



ArcelorMittal



Economic Sanctions Procedure

Short description

ArcelorMittal and its employees conduct business in more than 60 nations around the world and, accordingly, are subject to various economic sanctions laws. This procedure establishes guidelines for complying with laws wherever ArcelorMittal does business.

Scope

Relevant to all employees of ArcelorMittal subsidiaries.



Economic Sanctions - Procedure

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The ArcelorMittal Code of Business Conduct

Wherever it does business, it is the policy of ArcelorMittal and its subsidiaries and affiliates to comply with economic sanctions laws and regulations including such laws issued by the United Nations, European Community, international organizations and various nations.

The obligation to comply with local, national and international laws and regulations applicable to its business is also contained in the ArcelorMittal Code of Business Conduct.

It is the responsibility of each and every director, officer and employee in the ArcelorMittal group to understand the Code of Business Conduct and these Economic Sanctions Guidelines and to seek help from the Legal Department if and when there is any question or doubt as to how these rules apply in a given situation.

Legal environment

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 ArcelorMittal's business transactions to comply with applicable economic sanctions and trade policies. As ArcelorMittal 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.

Country-based sanctions

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 ArcelorMittal's Corporate Commercial Coordination & Marketing Department ("CCM")¹ and obtain from CCM clearance in writing² based on Compliance advice given by ArcelorMittal's Legal Department and taking into account wider reputational and regulatory issues at Group level.

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 information about the transaction to ensure compliance with the applicable law and seek the assistance of the Legal Department 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 Legal Department supervision. Anytime any ArcelorMittal

¹ The Officer in charge within CCM of any question relating to business with sanctioned targets from time to time.

² Approval can take the form of an electronic mail including minutes of a meeting or conference call.

unit 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 Legal Department and take no further action on the request until advised by the Legal Department.

List-based sanctions

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. ArcelorMittal subscribes to a commercial service that compiles the various lists into one database. That database is available for use at the Legal Department as well as other locations within the business segments of ArcelorMittal. In case of doubt as to availability of such a data base, the Legal Department must be consulted for further assistance.

Before entering into a transaction with a party located in a country subject to list based sanctions, the database must be checked to determine if such party is targeted by any sanctions regime. If the party appears in the database, the Legal Department must be informed and the transaction may not be conducted until clearance has been received from the Legal Department. The Legal Department will also review whether there are any potential conflicts caused by blocking statutes (see above).

If the parties' name or address is similar to a name in the database, attempt to obtain additional information to resolve the question of the correct identity of the party and consult the Legal Department.

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

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 Legal Department 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 Legal Department.

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 ArcelorMittal's 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 ArcelorMittal 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 Legal Department. Do not attempt by yourself to restructure the transaction to attempt to avoid the sanctions issue.

Enforcement

Violation of Economic Sanctions exposes ArcelorMittal 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 ArcelorMittal's ability to do business in certain markets.

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 ArcelorMittal from the consequences of a violation. Accordingly, contact the Legal Department whenever economic sanctions issues arise and do not attempt to remedy the issue without advice from the Legal Department.

Sales procedures

Sales of ArcelorMittal 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 of the relevant segment or business unit and/or the Legal/Compliance Department and Corporate Coordination & Marketing (CCM) have reviewed the facts and approved the transaction. This also applies to any sale where ArcelorMittal 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 Legal Department 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 ArcelorMittal 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 ArcelorMittal 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 ArcelorMittal'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 ArcelorMittal 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, ArcelorMittal and involved employees are at risk of regulatory proceedings. (See "Red Flags" below). Accordingly, sales personnel must consult the Legal Department before conducting any transaction where the circumstances of the transaction raise any question about the true identity of the end user.

ArcelorMittal 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. ArcelorMittal must comply with both economic sanctions and export laws³. These guidelines relate only to economic sanctions laws.

Procurement

Transactions with suppliers expose ArcelorMittal 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 ArcelorMittal from any location listed above as a country-based sanctions target require prior approval of the Legal Department. Casual

or ad hoc suppliers that provide products or services to ArcelorMittal 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 not appear on any sanctions list. If the supplier's name or address is similar to a name in the sanctions database, contact the Legal Department before conducting any transaction.

M&A

ArcelorMittal's success is in part based on our ability and expertise in acquiring companies. To sustain that record, ArcelorMittal 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 ArcelorMittal group, its constituent companies, employees, officers, directors, securityholders, 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, considering the impact on the ArcelorMittal group, its various companies, employees, officers, directors, securityholders, creditors, financial institutions and transaction advisors. The Legal Department will assist in this assessment and should be contacted before any discussions with representatives of the proposed acquisition are held.

Red Flags

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

³ For assistance in Compliance with export laws contact the Corporate Commercial Coordination & Marketing Department (CCM). CCM will liaise with the Compliance Department if need be.

contact the Legal Department 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

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

Internal Controls

All business units within the ArcelorMittal group should have in place internal controls and procedures to enhance compliance with these Economic Sanctions Guidelines.

Audits

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

Actions taken by ArcelorMittal

Based on these Economic Sanctions Guidelines, applicable law and ArcelorMittal internal policies, instances of violations by an ArcelorMittal employee are punishable and will result in action that may include the termination of the employment contract.

General Guidance and Contacts

As these Economic Sanctions Guidelines cannot cover every eventuality, ArcelorMittal employees are encouraged to use their good judgment and apply common sense. In case of doubt, please contact your local Legal Department or the Compliance Officer of the relevant segment or business unit or your local Business Unit head.

If your local Legal Department or Compliance Officer or local Business Unit head require guidance on these Economic Sanctions Guidelines, they may contact any of the following persons:

- the Group General Counsel,
- the Compliance Programme Officer
 - the Regional General Counsel and Head of Compliance for the USA, Canada and Mexico
 - the Regional General Counsel and Head of Compliance for South America
 - the Regional General Counsel and Head of Compliance for ACIS
 - the Head of Compliance for Europe
- the M&A Senior Legal Counsel & Compliance Officer (in relation to M&A)
- the Head OF Legal, Risk & Compliance - Mining

Updating of these guidelines

The Compliance Department may update these Guidelines from time to time based on regulatory changes or other legal constraints or organizational developments.

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