

SIFCOR GROUP

Procedures for evaluating third-parties of Amis/Forges de Courcelles

I. Why set up third-party evaluation procedures?

The Law n°2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life, known as the “Sapin 2 Law”, requires companies, crossing the thresholds it sets, to set up “**procedures for assessing the situation of customers, first-tier suppliers and intermediaries with regard to risk mapping**” (Article 17, III, 4° of the Sapin 2 Law).

The SIFCOR GROUP - Forges de Courcelles/AMIS and their subsidiaries (hereinafter referred to as the SIFCOR GROUP) are now required to ensure that the third parties with whom they have or will have a business relationship provide sufficient guarantees in terms of integrity through a specific risk assessment procedure based on corruption risk mapping.

The various steps of an appropriate “Assessment Procedure” for third parties, in accordance with the principles established by the French Anti-Corruption Agency (AFA)¹, are described below.

¹ See the “*Recommendations to assist public and private legal persons in preventing and detecting acts of corruption, influence peddling, misappropriation of public funds and favouritism*”, December 2017 version.

See also the “Questionnaire and list of documents to be provided as part of the controls of economic actors” published by the AFA. It should be noted that the AFA recommendations are “*not binding and do not create legal obligations*” (page 4 of the AFA recommendations). However, they serve as guidelines for the implementation of the obligations provided for in the Sapin 2 Act.

Important:

Third party assessment procedures must be conducted in compliance with other applicable regulations, in particular the protection of personal data - GDPR, the fight against money laundering and competition law.

II. Who are the people in charge of the Assessment Procedures?

Three levels of actors are involved in the Third-Party Assessment Procedure:

- **Operational staff** (i. e. persons who are or will be in contact with the third party) who are responsible for:
 - o Carrying out assessments by collecting useful information and documents;
 - o Issuing a first assessment that is **equivalent to a decision** in cases considered to be low risk.

- The **compliance officer** who must:
 - o Provide expertise and advice to operational staff;
 - o Assist operational staff in assessing the riskiest cases.

Within the SIFCOR GROUP, the compliance manager is Group General Secretary.

- The **governing body** responsible for:
 - o Deciding on the action to be taken in the riskiest cases referred to it by operational staff or the compliance officer.

It should be noted that **financial services** must alert the compliance officer when abnormal payment terms are identified (e.g. request for cash payments by a third party or a change in the location of the bank account to a non-cooperative state).

III. When should the Assessment Procedure be carried out?

A third-party assessment procedure must be carried out:

- **Before the relationship is formally established;**
- **In the event of a significant change** in the third party's situation (e.g. a merger or acquisition);

It should be noted that in the event of new information received from the third party with no impact on its risk level, a simple update of the elements is possible.

- **Periodically, on the date set during the previous assessment procedure**, depending on the category to which the third party belongs and its level of risk.

IV. How should the Assessment Procedure be carried out?

1) Identifying third parties

First, operational staff must identify the third parties with whom they are or wish to establish a relationship that should be subject to an Assessment Procedure.

The third parties concerned are “at least” those mentioned by the Sapin 2 Law, namely:

- **Customers;**
- **First-tier suppliers;**
- **Intermediaries.**

Secondly, before entering into a relationship with a third party, the operational staff in charge of the assessment must:

- Ensure, in particular for service providers or intermediaries, that the use of third parties is justified and that their services **meet a proven need**;

- Identify **the reasons that lead to the retention of this third party** and not a competitor;
- Verify if **the third party is recommended or imposed by a client**.

Finally, operational staff must check whether the third-party benefits **from a special dispensation that exempts it from the evaluation procedure**.

⇒ See **Appendix 1**, the tool ***“Identification of third parties and the applicable evaluation procedure”***.

⇒ **Appendixes 1 & 3** are made available to suppliers on the www.sifcor.fr website for systematic downloading, completion and transmission to the buyer in Excel format.

2) Identification of the appropriate assessment procedure

Two types of Procedure corresponding to a level of risk are provided for:

- **Mandatory clause & approval of the client with addition of a questionnaire**
- **Enhanced procedure.**

For each identified third party, **a first analysis** to determine the Assessment Procedure adapted to its specific risks is carried out according to:

- **Its nature** (customer, supplier, intermediary);
- **Its sector**;
- **Its localisation**
- **The amount of the contract**

This first analysis is based on the **SIFCOR GROUP's risk mapping**.

⇒ See **Appendix 1**, the tool ***“Identification of third parties and the applicable evaluation procedure”***.

A final score is assigned to each third party (**i.e. the initial level of risk**) to define **the assessment procedure to be carried out (direct approval or assessment procedure)**.

3) Arrangements for the Enhanced Assessment Procedures

In order to carry out the assessment of each identified third party, the following procedure should be followed:

1. **Identify the applicable Assessment Procedure**
2. **Collect, if necessary, useful information and documents;**

The level of collection to be applied depends on the type of assessment procedure chosen (moderate and enhanced) for each third party concerned, in relation to its initial level of risk.

⇒ See **Appendix 2, the “Data Collection” tool.**

3. **Carry out the applicable assessment;**
4. **Fill in the information** in each tab provided for this purpose, in the most comprehensive way possible;

⇒ See **Appendix 3 “Third-Party Questionnaire” (file downloaded via www.sifcor.fr)**

⇒ See **Appendix 4 “Third-Party Assessment Table” (Excel file)**

5. **Assign**, for each criterion, an **intermediate score** in the locations provided for this purpose;
6. **Enter the intermediate score** of each tab in the last tab “Assessment”;
7. **Calculate the final level of risk** (low, medium or high) as the result of the assessment.
8. **Decide on the action to be taken**

⇒ See **Appendix 4 “Third-Party Assessment Table”**

Please note:

The people in charge of the assessment must refer, where applicable, to the standards concerning:

- Assessing the sensitivity of countries to the risk of corruption;
- Assessing the sensitivity of business sectors to the risk of corruption.

V. What are the consequences to be drawn from the level of final risk identified?

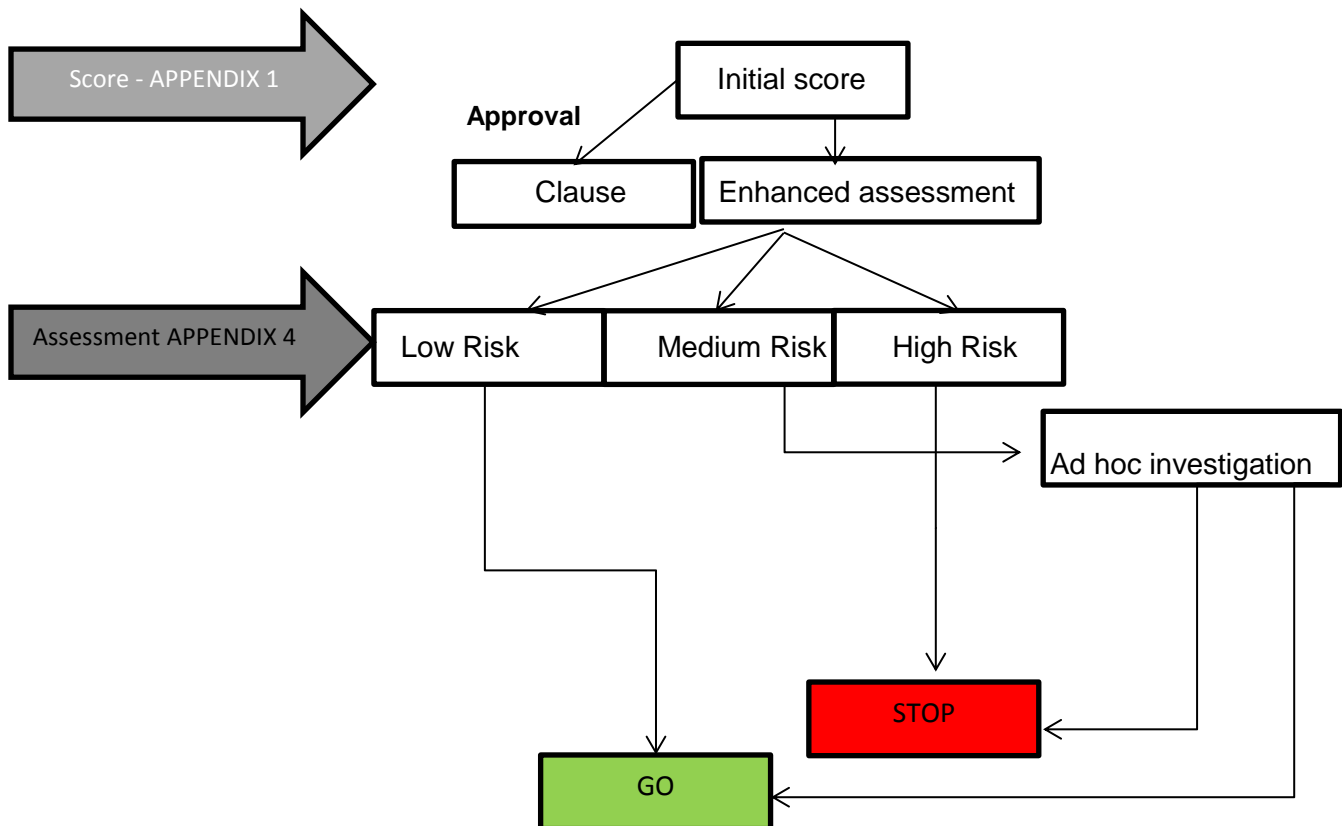
The person(s) in charge of the assessment decide to:

- Approve the relationship -- with or without reservations (see preventive measures);
- End the relationship or not to enter into it;
- Postpone decision making (e.g., if additional assessments are required).

This decision is made on the basis of:

- The stage of the business relationship;
- The category to which the third party belongs;
- The level of final risk identified.

SUMMARY:



If the relationship with the third party **is accepted with reservations**, the person in charge of the assessment, in order to limit the risk of corruption, may:

- Inform the third party of the existence of the SIFCOR GROUP's anti-corruption programme by communicating, for example, the code of conduct;
- Train or sensitise the third party to the risk of corruption;
- Require a written commitment from the third party to fight corruption;

- Insert “anti-corruption clauses” in contracts considered at risk to terminate the contractual relationship early, in the event of a failure of probity by the third party;
- Require the third party to verify the integrity of its subcontractors in order to secure the contractual chain.

It should be noted that any preventive measures addressed to the third party must be identified in its file, monitored and justified.

VI. Additional remarks

1) What preventive measures should be adopted?

Contracts must contain specific provisions describing the services to be provided by the parties, the remuneration and the payment terms.²

2) What is the retention period for the third party's assessment file?

The entire third-party assessment file and the history of the changes must be kept for **5 years after**:

- the termination of the business relationship; or
- the date of an occasional operation.

3) How is the effectiveness of the Third-Party Assessment Procedures ensured by the SIFCOR GROUP?

First, various controls must be carried out:

- **By operational staff** to ensure the completeness and consistency of assessments (“first level” control);
- **By the data controller** to verify the proper execution of first level controls (“second level” control);
- **By the Group Secretary General** ensuring that the third-party evaluation system complies with the requirements of the SIFCOR GROUP and is effectively implemented and maintained.

Second, the SIFCOR GROUP monitors the third-party evaluation system.

² The SIFCOR GROUP must have complete visibility on payments received from or made to third parties in order to ensure that remuneration and payment terms are in accordance with contractual provisions