Joint statement of the RHI Magnesita Group in accordance with the UK Modern Slavery Act and the California Transparency in Supply Chains Act

This statement was made on a consolidated basis for the RHI Magnesita Group pursuant to section 54 of the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act of 2010 and was approved by the Board of Directors of RHI Magnesita N.V.

RHI Magnesita rejects and does not tolerate any form of slavery and human trafficking in any part of its business and expects compliance with these standards also from its suppliers and contractors. The present statement provides an overview of the measures taken, including during the financial year ended 31 December 2017, to ensure that slavery and human trafficking do not occur in the Group or in the supply chain. In the coming years we plan to develop further our respective actions.

RHI Magnesita’s structure and business

RHI Magnesita is a globally operating industrial group. Its core activities comprise the development and production as well as the sale, installation and maintenance of high-grade refractory products and systems which are used in industrial high-temperature processes exceeding 1,200°C. We supply customers in the steel, cement, lime, glass and nonferrous metals industries. In addition, our products are employed in the environment, energy and chemicals sectors. The ultimate parent undertaking of the Group is RHI Magnesita N.V., a public company with limited liability incorporated and registered under the laws of the Netherlands. The administrative seat is located in Vienna, Austria, and our shares are listed on the Main Market of the London Stock Exchange. The Group consists of around 120 fully consolidated subsidiaries, six of them having their registered office in the United Kingdom. With more than 14,000 employees, 35 main production sites and more than 70 sales offices, we serve roughly 10,000 customers in nearly all countries of the world.

The production of refractories is resource-intensive. The most important raw materials used are sintered magnesia, fused magnesia and sintered doloma; while roughly 70% of the global magnesite deposits are located in China, North Korea and Russia. RHI Magnesita attaches major importance to the own production of raw materials and as a leading refractories producer, covers all steps along the entire value chain and strives to maintain long and established working relations with suppliers.

In the year 2017, the Group generated an adjusted pro-forma revenue amounting to € 2,677 million and a reported revenue amounting to € 1,946.1 million.

We generally conclude permanent contracts with our employees, at the end of the year 2017 93% of the employees had a permanent employment contract. Temporary workers are mainly hired to cover order peaks in production, while seasonal workers are only employed at the Turkish raw material and production site in Eskisehir for climate reasons.

For more information on RHI Magnesita’s structure, business and supply chain please see the company website and the Annual Report 2017.
Policies: the RHI Magnesita Code of Conduct and Supplier Code of Conduct

We are committed to international standards such as the principles of the United Nations Global Compact and the documents it is based on like the ILO’s Declaration on Fundamental Principles and Rights at Work or the United Nations Universal Declaration of Human Rights. In our Code of Conduct we clearly commit ourselves to compliance with human and civil rights as well as the applicable labor and social laws. Furthermore, we attach top priority to dealing respectfully with all people and demand respectful treatment, equal opportunities and fairness from our employees and business partners. The Code of Conduct is valid throughout the whole Group and binding for all employees regardless of their position or type of employment.

Verification

The Supplier Code of Conduct requires suppliers to respect human rights and RHI Magnesita will not tolerate human trafficking or slavery in the facilities of its Suppliers. This commitment can be checked by RHI Magnesita at any time through questionnaires, on-site visits or audits. No third-party verifiers are used.

Audit

In October 2017, the Group emerged from the combination of the two formerly independent companies, RHI AG and Magnesita Refratários S.A. The still ongoing integration also provides for an extensive restructuring of our supply chain. No supplier audits were therefore conducted in 2017. However, our future plans include to perform risk assessments and to appraise a randomly selected number of suppliers each year.

Certification

Suppliers and service providers are required to respect the same legal and ethical standards, compliance with the Supplier Code of Conduct constitutes therefore part of their contractual agreements and our general purchasing conditions. Via the Supplier Code of Conduct and as a means of self-certification, suppliers and service providers commit themselves to respect human and civil rights, comply with applicable labor and social laws, refrain from any form of forced, compulsory or child labor and remunerate employees at or above applicable minimum wages.

Accountability

In case of non-compliance with the provisions of the Supplier Code of Conduct, corrective measures shall be defined. RHI Magnesita may consider the suspension or termination of its business relations with the supplier if these measures are not met.

Training

Human rights aspects are part of our compliance trainings for several years and are explained using practical examples. Furthermore, an e-learning on the content of the Code of Conduct is planned to be introduced in the year 2018 also covering aspects of human rights.

1 Disclosures on internal accountability are covered under the sections on “Policies and certification”, “Verification and audits” as well as “Compliance Helpline.”
Compliance Helpline

Should there be any suspicion that human rights have been violated, the Compliance Helpline, which is operated by a specialized external service provider, provides an appropriate reporting system. All compliance violations – therefore also suspicions regarding slavery and human trafficking – can be reported both by employees and external parties in ten languages via various communication channels. Indications of serious misbehavior will be investigated by the Compliance Office. There were no reported complaints related to forced or compulsory labor or human trafficking in the year 2017.

Vienna, June 2018

Stefan Borgas
Chief Executive Officer