



SHERRITT INTERNATIONAL CORPORATION ENTERPRISE POLICY MANUAL	SECTION: GENERAL
	TITLE: SANCTIONS POLICY

1.0 PURPOSE

Sheritt International Corporation, including its subsidiaries (“Sheritt” or the “Corporation”), is committed to conducting its business in accordance with applicable laws, regulations and the highest possible ethical standards. This commitment includes compliance with Canada’s *Special Economic Measures Act* and its Regulations and other applicable legislation in Canada¹ (“Canadian Sanctions”) imposing sanctions and related measures against a number of countries and specific individuals and entities, as well as this Sanction Policy (the “Policy”) which sets out standards of conduct, requirements, practices and processes which must be followed by Sheritt Employees (defined below) and Representatives (defined below) in conducting business and dealing with third parties.

The purpose of this Policy is to inform Employees and Representatives of the requirements, practices and processes which must be followed when conducting business and dealing with third parties as well as to set out to whom the Policy applies, the guiding principles behind it, links to other related Sheritt policies and procedures, as well as the process for the review and approval of this Policy (“Sanctions Program”). Sheritt’s Sanctions Program was created to ensure that the purpose, objective and requirements of the Policy are being clearly communicated and followed throughout the organization. The Sanctions Program is comprised of this Policy, conducting due diligence investigations and of regular training and audits of the Program itself.

2.0 SCOPE

This Policy applies to all directors, officers, and employees of Sheritt worldwide, including the officers, directors and employees of Sheritt’s subsidiaries and affiliated companies, (collectively, the “Employees”). It reflects the standards to which Sheritt expects its business partners, agents, contractors, subcontractors, consultants and any other third-party representatives (collectively, “Representatives”) to adhere to when acting on the Corporation’s behalf. **In the case of Cuban joint ventures’ Employees, the application of certain elements of this Policy may require the agreement of or consultation with Sheritt’s Cuban joint venture partners.** This Policy is intended to supplement the requirements of the Canadian Sanctions and applicable local sanction laws. In the case of a conflict between this Policy and local sanction laws, Employees

¹ (i) the *United Nations Act* (“UNA”) and the (ii) *Justice for Victims of Corrupt Foreign Officials Act* (“JVCFOA”).

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and Representatives should follow the more stringent requirement and bring the conflict to the attention of Legal Counsel.

3.0 GUIDING PRINCIPLES

Sanctions are the regulatory restrictions applicable to dealings with certain countries/territories, governments, groups, entities, individuals, or controlled goods or services. Sanctions imposed by Canada on specific countries, organizations, or individuals vary and can encompass a variety of measures, including restricting or prohibiting trade (export/import restrictions), prohibiting or restricting financial transactions or other economic activity between Canada and the target state; or the seizure or freezing of property situated in Canada. Financial prohibitions prohibit persons in Canada and Canadians outside Canada from conducting financial transactions with, or on behalf of or at the direction of, certain listed persons. Equally, they may target specific types of financial transactions with listed individuals or entities. Exceptions to Canadian Sanctions are listed in the relevant Regulations.

3.1 Current Sanctions

The following are some examples of countries/territories and groups that have been the target of Canadian Sanctions: Belarus, Central African Republic, China, North Korea, DRC, Haiti, Iran, Iraq, Lebanon, Libya, Mali, Myanmar, Nicaragua, Russia, Somalia, South Sudan, Sri Lanka, Sudan, Syria, Ukraine, Venezuela, Yemen, Zimbabwe. This list is not meant to be exhaustive. For up to date information, please consult the Government of Canada website,

[Canada Sanctions \(https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/current-actuelles.aspx?lang=eng\)](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/current-actuelles.aspx?lang=eng).

The Corporation will not conduct business in, or have any dealings with the government of, any country or territory that is the subject of comprehensive sanctions under the Canadian Sanctions or with any individuals or entities who are the subject or the target of any economic sanctions adopted, administered or enforced by the United Nations Security Council, Canada, any other relevant sanctions authority applicable, unless such business or dealing is permitted by the Canadian Sanctions or by licenses or exceptions from the relevant sanctions authorities or the refutation of such business or dealing would constitute a violation of the Canada's Foreign Extraterritorial Measures Act ("FEMA") or any similar future laws or regulations. The Corporation also will not provide goods or services, or acquire goods or services, directly or indirectly, in violation of applicable Canadian Sanctions.

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3.2 Due Diligence

Proper due diligence, controls and/or sanctions compliance checks should be done in all departments to ensure we do not do business with any person, country, supplier, financial institution or contractor that is sanctioned under Canadian law.

To ensure compliance, the relevant departments of the Corporation shall implement a screening process to prevent dealings with sanctioned individuals and entities and to detect exports, re-exports, and transfers that may be prohibited under Canadian Sanctions.

3.3 Reporting Violations

All Sherritt Employees and Representatives are responsible for complying with Canadian Sanctions. Any Sherritt Employee that believes that a transaction or incident has occurred that may violate or has violated this Policy must bring it to the attention of their immediate supervisor or raise the matter with a senior officer of the Corporation or anonymously make a complaint using the whistleblower hotline. Officers and employees who raise concerns in good faith will not be subject to retribution or disciplinary action. Persons wishing to make complaints or report concerns on a confidential basis should refer to the Whistleblower Policy.

4.0 LINKAGES

The following policies should also be taken into consideration in complying with this Policy:

302 Cash and Short Term Policy

306 Funds transfer and Receipts

308 Foreign Exchange

107 Whistleblower Policy

5.0 ACCOUNTABILITIES AND AUTHORITIES

Management of the Corporation shall develop, implement, monitor, train and maintain a system of internal controls as mentioned below to facilitate, and ensure full compliance with this Policy.

Specific accountabilities are as follow:

Legal

- Monitor economic trade sanctions regulations and update the Corporation in case of any change that may impact the Corporation activities.
- Provide legal advice and guidance on specific situations on request and on the application of this Policy.

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Marketing/ SCM Supply Chain / Marketing & Sales

- Accountable for the screening process including completion of compliance checks of third parties (prospective vendors, suppliers and customers) that align with this Policy and ensure that purchases and sales are without contravening Canadian Sanctions.

Treasury and other Finance

- Ensure that the Corporation utilizes the financial services of financial institutions that are not sanctioned under Canadian law, and that any payments made are not to accounts held by financial institutions that are sanctioned under Canadian law.
- Ensure that financial transactions/operations (including contact with financial institutions, usage of certain currency, and segregation of funds) are in line with Canadian Sanctions.

6.0 REVIEW AND APPROVAL

This Policy will be reviewed by the CFO or their delegate on an annual basis and updated based on any changes in relevant legislation and, if applicable, any findings of internal audits.

7.0 VIOLATIONS

Contravening Canadian Sanctions is a criminal offence. Offences are investigated and enforced by the Canadian Border Services Agency and the Royal Canadian Mounted Police. Canadian Sanctions are imposed under the *United Nations Act*, the *Canada's Special Economic Measures Act* and its Regulations and the *Justice for Victims of Corrupt Foreign Officials Act*. The penalty for contravening Canadian Sanctions ranges from \$25,000 to \$100,000 or a range of 1-year to 5-year prison term, or both.