

Compliance AM_CC_PR_003_01	ArcelorMittal Receiving & Giving Gift & Entertainment Procedure	 ArcelorMittal
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Document information

Short description:

The exchange of gifts and entertainment can build goodwill in business relationships, but some gifts and entertainment can create improper influence (or the appearance of improper influence). This procedure complements the relevant provisions of the Code of Business Conduct and the Anti-Corruption Guidelines and essentially aims at providing more guidance to ArcelorMittal employees concerning this subject.

Scope:

This procedure is applicable to all ArcelorMittal employees involved in any gift & entertainment receiving or giving process.

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Writer (prepared by):	Christophe Jung	Review date:	06/04/2020
		Implementation Date:	01/06/2013

Reference Documents

Reference or date	Title
AM_CC_PO_001_01	Code of Business Conduct

Validation

Validated by	Position	Validation date
NAGY KORINNA	Legal Counsel, Corporate Legal, Group Compliance and Company Secretariat	07/04/2020

Approval

Approved by	Position	Approval date
SCHEFFER HENK	Company Secretary & Group Compliance & Data Protection Officer	07/04/2020

**RECEIVING AND GIVING GIFTS AND ENTERTAINMENT
PROCEDURE**

The exchange of gifts and entertainment can build goodwill in business relationships, but some gifts and entertainment can create improper influence (or the appearance of improper influence). Some can even be seen as bribes that tarnish ArcelorMittal's reputation for fair dealing or break the law.

Purpose of this procedure

This procedure complements the relevant provisions of the Code of Business Conduct and the Anti-Corruption Guidelines and essentially aims at providing more guidance to ArcelorMittal employees as to (i) the kind of gifts and entertainment that we are allowed to offer or receive and (ii) the conditions under which we may offer or accept them. Segments and BUs are allowed to adopt more stringent procedures whenever considered appropriate on the basis of a risk assessment.

The main roles and responsibilities for this procedure can be summarized as follows:

Roles	Responsibilities
Requestor for granting gift and/or entertainment by or on behalf of ArcelorMittal Receiver of gift and/or entertainment (in case receiver is ArcelorMittal employee/company)	<ul style="list-style-type: none"> Strictly and consciously follow the steps and principles laid out in this procedure Timely initiate the request GM/VP or higher level management approval for any gift/entertainment which requires such an approval as per procedure
Approver of gift/entertainment (VP or higher)	<ul style="list-style-type: none"> Assess each request carefully and in case of any doubt, consult the Compliance officer before taking a final decision
Compliance officer	<ul style="list-style-type: none"> Organize proper communication of this procedure within his/her area of responsibility Act in case of reasonable doubt/suspicion when a gift/entertainment might result in non-compliance with the procedure
Internal Assurance	<ul style="list-style-type: none"> Perform regular audits on compliance with this procedure

1. What does “GIFTS and ENTERTAINMENT” mean?

Gifts and Entertainment means anything of value, including (but not limited to) loans, favourable terms or discounts on any product or service, services, prizes, transportation, use of another company's vehicle, use of vacation facilities, stocks or other securities, participation in stock offerings, home improvements, tickets, gift certificates, lunches, dinners and events of any kind.

2. Government Officials and Private Persons: is there a difference to be made?

Gifts and entertainment can raise ethical and anti-corruption compliance questions both in the private and in the public sector.

However, ArcelorMittal employees should be especially careful when offering gifts to government officials. As the US FCPA and many other anti-corruption laws – which have an international scope and apply to foreign corrupt activities – prohibit giving anything of value to government officials, it is important to be sure that gifts or entertainment offered to government officials cannot be construed as bribes.

Further, government officials are often prohibited by law from accepting gifts or entertainment. So, offering gifts or entertainment may put them in an awkward position.

Therefore, this procedure sets out more restrictive rules with respect to gifts and entertainment offered to government officials (see below).

3. Guidance for gifts and entertainment offered to employees of ArcelorMittal and employees of other *private* companies

Gifts and Entertainment fall into three categories:

- Those that are usually acceptable and that you may approve yourself
- Those that are never acceptable
- Those that may be acceptable but require approval

3.1. Usually acceptable

Some gifts and entertainment are sufficiently modest that they do not require prior approval.

Subject to your applying a “self approval test” (see below), the following are usually acceptable without prior approval, whether you accept or offer them:

- **Meals:** modest occasional meals *with someone we do business with*¹.

- In any case, meals of a value above **EUR 120/USD 150**² (or any lower local limit) will not be considered “modest meals” (see 3.3. below).
- Meals must be attended by the person or representatives of the person offering them. Otherwise they will be considered gifts and the rules of this procedure that apply to gifts will be applicable.
- **Entertainment:** occasional attendance at ordinary sports, theatre and other cultural events *when the person offering the ticket also plans to attend the event.*
 - When the person does not attend the event, the entertainment will be considered a gift and the rules of this procedure which apply to gifts will be applicable.
 - In any case, entertainment of a value higher than **EUR 200/USD 250** (or any lower local limit) will not fall within this category and will need internal approval as set out in this procedure under 3.3. below.
- **Gifts:** promotional items of little value, such as pens, calendars or other small items which usually bear the ArcelorMittal logo or another company’s logo.
 - In any case, any gift of a value higher than **EUR 100/USD 125** will not be considered a promotional item of little value

Self-approval test

In addition to applying the principles above, ask the following questions to determine whether a gift or entertainment is appropriate:

- **Intent** – is the intent only to build a business relationship or offer normal courtesy, or is it to influence the recipient’s objectivity in making a business decision?
 - In the case of gifts: is the intention of the donor essentially to promote his products or services?
 - In the case of entertainment: Is it a trade fair or a conference to promote products or to visit a plant? If not, is there any other business component in the entertainment? Will the person offering entertainment attend the event?
- **Legality** – are you sure the gift or entertainment is legal under *local*, as well as international anti-corruption laws? A significant number of anti-corruption laws prohibit not only corruption of government officials but also private-to-private corruption. However, bona fide (see “Intent” above) hospitality and promotional business expenditure to improve the image of a commercial organisation, to better present products or services or establish cordial relations are, under *international* standards, generally considered legally acceptable provided they remain reasonable, proportionate and in line with the other criteria set out hereafter (see below). Any illegal gift, meal or entertainment is obviously *per se* unacceptable (see below under 3.2.).

² For the avoidance of doubt, the value indicated in this procedure refers to a cost by meal (including beverage) per person.

- **Materiality and frequency** – is the gift or entertainment modest and infrequent or could it place, or appear to place, the recipient under an obligation? *For example, offering to, or receiving from, the same person, more than 3 gifts a year would generally not be acceptable and would in any case require prior approval* under Section 3.3. of this procedure.
- **Proportionality** – is the gift or entertainment in line with the recipient’s position in his/her company?
- **Compliance with the Code of Ethics and Compliance policies the other person is subject to** – is the receipt of gift or entertainment allowed by the recipient’s organization? In case of doubt, written confirmation should be sought from the other person (also see below 3.2.)
- **Transparency** – would you be embarrassed if your manager, colleagues or anyone outside ArcelorMittal became aware? If so, there is probably something wrong.
- **No Double standards** – we should only offer what we would feel comfortable to accept (and vice versa)

3.2. Always unacceptable

These are gifts and entertainment that are never permissible for ethical and legal reasons and that no one can approve, whether they are given or received:

- **Gifts other than promotional items of a nominal value or entertainment involving parties engaged in a tender or a competitive auction bidding process**
- **Any gift of cash or cash equivalent (such as gift cards/vouchers/certificates, loans, stock, stock options)**
- **Any gift or entertainment that is indecent, sexually oriented or that might otherwise adversely affect ArcelorMittal’s reputation**
- **Any gift or entertainment that would be illegal under applicable anti-corruption laws or that would not be in line with the other person’s Ethics & Compliance policies**

3.3. May be acceptable under certain conditions when approved

For anything that does not fit into the other categories, the gift or entertainment are permissible only if the following conditions are met:³

- **Gifts valued at more than EUR 100/USD 125 (or any lower local limit set by segment or local management subject to approval by Corporate Legal & Compliance):**
 - **When offered:** only if previously approved by a General Manager for gifts of a value **above EUR 100/USD 125 and below EUR 200/USD 250** and by a Vice President for a value **higher than EUR 200/USD 250** (or if the donor is himself a GM/VP or higher, by his line manager). The

³ For the avoidance of doubt, all values indicated in this procedure refer to a cost per person.

responsible Compliance Officer⁴ must be copied on any approval unless a Gift Register has been set up (see below 5.3.).

- When received: *in principle, they have to be declined.*
- However, if the recipient feels that a refusal could be perceived as offensive by the donor, he must (i) get approval from the VP of his line management (or if the recipient is a VP or higher his line manager) and (ii) the gift must either remain in the office (and be the property of ArcelorMittal) or be given to a charity chosen by ArcelorMittal or the ArcelorMittal Foundation. The responsible Compliance Officer must be copied on any approval unless a Gift Register has been set up (see below 5.3.).
- **Meals that may cost more than EUR 120/USD 150 (or any lower local limit set by segment or local management subject to approval by Corporate Legal & Compliance)** require to be approved *ex post* via the regular expense report in accordance with applicable procedures. Meals of such a value are expected to remain exceptional and must be in line with the Group's SG&A policy and any applicable segment and/or BU procedures. Managers who have the responsibility to approve expense reports should give clear instructions to their employees to avoid inappropriate and lavish meals.
- **Entertainment (other than meals) that exceeds the lower of (i) EUR 200/USD 250 or (ii) any lower limit set by set by segment or local management with the approval of Corporate Legal & Compliance:**
 - When offered: only if previously approved by a General Manager if the value exceeds USD 250 (or any lower local limit) but remains **below EUR 1,000/USD 1,250** (or any lower local limit) and by a Vice President for a value **higher than EUR 1,000/USD 1,250** (or if the person offering entertainment is himself a GM/VP or higher, by his line manager). The responsible Compliance Officer must be copied on any approval unless a Gift Register has been set up (see below 5.3.).
 - When received: only *when the person offering the ticket also plans to attend the event* and if approved by a Vice President (or if the recipient is himself a VP or higher, by his line manager). The responsible Compliance Officer must be copied on any approval unless a Gift Register has been set up (see below 5.3.).
- **Major Events – such as the Olympic Games or a World Cup Game (these have usually a value of more than EUR 200/USD 250):**

⁴ If you want to know who your Compliance Officer is, go to the Compliance Intranet Portal or click on the following link: <https://arcelormittal.sharepoint.com/corporate/myCompany/lccs/Lists/Compliance%20Officers/ByDepartment.aspx?viewid=61fab5ab%2D0e15%2D4d13%2D8159%2D23b06155baef>

- When offered: only if previously approved by a Vice President (or if the person offering entertainment is himself a VP or higher, by his line manager) or if offered in compliance with specific guidelines issued for the event (such as the London 2012 Olympic Games Hospitality Guidelines). The responsible Compliance Officer must be copied on any approval unless a Gift Register has been set up (see below 5.3.).
- When received: only if previously approved by a Vice President (or if the recipient is himself a VP or higher, by his line manager). The responsible Compliance Officer must be copied on any approval unless a Gift Register has been set up (see below 5.3.).
- **Travel or overnight accommodation** (as this normally raises the personal benefit to material levels)
 - When offered: only if previously approved by a Vice President (or if the person offering travel or accommodation is himself a VP or higher, by his line manager) or if offered in compliance with specific guidelines issued for the event (such as the London 2012 Olympic Games Hospitality Guidelines). The responsible Compliance Officer must be copied on any approval.
 - When received: only if previously approved by a Vice President (or if the recipient is himself a VP or higher, by his line manager). The responsible Compliance Officer must be copied on any approval.

Approval criteria

In determining whether to approve something in this category, the ArcelorMittal manager (GM, VP or higher as the case may be) will apply criteria similar to those described above under 3.1. in the “self-approval test”.

As far as entertainment and other events are concerned, the invitation should, whenever practical, be addressed to the company and kindly request the company to send a delegate of their choice. When an individual is invited, he should be requested in the invitation to inform his management.

Escalation

In case of doubt, the issue should be escalated to the responsible Compliance Officer or the Legal Department.

4. Guidance for gifts and entertainment offered to government officials

Who is a “Government Official”?

The term “government official” is a broad one. It includes all employees, at any level, of a government department or agency, whether executive, legislative or judicial.

Officers and employees of companies under government ownership or control are also considered “government officials”.

So the terms does not only include individuals such as elected officials, government procurement officials, customs, tax, environmental etc. inspectors, but also employees of state-owned or state-controlled enterprises.

4.1. Usually acceptable

Subject to your applying a “self-approval test” (see below), the following are usually acceptable without prior approval, whether you accept or offer them:

- **Meals with a government official:** modest occasional meals
 - In any case, meals of a value above **EUR 120/USD 150⁵** (or any lower local limit set by segment or local management subject to Corporate Legal & Compliance approval) will not be considered “modest meals” (see 4.3. below).
 - Meals must be attended by the person or representatives of the person offering them. Otherwise they will be considered gifts and the rules of this procedure that apply to gifts will be applicable.

- **Gifts offered to a government official:** promotional items of little value such as pens, calendars or other small items which usually bear the ArcelorMittal logo.
 - In any case, any gift of a value higher than **EUR 100/USD 125** will not be considered a promotional item of little value

Self-approval test

In addition to applying the principles above, ask the following questions to determine whether a gift or entertainment to a government official is appropriate:

- **Intent** – is the intent only to build a business relationship or offer normal courtesy, or is it to influence the recipient’s objectivity in making a decision to grant business (e.g. a contract) or a business advantage (e.g. a permit, a tax benefit, customs clearance etc.)?

⁵ For the avoidance of doubt, the value indicated in this procedure refers to a cost by meal (including beverage) per person.

- **Legality:** are you sure the gift or meal is legal under *local*, as well as international anti-corruption laws? In principle, there should be no legal issue under *international* standards if there is no corrupt intent (see “Intent” above) and if the gift or the meal is reasonable and proportionate - which should be the case for modest meals and gifts of a nominal value bearing the ArcelorMittal logo (see “Materiality and frequency”, and “Proportionality”). In case of doubt, escalate to the Group General Counsel or the Compliance Programme Officer. Any illegal gift or meal is obviously *per se* unacceptable (see below under 4.2.)
- **Materiality and frequency** – is the gift or entertainment modest and infrequent or could it place the recipient under an obligation? *For example, offering the same person, more than 3 promotional items per year would in principle not be considered acceptable. In case of doubt, escalate to the Group General Counsel or the Compliance Programme Officer.*
- **Proportionality** – is the gift or entertainment in line with the recipient’s position in his/her agency/company?
- **Compliance with the Code of Ethics and Compliance policies the government official is subject to** – is the receipt of gift or entertainment allowed under the internal regulations that may apply to the government agency or the state-owned or state-controlled entity? In case of doubt, written confirmation should be sought from the official (also see 4.2. below).
- **Transparency** – would you be embarrassed if your manager, colleagues or anyone outside ArcelorMittal became aware? If so, there is probably something wrong.
- **No Double standards** – we should only offer what we would feel comfortable to accept (and vice versa)

4.2. Always unacceptable

These are gifts and entertainment to government officials that are never permissible for ethical and legal reasons and that no one can approve, whether they are given or received:

- **Gifts or entertainment involving government officials (i) engaged in a tender or a competitive bidding process or (ii) involved in a licensing process**
- **Any gift of cash or cash equivalent (such as gift cards/vouchers/certificates, loans, stock, stock options)**
- **Any gift or entertainment that is indecent, sexually oriented or that might otherwise adversely affect ArcelorMittal’s reputation**
- **Any gift or entertainment that would be illegal under applicable anti-corruption laws or that would not be in line with the government official’s Ethics & Compliance policies**

4.3. May be acceptable under certain conditions when approved

Anything that does not fit into the other categories is permissible only if the following conditions are met:

- **Meals with a government official which have a value exceeding EUR 120/USD 150⁶ (or any lower local limit set by segment or local management subject to approval by Corporate Legal & Compliance)** require to be approved *ex post* via the regular expense report in accordance with applicable procedures. Meals of such a value are expected to remain exceptional and must be in line with the Group's SG&A policy and any applicable segment and/or BU procedures. The manager who has the responsibility to approve the expense report should give clear instructions to his employees to avoid inappropriate and lavish meals from being offered.
- **Entertainment (other than meals) and/or travel and/or overnight accommodation offered to a government official:** only if approved by a Vice President (or if the person offering entertainment/travel/accommodation is himself a VP or higher, by his line manager) upon prior written approval by the local Legal Department and the Regional General Counsel (see Anti-Corruption Guidelines) using the **GOVERNMENT OFFICIALS PRE-APPROVAL REQUEST FORM** (see Appendix). The responsible Compliance Officer must be copied on any approval (see below 5.3.).

Approval criteria

In determining whether to approve anything to be offered to a government official, the ArcelorMittal manager (VP or higher as the case maybe) and the Legal Department will apply criteria similar to those described above under 4.1. in the “self-approval test”.

More specifically, the following rules should be applied:

- **Nothing should ever be offered to family members of government officials;** on an exceptional basis, if deemed appropriate under the circumstances, the offer may be extended to the spouse of a government official.
- **We should never offer lavish entertainment.**
- **Entertainment (and the payment of travel and accommodation costs) should never be pure entertainment:** reasonable expenses incurred in relation to plant visits and inspections or conferences organized to promote products should normally be permissible.
- **The travel must match the trip:** if the motive for the visit is a plant inspection or a business meeting, an actual plant inspection or business meeting must take place and the official should not go sightseeing instead.
- **Cash payments and per diems to cover daily expenses should not be offered to government officials:** the vendors (e.g. restaurant) should be paid directly by ArcelorMittal.
- **Whenever practical, the invitation should be addressed to the agency/entity and kindly request the agency/entity to send a delegate.**

Escalation

In case of doubt, any question should be escalated to the Group General Counsel or the Compliance Programme Officer.

⁶ For the avoidance of doubt, this value refers to a cost by meal (including beverage) per person.

5. DOCUMENTATION

5.1. Proper records

All records related to gifts and entertainment – especially when requiring pre-approval - must be accurate and include supporting documentation confirming the appropriate and bona fide business purpose.

Pre-approvals should be given in writing.

All records must be provided to the accounting department for inclusion in the books.

The responsible Compliance Officers⁷ are entitled to have access to any document in relation to this procedure for monitoring purposes.

5.2. Pre-Approval Request Forms for government officials

Relevant personnel should use the attached **Pre-Approval Request Form** (see APPENDIX) for any form of entertainment/travel/accommodation offered to **government officials** and subject to pre-approval.

5.3. Gift Registers

Depending on the outcome of their anti-corruption risk assessment, Business Segments and Units should consider putting in place gift and entertainment registers. The responsible Compliance Officers are entitled to have access to the Gift registers for monitoring purposes.

⁷ If you want to know who your Compliance Officer is, go to the Compliance Intranet Portal or click on the following link: <https://arcelormittal.sharepoint.com/corporate/myCompany/lccs/Lists/Compliance%20Officers/ByDepartment.aspx?viewid=61fab5ab%2D0e15%2D4d13%2D8159%2D23b06155baef>

APPENDIX
GOVERNMENT OFFICIALS PRE-APPROVAL REQUEST FORM FOR TRAVEL AND ENTERTAINMENT

Name of the Requestor	Title of the Requestor	Requestor's Segment and Business Unit
Is the payment for travel/entertainment permitted under local law?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
The trip was initiated by:		
<input type="checkbox"/> Government agency	<input type="checkbox"/> ArcelorMittal	<input type="checkbox"/> Other - Please explain
If other, please explain:		
The trip is directly related to (check all that apply)		
<input type="checkbox"/> Promotion, demonstration or exhibition of ArcelorMittal's products or services	<input type="checkbox"/> Performance or execution of a contract	<input type="checkbox"/> Other business-related purpose – please describe:
Summary of business purpose:		
Places to be visited on proposed trip:		
Total estimated cost of trip, gift or entertainment:		
ArcelorMittal will pay for (check all that apply):		
<input type="checkbox"/> International travel	<input type="checkbox"/> Domestic travel	<input type="checkbox"/> Meals
<input type="checkbox"/> Entertainment:	<input type="checkbox"/> Gifts – describe:	<input type="checkbox"/> Other – describe:
list proposed entertainment and any other costs covered:		
Will payments be made directly to the service providers?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Names, titles and government agency of each government official:		
Are family members or friends accompanying the government officials?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If yes, list names, relationship and reason for accompaniment:		
Does ArcelorMittal have any matter pending before the government agency?	<input type="checkbox"/> Yes If yes, please explain:	<input type="checkbox"/> No
Approved by: CEO Business Unit	Regional General Counsel/ VP Mining Legal & Compliance	Legal Department Business Unit
Reviewed by: Compliance Officer		