

## Kathy Belyeu

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**From:** Scheffer, Henk <Henk.scheffer@arcelormittal.com>  
**Sent:** Thursday, October 17, 2019 10:37 AM  
**To:** Policy  
**Cc:** Nagy, Korinna  
**Subject:** 2019 Benchmark Policy Consultation

Dear Sirs,

Thank you very much for reaching out to our company concerning the proposed changes to the ISS Policies that would be applicable as of 1 February 2020.

In relation to Policy changes for Continental Europe, we noted that according to the draft, *“The remuneration committee should disclose how it has taken into account any relevant environmental, social, and governance (ESG) matters when determining remuneration outcomes. Such factors may include (but are not limited to): workplace fatalities and injuries, significant environmental incidents, large or serial fines or sanctions from regulatory bodies and/or significant adverse legal judgments or settlements.”*

In general, ArcelorMittal is supportive of the proposed change. It fits our policies and is aligned with the recent increased investor interest.

We don't believe in using too many criteria or factors when setting performance criteria, because this would dilute the managerial focus that should be the result of a successful incentive plan. In our current bonus plan workplace fatalities and injuries play a role circuit-breaker, but again using too many circuit-breakers will dilute focus. We do agree that any of these factors can be suitable at a certain stage and majority level, but not all of them at the same time. In this sense the proposed wording might raise too much expectations and it could be considered to reword the draft to reflect the need for balanced but focused performance criteria.

Lastly, as it is already included in the proposal, it is quite unusual that a remuneration committee amends the target used for LTIP following the start of the performance period. We would suggest to add to the draft that the lack of ESG factors in the performance criteria for ongoing plans shall not have a negative impact on the rating of a company.

Best regards,

**Henk Scheffer** | Company Secretary, Group Compliance and Data Protection Officer  
ArcelorMittal

24-26 boulevard d'Avranches | L-1160 Luxembourg  
G.-D. of Luxembourg