



RHI MAGNESITA

Global Standard Management







Anti-Corruption Policy

Responsible: Internal Audit, Risk & Compliance

Scope: Global

Confidentiality: Public

Anti-Corruption Policy at a glance

	<p>Zero tolerance towards acts of bribery and corruption, in any form, direct or indirect, accompanied with high ethical standards are part of RHI Magnesita's core values and as such embedded within our compliance culture.</p> <p>RHI Magnesita's Anti-Corruption Policy is mandatory for all directors, managers, employees and other staff working on our behalf. Herewith the most important parts of the policy are summarized. For more details please see the Policy and in case of any questions contact the Internal Audit, Risk & Compliance Team.</p>	<p>→ Code of Conduct</p> <p>→ section 2</p>
	<p>It is strictly prohibited to all employees and other staff working on our behalf to offer, promise or grant, directly or indirectly, any advantage with the objective to obtain an unlawful consideration. Likewise, any demanding or accepting of an advantage for oneself or for a third party for the provision of an unlawful consideration is prohibited.</p> <p>Be aware: influencing the procurement process, circumventing the rules for importation of products, gaining access to non-public bid tender information, involving a third-party knowingly or unknowingly to support winning of a contract on an unlawful way is strictly prohibited.</p>	<p>→ section 3</p>
	<p>Legislation and regulatory environment in jurisdictions in which we operate world-wide are complex. Anti-bribery legislation in several jurisdictions has an extraterritorial reach (regardless if an offence occurred abroad).</p> <p>RHI Magnesita's international operations are subject to the provisions of several anti-corruption laws such as the UK Bribery Act and the US Foreign Corrupt Practices Act. Bribing or being bribed (e.g. kickbacks), or even the mere intent, both in a public or private sector, is prohibited by these laws and as such results in corporate (e.g. financial penalties, loss of business) and personal liability (e.g. imprisonment).</p>	<p>→ section 7</p>
	<p>Complying with this Policy during the natural course of business, when we deal with Intermediaries (especially agents, consultants and lobbyists) or we interact with Public Officials, minimizes the risk exposure of our Company and Staff to the reputational damage, financial penalties, and in some cases, even imprisonment. Some business functions are more exposed to the higher risk of bribery and corruption, such as, but not limited to Sales, Marketing and Procurement.</p> <p>Be aware: the receipt or merely the sole intention or request to receive kickbacks or bribes from customers are prohibited. Such action is considered illegal under anti-corruption legislation and will be penalized.</p>	<p>→ section 4</p> <p>→ section 6</p>
	<p>Distribution or acceptance of gifts with a symbolic value or invitations within a reasonable scope of hospitality commonly accepted by the business community as an expression of appreciation and respect towards business partners are acceptable and in line with our corporate values, but we do not offer or accept lavish gifts and entertainment or otherwise misuse these kind of expenditures to influence a business or governmental decision.</p> <p>Be aware: If you receive an inappropriate, unacceptable gift you should send it back and immediately inform your Line Manager (it should also be properly documented that you have done so). When in doubt, please consult with your Line Manager and/ or the Internal Audit, Risk & Compliance Team.</p>	<p>→ section 4.3</p>
	<p>RHI Magnesita doesn't allow any kind of unethical behaviour. Whenever you have knowledge or suspect a serious violation of pertaining laws and regulations, this Anti-Corruption Policy or other policies or the RHI Magnesita Code of Conduct, you are obliged to report the incident.</p> <p>www.rhimagnesita.com/compliance-helpline/</p>	<p>→ chapter 5</p>

1 Background and goals

RHI Magnesita stands for correct and fair business conduct and succeeds solely with the expertise of its staff and the quality of its products and services (as stated in our Code of Conduct). We do not tolerate any form of bribery or corruption and we adhere to all applicable laws and regulations, in particular, but not limited to the UK Bribery Act and the US Foreign Corrupt Practices Act.

With this Anti-Corruption Policy, we want to demonstrate our clear commitment to conduct business in accordance with applicable laws and regulations worldwide and in a way, which will maintain and enhance our reputation in the market. One aspect of this commitment is that RHI Magnesita always acts in a professional, honest and responsible manner and avoids any conduct which may be considered corrupt or contrary to good corporate ethics. We expect our business partners to adhere to the same level of rules and standards as set out in this Policy.

This Policy will be complemented by further Guidelines and Manuals to provide detailed procedures and controls as appropriate.

2 Scope

This Policy applies to all directors, managers and employees, regardless of their position or type of employment, and other persons working on behalf of any group company of RHI Magnesita (together referred to as Staff). Third parties engaged by RHI Magnesita, such as agents, consultants, contractors, shall certify their commitment to this Policy before commencing any service.

3 Prohibition of corrupt practices

It is strictly prohibited to all Staff to offer, promise or grant, directly or indirectly, any advantage with the objective to obtain an unlawful consideration (e.g. to win a contract, influence a tender process, circumvent import regulations of products, gaining access to non-public bid information, etc.).

This prohibition also includes so called Facilitation Payments (see 6.3), even if they may be allowed under some jurisdictions.

Likewise, any demanding or accepting of an advantage for oneself or for a third party for the provision of an unlawful consideration is prohibited.

Corruption, including the bare attempt, is indictable even if committed abroad, regardless of local customs and practices.

The offence of bribery is not only limited to politicians and Public Officials or to certain countries, but also applies to the private sector and to all countries worldwide, even if committed indirectly, that is through third-parties, e.g. relatives, friends, agents or other intermediaries.

A perpetrator as well as persons indirectly involved may be prosecuted in their home country and in the country where the bribe was paid or accepted, but also by other countries with extraterritorial jurisdiction, such as the United States and the United Kingdom. In addition, corruption can result in severe financial and non-financial consequences for the company in different jurisdictions

RHI Magnesita expects all Staff to refrain from any form of bribery or corruption, irrespective of citizenship, domicile, or location.

4 Business activities with risk exposure

4.1 Dealing with customers and suppliers

Dealing with customers and suppliers involves financial negotiations, relationships with third parties and exposes employees in these areas to various risks of corruption, such as direct or indirect bribes (i.e. through third-parties), kickbacks, facilitation payments, and conflicts of interest (see section 6 for definition of these terms).

Be aware: Not only sales representatives and purchasers are exposed to risk. Many other functions dealing with third parties, for example site supervisors and service technicians, engineers handling claims or performing quality inspections, and clerks in charge of customs declarations, governmental permits and similar issues may come across a situation prone to undue influence.

As stated in our Code of Conduct, RHI Magnesita stands for correct and fair business conduct and succeeds solely with the expertise of its staff and the quality of its products and services. We do not accept or tolerate any undue measures to influence a business decision, neither in sales nor in procurement. The purchasing process must comply with our **Global Purchasing Guideline** and our suppliers must receive and accept our **Supplier Code of Conduct**.

4.2 Dealing with agents, resellers and consultants

In our business, it is common practice to engage sales agents, distributors, resellers, business consultants, lobbyists and others (collectively Intermediaries), to act on our behalf to assist in securing, preparing or negotiating bids for new contracts of existing or the extension contracts when it is necessary and appropriate to supplement our own experience in given markets or subject areas.

However, in order to protect the company from any association with illegal or corrupt payments or the risk of such payments being made on our behalf, all involved Staff must know that certain prescribed procedures must be undertaken to ensure they share our commitment to ethical business standards, such as:

- Third-party due diligence;
- Written arrangements and contract clauses containing appropriate anti-corruption provisions are put in place;
- Compensation paid to an Intermediary should be appropriate to the legitimate services provided, approved, properly recorded and paid in accordance with the agreed contract;
- We only maintain relationships with an Intermediary whose funds have reputable and legal sources;
- Employees of RHI Magnesita are not allowed to receive commission, directly or indirectly, for any work or service they provide;
- All commissions paid by RHI Magnesita to an Intermediary should not be higher than 5% (five per cent);
- Negotiation of commissions and their payment must not be handled by the sales departments or persons involved in sales activities;

- No commission shall be paid if payment is not received from the customer, and, if possible, commission shall be reduced in case of late payments;
- Payments shall be made in the counterparty's home country and cannot be made to offshore accounts unless previously approved jointly by the CSO and Internal Audit, Risk & Compliance.
- We inform all Intermediaries about the risks and pledge them to comply with all laws and regulations;
- Intermediaries shall sign and obey our Code of Conduct and provide certifications as specified in the relevant Guidelines.

Internal Audit, Risk & Compliance may release further Guidelines with detailed procedures. Exceptions may be approved for legitimate reason and based on thorough documentation by the CSO after consultation with Legal and Internal Audit, Risk & Compliance.

4.3 Gifts and invitations

Distribution or acceptance of gifts with a symbolic value or invitations within a reasonable scope of hospitality commonly accepted by the business community as an expression of appreciation and respect towards business partners are acceptable and in line with our corporate values.

In many jurisdictions stricter rules apply to Public Officials (see section 6.6 for a definition). If dealing with them, we ensure correctness in advance and refrain from granting any benefit, if in doubt (see 4.4 for more details).

In any case, invitations or gifts which might have an influence on business decisions or official actions, such as awarding a contract or a government permission, or which may be considered discriminatory or non-reputable, or which otherwise leave an impression of dishonesty or moral obliquity are prohibited, regardless of their financial value and no matter whether actively granted or passively accepted.

All sorts of gifts and invitations require transparent and comprehensive documentation, in particular appropriate expense reports in accordance with applicable laws and internal regulations.

In the following situations additional disclosure in the **RHI Magnesita Gifts and Invitations Register** and prior approval is required (for a detailed description of the process please refer to the supplementing Gifts and Invitations Guideline):

- Gifts received or offered above a value of 50 EUR (or the equivalent in any other currency);
- Any gift or invitation, except giveaways, refreshments and simple meals during or after a meeting, offered to a Public Official, regardless of the value;
- Assumption or reimbursement of travel expenses for a customer representative;
- Assumption or reimbursement of travel expenses for our Staff by a supplier.

Should you receive an unacceptable gift you must report it to your manager and send it back.

Be careful: gifts and invitations are always unacceptable if they are:

- in violation of the law or ethical standards,
- given as a response to or to influence a favourable business decision,
- in violation of our Code of Conduct or other Policies,
- given in response to a specific request,
- offensive or would embarrass the Company or employee if publicly disclosed.

4.4 Dealing with Public Officials

Public Officials (see section 6.6 for a definition) often have their own code of ethics relating to acceptance of gifts and invitations. In most cases these regulations stipulate that acceptance of gifts or invitations will be inappropriate in a range of circumstances where the provider of the gift or invitation is the subject of a decision within the discretionary power or substantial influence of the Public Official concerned. However, outside such circumstances, the guidelines may permit some acceptance of hospitality in circumstances where that hospitality may genuinely assist the Public Official to develop and maintain constructive relationships with stakeholders.

Be careful: If the receiver is a Public Official (e.g. officers and employees of territorial entities, administrative units, or public sector companies), stricter legal provisions may be applicable. In any case, get informed before any action and refrain from any gratuity if questionable and **seek preapproval** from the agency or entity the Public Official works for or represents **before offering anything of value**. In addition, make a disclosure in the RHI Magnesita Gifts and Invitations Register.

Merely branded items with a symbolic value such as diaries, calendars, key chains, pen drives, caps, T-shirts, pens and similar giveaways and small refreshments usually provided at business meetings like coffee, soft drinks, biscuits, pastries, sandwiches, or fruits can usually be accepted by Public Officials and such items may be offered as a common form of courtesy.

Each region should have appropriate procedures in place to identify and train those employees who deal with Public Officials, as well as communicate this Policy to Third Parties.

In case of doubt consult with the Internal Audit, Risk & Compliance Team or Legal Department.

4.5 Donations and sponsoring

RHI Magnesita has emerged from a merger of companies, some of which look back on a tradition of well over 100 years and are strongly rooted in the social environment at their locations. RHI Magnesita is therefore committed to assume an adequate share of social responsibility within the regional communities we operate in by voluntary support of humanitarian, cultural, sport or scientific institutions. RHI Magnesita is committed to these social contributions, which we consider part of our corporate culture.

Donations and sponsorships, as well as other voluntary benefits, must be made independently of our business activities without a correlation between a business transaction and the beneficiary of donations or sponsoring.

Donations must be made voluntarily, unselfishly and without any consideration. Sponsoring, on the other hand, is done in return for the right to exploit the sponsored person or organization for

marketing and public relations activities. In both cases, the allocation of funds requires prior approval and transparent documentation in accordance with our internal procedures.

At RHI Magnesita we make donations, sponsoring and similar contributions only within the limits permitted by law, and we keep them transparent and documented. Contributions which might be used to influence a business or governmental decision or otherwise violate any applicable laws are strictly prohibited. None of our Staff shall make any contributions to political organizations or persons, authorities and civil servants.

For further details refer to our **Corporate Community Investment Guideline**.

4.6 Lobbying

Lobbying is the activity of trying to persuade someone in authority, usually an elected member of a government, to support laws or rules that give your organization or industry an advantage.

Lobbying can, at times, represent a substantial compliance risk, especially, when people with inordinate socioeconomic power can corrupt the law in order to serve their own interests. RHI Magnesita does not tolerate this type of behaviour for its Staff.

4.7 Other conflicts of interest

Any business decision we make, and the resulting actions shall serve the interests of the company and may not be influenced by our personal interests or relationships. Therefore, we avoid compromising situations from the outset.

Secondary professional activities are not permitted, if they lead to a conflict of interest, a competitive situation with RHI Magnesita, or affect the work performance at RHI Magnesita. This includes an occupation with another employer, self-employed work, but also voluntary services and other unpaid activities.

Employees of RHI Magnesita are not permitted to run their own company, to hold an interest, directly or indirectly, or a board or executive position in another company, which has either a business or a competitive relationship with RHI Magnesita.

Relatives of the members of the Board or the Executive Management Team of RHI Magnesita shall not be employed with RHI Magnesita. Relatives of staff shall not be employed in an organizational setting which creates a hierarchical or factual dependency or subordination between the persons involved.

Exemptions from the above stated rules may only be granted in exceptional situations and require prior approval from Internal Audit, Risk & Compliance. For further details regarding disclosure of conflicts of interest refer to the respective Guideline.

5 Seeking support in case of doubt and reporting to the Compliance Helpline

RHI Magnesita does not tolerate unethical or illegal behaviour. Whenever you have knowledge of or suspect a serious violation of pertaining laws and regulations, this Anti-Corruption Policy or other policies or the RHI Magnesita Code of Conduct, you are **obliged to report the incident**.

As a general rule, if you have a question regarding the Code of Conduct, the rules it specifies, or their application, or discover potential risks or suppose misconduct, or like to suggest improvements to reduce risks, or are uncertain if a (intended) decision or other action complies with existing regulations, your questions, proposal problems and grievances may and shall be

initially clarified with your manager. But you can also ask for support from the Internal Audit, Risk & Compliance Team or the Legal Department.

In some situations, however, this may not be effective, or you might feel uncomfortable to address your concerns personally. RHI Magnesita's **Compliance Helpline** enables you to report cases of suspected misconduct and to obtain advice, at any time and regardless of where you are.

You can reach the Compliance Helpline easily by telephone or via a web portal (for further details see our Code of Conduct, the intranet or website, or the myRHIMagnesita App). Alternatively, you may direct your concerns via e-mail to compliance-helpline@rhimagnesita.com or you can always speak to a member of the Internal Audit, Risk & Compliance Team in person.

If you recognise ethical misconduct do not hesitate to report it. Remember: Staff of RHI Magnesita are obliged to report serious cases to the Internal Audit, Risk & Compliance Team.

When reporting an incident, describe the facts in question as well as all relevant circumstances as clearly and precisely as possible. The more information we get the better and faster we can respond and help with reliable and practical advice. You need to know that we will not be able to react to requests or messages without enough information.

All information you provide will be treated confidentially and is subject to diligent evaluation. Please understand that we will not be able to react to the report without sufficient information.

Be aware: Rogue messages or false accusations against others are not only unethical but may also be punishable and cause sustainable damage. Such behaviour is not permitted and constitutes a serious abuse of the Compliance Helpline.

6 Definitions

6.1 Corruption

Corruption is the abuse of entrusted power for private gain. It can occur in both, public and private sector.

Corruption takes many forms, such as bribery, trading in influence, abuse of functions, but can also hide behind nepotism, kickbacks, facilitation payments, or conflicts of interest.

Corrupt, and therefore prohibited activities include:

- giving, promising to give, or offering a payment, loan, reward, gift or entertainment, to a public official, a business partner, or any third party with the expectation or hope that a business advantage will be received, or rewarding a business advantage already given;
- facilitating or expediting a routine procedure;
- threatening or retaliating against any person who has refused to commit a bribery offence or who has raised concerns under this policy; or
- engaging in any activity that might lead to a breach of this policy.

6.2 Bribery

Bribery is the most common form of corruption and can be broadly defined as the offering, promising, giving, accepting or soliciting of an advantage as an inducement or reward for an action which is illegal or a breach of trust.

Bribes are not only cash payments but can take numerous forms, for instance money transfers to bogus accounts or shell companies, payment of fictitious or inflated invoices, granting of excessive discounts or commissions, valuable gifts and generous invitations, providing free services or arrangement of jobs offers.

6.3 Facilitation payments

These are usually small amounts given to expedite or secure the performance of a routine governmental action, e.g. obtaining permits or licenses, processing governmental papers, such as visas and work orders, providing phone service, power and water supply, police protection, or actions of similar nature.

RHI Magnesita does not accept and will not make any form of payments of any nature. We recognize that facilitation payments are a form of bribery that involves expediting or facilitating the performance of a public official for a routine governmental action. We recognize that they tend to be made by officials on lower levels with the intention of securing or speeding up the performance of a certain duty or action.

6.4 Kickbacks

Kickbacks refer to personal benefits for a buyer in exchange for awarding a procurement contract. They are typically payments made in return for a business favour or advantage but include many different forms like discounts, free products or services, or other types of incentives.

RHI Magnesita Staff must not accept any type of kickback and avoid any activity that might lead to, or suggest, that a kickback will be made.

6.5 Conflicts of interest

Business decisions and resulting actions shall be for the company's benefit and must not be affected by personal interests.

Conflicts of interest is a situation created by the confrontation between professional and private interests that might compromise the collective interest or improperly influence, the function performance in the company. Conflicts of interest may typically result from

- secondary occupations;
- interest or executive position in a third-party organization, in particular with a competitor or business partner of RHI Magnesita; or
- when a (potential) supplier/business partner is somehow related to an employee of RHI Magnesita.

These situations are therefore prohibited.

All Staff should avoid such situations. If a potential conflict of interest situation arises, the Internal Audit, Risk & Compliance Team has to be informed.

6.6 Public Official

For purposes of this Policy, the term “Public Official” is defined as follows:

- an employee, official or contractor of a government body or state-owned enterprise;
- a person performing the duties of an officer or position created under a law of a foreign country or by the custom or convention of a country;
- a person in the service of a federal, state or community government body including a member of the military or the police force;
- a politician, judge or member of the legislature of a country;
- an employee, contractor or person otherwise in the service of a public international organization (such as the European Union);
- an individual who is or who holds himself or herself out to be an authorized intermediary of a public official (as defined against the points above); or
- any other officials as defined under the applicable local law.

Employees of state-owned or government-controlled enterprises generally are considered as Public Officials under this Policy.

Be aware: that even those people who are not classified as “officials” under local law may still be considered public officials under the laws of other jurisdictions relevant for RHI Magnesita. If in doubt whether a person is a public official consult with the Internal Audit, Risk & Compliance Team.

7 Legal and other risks

Corruption is a serious criminal offence in most countries of the world. Usually even the attempt is culpable.

Possible consequences of misconduct depend on the applicable jurisdiction but usually include the following:

- Criminal charges against acting persons and managers which may result in high monetary fines and long-term imprisonment, but some countries even impose death penalties;
- Extremely high fines for companies involved;
- Serious reputational damage resulting in retreat of investors and blacklisting by customers;
- Claims for damages from customers who paid higher prices because of bribery;
- Contracts may be declared void.

Be aware: Even if certain forms of corruption may be common practice in some countries, RHI Magnesita as a globally operating company, headquartered and listed in Europe, must adhere to the highest standards everywhere and anytime. In order to minimize the risks, we avoid even the appearance of any undue influence to our business conduct.

7.1 Relevant Legislation

Anti-bribery legislation in several jurisdictions is expressed to have extraterritorial reach. Under this concept, a person may be prosecuted in a country even when the relevant activity occurred entirely overseas, regardless, if the benefit is customary or officially tolerated in the particular overseas country.

Both the giving and receiving of bribes is prohibited in most jurisdictions. RHI Magnesita requires compliance with the laws of all countries and local legal advice should be sought where required. Furthermore, RHI Magnesita is subject to the provisions of the UK Bribery Act and the US Foreign Corrupt Practices Act in respect of all its operations internationally. A brief overview of these acts is set out below.

7.2 The US Foreign Corrupt Practices Act (FCPA)

The FCPA prohibits the giving or offering of money, gifts or anything of value to any foreign government official for the purpose of influencing or inducing the foreign official or party to assist the company in obtaining or retaining business. It also contains internal control, accounting and record keeping provisions additionally penalising deceptive activities such as off-the-book bribes or kickbacks, falsified records or disguised transactions, listing corrupt payments as “fees” or “miscellaneous expenses”, etc.

Corporations violating the FCPA may face significant fines and criminal sanctions, including debarment from public procurement projects. Individuals face potential fines and imprisonment for up to 5 years under the anti-bribery provision and up to 20 years under the accounting provision.

7.3 The UK Bribery Act (UKBA)

The UK Act is broader in scope than the FCPA and prohibits bribing of business partners in the private sector too. It contains two general offences:

- (1) offering, promising or giving a bribe, and
- (2) requesting, agreeing to receive or receiving a bribe; and
- (3) a specific offence of bribing a foreign public official; furthermore,
- (4) the UK Act introduces a new **corporate offence** for the failure by a company to prevent a bribe being paid on its behalf by its employees or agents or other business partners (both direct and indirect bribery). The only defence available to companies charged under the latter offence is that they had “**adequate procedures**” in place to prevent bribery.

Sanctions under the UK Act include imprisonment and/or unlimited fines and potential debarment from public procurement projects.

The company’s management must therefore look beyond domestic laws to these international regulations to ensure overall compliance. This policy aims to ensure such compliance.

8 Sanctions

RHI Magnesita has zero tolerance towards acts of bribery and corruption and prohibits them in any form. RHI Magnesita will not tolerate its Staff being involved in bribery and corruption.

By committing to zero tolerance to bribery and corruption, every breach of the principles of this Policy and every concern raised will be assessed, and where applicable, investigated.

Disciplinary action will be taken (in addition to the sanctions contained in applicable regulations) and is as such a subject to Human Resources and the respective manager. Depending on situation and need, RHI Magnesita's Board of Directors, the Executive Management Team, the management of the affected legal entity, and the Works Council shall be involved in decision making. Decisions on legal actions, notification of public authorities, and public information (in particular any communication with media) are at the sole disposal of RHI Magnesita's Board of Directors.