

Kathy Belyeu

From: COMET Julien <jcomet@groupeseb.com>
Sent: Friday, October 18, 2019 11:52 AM
To: Policy
Cc: SUMEIRE Philippe; PROUVOST Sixtine; POSTH-GAILLARD Isabelle; RUAUDEL Christophe; HOFFSTETTER Raphael
Subject: RE: 2020 ISS Policy Comment Period

Dear Asad,

Further to your consultation period, we have the following comments on two of your proposed policy changes:

3. Remuneration Committee Responsiveness (Continental Europe)

Could you precise the threshold that will be used for determining what a “significant shareholder dissent” is ?
For instance, our ex-ante resolution has been approved with a majority > 80% in our last annual general meeting, and ex-post resolutions with a majority > 85%.

Would 20 % or 15 % vote against be considered as a “significant dissent” ?

4. Use of Discretion by Remuneration Committees (Continental Europe, UK & Ireland)

Could you precise to which type of payments you refer to ? Fix or variable ?

As such, regarding variable remuneration, a detail of how financial performance and ESG matters are taken into account in the remuneration is provided in our 2018 registration document (please see below sections highlighted in yellow).

Nevertheless, details of the targets to be reached (turnover objective in € or Operating result objective in €) are not provided in our 2018 registration document for confidentiality purposes (peers are not listed).

Would that appear acceptable in light with your new criteria ?

Annual variable remuneration

THE QUANTIFIABLE CRITERIA

The quantifiable criteria are linked to the Group's economic performance. They represent 60% of variable remuneration and are assessed against a matrix composed of the following targets:

- revenue growth; and
- growth in the Operating Result from Activity.

The targets set are not made public in order to maintain the confidentiality inherent in the Group's strategy. Historically, the percentage fulfillment of these combined criteria has varied between 72% and 161% over the last seven years.

THE QUALITATIVE CRITERIA

The qualitative criteria are linked to collective and individual performance. They represent 40% of variable remuneration and are assessed with regard to strategic targets relating to changes to the Group's organizational structure and management.

ANNUAL VARIABLE REMUNERATION

Based on the quantifiable and qualitative criteria used by the Board of Directors and set at the start of the year, the amount of variable remuneration was measured as follows:

- based on quantifiable criteria (Groupe SEB revenue and Operating Result from Activity targets), the variable portion is 110.5% of the fixed annual remuneration of Thierry de La Tour d'Artaise with a target of 100%;
- based on qualitative criteria, the variable portion amounted to 139.6% of the fixed annual remuneration of Thierry de La Tour d'Artaise with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on collective and individual targets such as the structural improvement of the Group's profitability, the active pursuing of the acquisition strategy and the consideration of extra-financial performance criteria (Corporate Social Responsibility).

Best regards,

Julien

Julien COMET

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Objet : 2020 ISS Policy Comment Period



Philippe,

Yesterday ISS launched its benchmark voting policy consultation period. This period, closing at 5:00 p.m. ET on October 18, serves as your opportunity to provide feedback on certain proposed policy changes effective February 1, 2020.

You can download the comment period documents [here](#). ISS will consider your comments, along with those from institutional investors and other market participants, as it finalizes updates to benchmark voting policies for the 2020 proxy season. We expect that ISS will announce final 2019 benchmark policy changes by mid-November. Final policy updates could reflect topics that are not included in this comment period.

The following draft policy updates for Continental Europe, the UK and Ireland are open for comment. In addition to the specific questions highlighted below, ISS is asking feedback to the following five general questions: (1) do you support the proposed policy change, (2) do you have any concerns with the proposed policy change, (3) if the change contemplates ISS making adverse vote recommendations, are they targeted appropriately, (4) if the change contemplates ISS making adverse vote recommendations, what mitigating factors should be considered, and (5) are there any other factors that ISS should consider when contemplating the proposed policy change?

1. Director Terms (Germany and Austria)

The proposed policy update is to expand the expectation of a four-year maximum board term to all European companies (all markets) following a one-year transition period. Thus, the proposed policy update would reduce the acceptable maximum limit on board terms for **Germany and Austria** from five to four years beginning in 2021. Further, the proposed policy indicates that beyond 2021, as directors should

be accountable to shareholders on a more regular basis, ISS may consider moving to maximum board terms of less than four years in the future.

Current ISS' European proxy voting guidelines apply a policy of a four-year maximum board term only for five markets (Belgium, France, Greece, Netherlands, Spain, and Switzerland) where the local Corporate Governance Code recommends such a limit. In addition, while Switzerland is also mentioned as a market covered under the policy, the Swiss legal limit has now been set to one year.

2. Board Gender Diversity (Continental Europe, UK & Ireland)

The proposed update is to introduce a new ISS policy of recommending to vote against the chair of the nomination committee (or other directors on a case-by-case basis) when there are no female directors on the board of a widely-held company. Mitigating factors may be:

- The presence of a female director on the board at the preceding annual meeting and a firm commitment, publicly available, to appoint at least one woman director to the board within a year; or
- Other relevant factors as applicable.

Having a gender diverse board has become the norm and in a large number of countries even legally binding. According to the proposed policy, in terms of gender diversity, [supervisory] boards should adhere to domestic legal requirements or local best market practices or, in the absence thereof, be in line with European established practice.

3. Remuneration Committee Responsiveness (Continental Europe)

This proposed policy update addresses instances where a significant percentage of shareholders are systematically expressing dissent on pay issues with no reaction from the company or no visible change in the company's practices. It allows ISS to ultimately hold the remuneration committee chair (or members, as the case may be) accountable for a lack of responsiveness on controversial pay issues when the shareholder vote has not been considered.

4. Use of Discretion by Remuneration Committees (Continental Europe, UK & Ireland)

The proposed policy update expands ISS' view on discretion (for Continental Europe) and environmental, social and governance (ESG) risks (for Continental Europe, UK and Ireland) within the remuneration framework. In recent years, there have been a number of cases where remuneration committees have not disclosed how they have taken into account ESG risks or controversies. Like financial performance, it is expected that these matters will be reflected in the remuneration outcome, and if not, that a sufficient explanation is provided.

If you have any questions or need more information, you can reach out to your account executive:

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Regards,
ISS Corporate Solutions

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