings. Major violations can result in criminal prosecution. In addition, violations may result in other consequences that would limit AMNS's ability to do business in certain markets

Based on this Policy, applicable law and AMNS internal policies, instances of Sanctions violations by an AM/NS India employee are punishable and will result in action that may include the termination of the employment contract.

Because some sanctions laws are intended to further the international relations policies of the country issuing that law, those sanctions may conflict with the laws of other nations and the views of individuals from other countries. Disagreement with the purposes of any particular sanctions laws does not protect the individual or AMNS from the consequences of a violation. Accordingly, contact the Compliance Officer whenever economic sanctions issues arise and do not attempt to remedy the issue without advice from the Compliance Officer.

As per Unlawful Activities (Prevention) Act (UAPA), below punishments are applicable:

1. If someone is found to be dealing in terrorist activities, the punishment is imprisonment for not less than five years which may extend to imprisonment for life and shall also be liable to fine. In case of death of any person while performing terrorist act, the person will be punished with death or imprisonment for life, and shall also be liable to fine
2. If someone is found to be involved in below activities, the punishment is imprisonment for not less than five years which may extend to imprisonment for life and shall also be liable to fine:
 - a. raising funds (directly or indirectly) for terrorist activity
 - b. involved in conspiracy related to terrorist activity

- c. involved in organising of terrorist camps.
 - d. recruiting of any person or persons for terrorist act
3. If someone is found to be harbouring or concealing terrorist activity, the punishment is imprisonment for not less than three years which may extend to imprisonment for life and shall also be liable to fine.
4. If someone is found to be member of terrorist gang / organization or holding proceeds of terrorism, the punishment is imprisonment for life and shall also be liable to fine.

19. General Guidance and Contacts

As this Policy cannot cover every eventuality, AMNS employees are encouraged to use their good judgement and apply common sense. In case of doubt, please contact your Legal Department or the Compliance Officer.

For further guidance, please contact the following persons:

- a. The Compliance Officer;
- b. Head- Internal Assurance; and
- c. the General Counsel

20. Updating of this Policy

This Policy may be updated from time to time based on regulatory changes or other legal constraints or organizational developments.

Compliance Officer is Mr. P. Ashok Kumar, VP, Legal. Email ID: ashok.kumar1@amns.in



Approved by: Mr Dilip Oommen, CEO

Appendix A - Sanctions List

Country Based Sanctions:

These countries have broad based sanctions.

- Iran
- Cuba
- North Korea
- Syria
- Russia Related Sanctions – Crimea Region of Ukraine
- Sudan (currently subject to a general license)

Targeted or List Based Sanctions:

As per Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, below Sanctions lists are recommended in Indian regulations:

- **United Nations' Security Council Resolutions (UNSCR) list:** The list can be found at <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>.
- **Al-Qaida Sanctions List:** https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list
- **1988 Sanctions List:** <https://www.un.org/securitycouncil/sanctions/1988/materials>

Below are the global lists which the Company should consider at a minimum:

- **Office of Foreign Assets Control (OFAC)** - <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/consolidated.aspx>
- **European Union (EU)** - <https://data.europa.eu/euodp/en/data/dataset/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions>

Above lists are not an exhaustive list and should be considered in conjunction to country specific laws/lists as would be applicable.

Appendix B - Internal Sanctions reporting form

This is an internal reporting format which shall be used by the Employees of the Company for the purpose of informing the Compliance Officer details regarding any sanctions matter which they might encounter during the course of business relationship with the Business Partner. Any details, which may seem important, but not included in this format, shall also be noted and provided to the Compliance Officer.

S. No.	Name of the Employee	Name of the Business Partner	Details of Sanctions	Compliance Officer's comments