



RHI MAGNESITA

Global Standard Management






Anti-trust and Fair Competition Policy

Responsible: Internal Audit, Risk & Compliance

Scope: Global

Confidentiality: Public

The Anti-trust and Fair Competition Policy at a glance

	<p>We comply with applicable Anti-trust and Competition laws in all relevant areas such as sales and marketing, purchasing, production, or research and development.</p> <p>RHI Magnesita's Anti-trust and Fair Competition Policy is mandatory for all directors, managers, employees</p>	<p>→ section 1 & Code of Conduct</p> <p>→ section 2</p>
	<p>It is prohibited to our directors, managers, employees to:</p> <ul style="list-style-type: none"> - engage (directly or indirectly) in communications with competitors concerning current or future prices, discounts, margins or profits, costs, terms of sale, business or production plans, corporate strategies, allocation of customers, offers or project tenders, conduct during tenders, sales or market territories or any other subject that may restrict competition; - determine re-sale prices or re-sale market strategies or to enter into exclusive arrangements with resellers; - obtain competitive knowledge through illegal activities such as industrial espionage; - communicate misleading or incorrect information about competitors or their products; - communicate misleading or incorrect information about our market position. 	<p>→ section 3</p>
	<p>When doing business, you may encounter situations which expose you and the company to risk, e.g.</p> <ul style="list-style-type: none"> - certain meetings with competitors; - cooperation with competitors; - entering into re-sale agreements; - receipt and usage of competition-relevant information; - being in a dominant market position; - mergers, acquisitions, joint ventures; - applying the right communication style; - dawn raids or any other contact with competition authorities. <p>Section 4 contains some practical guidance for such situations. For more detailed advice, please contact the Internal Audit, Risk and Compliance team.</p>	<p>→ section 4</p>
	<p>Legislation and regulatory environment of countries in which we operate worldwide are complex. Anti-trust and Competition legislation in several jurisdictions has an extraterritorial reach (the legislation applies in whichever country the offence occurs). Due to our corporate structure, all our international operations are subject to the provisions of EU regulations and UK law. Violation of these laws and regulations may result in severe corporate penalties and personal liability.</p>	<p>→ section 5</p>
	<p>If the customers or any other third party sources provide price lists or other commercial or customer sensitive information to you, do not send/forward the document further but contact Internal Audit, Risk & Compliance for guidance. Whenever you have the knowledge or suspect a violation of Anti-trust and Competition laws and regulations, you are required to report the incident.</p> <p>www.rhimagnesita.com/compliance-helpline/</p>	<p>→ section 6</p>

1 Background and goals

National and international regulations ensure that fair competition takes place in the markets, and no participant generates an unlawful advantage over competitors by any agreement, action, or mutual understanding. RHI Magnesita is fully committed to the principles of fair competition, and we comply with the applicable Anti-trust and Competition laws throughout our entire organization.

With this Anti-trust and Fair Competition Policy, we want to provide you with the basic rules about fair competition and the related regulatory provisions to enable you to always act in a professional, honest and responsible manner and avoid any conduct which may be considered an infringement of applicable laws or good corporate ethics, and to maintain and enhance our reputation in the market. This Policy is in line with the RHI Magnesita Code of Conduct and supports the achievement of our strategy.

2 Scope

This Policy applies to all directors, managers and employees, regardless of their position or type of employment, and third parties working on behalf of any group company of RHI Magnesita. Rules and regulations of Anti-trust and Competition law is also applicable to third parties engaged by RHI Magnesita, such as agents, consultants, contractors.

3 Prohibited practices

The following practices towards competitors are prohibited;

- ✘ **Price fixing:** Entering into agreements or exchange of (non-public) information with competitors which may lead to aligned behaviour among competitors with regard to prices, terms and conditions, production or sales costs and quantities, sales strategies, product and service offering.
- ✘ **Sharing markets or customers:** Dividing a market between competitors by agreeing on any form of segmentation of customers, geographic areas, product markets, non-provision of products and services, or provision at non-competitive prices or other terms and conditions.
- ✘ **Limiting production or services output:** Agreement with a competitor to limit or stop our production or output.
- ✘ **Bid rigging:** Bid rigging or collusive bidding refers to coordinated conduct among competing bidders that undermines the bidding or tendering process, such as an agreement not to submit a bid, to submit a non-competitive bid or an agreement among bidders as to who will win the bid.
- ✘ **Joint Boycotts:** When two or more companies agree not to do business with another company, that agreement may violate Competition Laws.
- ✘ **Tying:** Under certain circumstances, competition laws prohibit tying the sale of one product or service to the sale of another. For example, a tying arrangement could involve allowing a customer to purchase one product (the "tying product") only if the customer purchases a second product (the "tied product"). In these cases, the concern of Competition Laws is that the seller will use "leverage" from selling a very desirable product (the tying product) in order to force a less desirable product (the tied product) on

the customer. Not only may the customer be disadvantaged, but competitors who sell their versions of the tied product may be harmed as well. The tying prohibition applies if: (1) there are actually two separate products or services; and (2) the seller has a substantial market share in one of the products or services and, therefore, has "leverage" to force the purchase of the second product. In most countries, products that are economically impractical to sell separately are not subject to tying rules. It is usually permissible to offer promotions in which one product is offered at a discounted price in combination with another product, provided that the products are not sold below cost.

- ✘ Determination of re-sale prices or re-sale strategies.
- ✘ Most forms of exclusive arrangements with resellers¹.
- ✘ Obtaining competitive knowledge through industrial espionage, theft, eavesdropping, or other illegal activities.
- ✘ Dissemination of misleading information, e.g. about product quality, pricing, market position, etc.
- ✘ Deliberately disseminating incorrect information about competitors or their products.

4 Business activities with risk exposure

Please consider involvement if any of the below-mentioned scenarios is putting you at risk of not acting in compliance with this Policy. In case you find yourself in one of the following situations, please speak with your manager or Internal Audit, Risk & Compliance.

4.1. Certain meetings with competitors

Be mindful on each occasion that you have contact with competitors, whether in public or in private, planned or unplanned, directly or via trade associations or at other occasions. These meetings – depending on the topic discussed – can lead to unintended consequences.

For business meetings, prepare a written agenda, including the full list of participants and explicit information about the objective of the meeting and make sure that meeting minutes are prepared and shared with all participants.

The following topics shall **not** be discussed during these meetings:

- Pricing strategy with competitors;
- Agreeing with competitors to control production volumes, product development, or dividing up the market;
- Having discussions with business partners or competitors concerning existing or potential future customers, intentions to submit bids, strategy with regard to territory, pricing or similar issues.

The following situations illustrate scenarios where care and judgement are required. Please refer to section 4.7 for some examples of conversation topics requiring specific care. IA, R&C and Legal are available to offer any advice and guidance you may require.

¹ EU regulations and certain other laws allow exemptions for a limited time depending on market share and other circumstances.

- attend unplanned meetings with competitors or trade association, except you know they only concern general business topics;
- accept or participate in the exchange of non-public competition-relevant information or in market surveys or benchmarking that give you access to such information;
- engage with competitors in joint presentations, meetings or any other type of joint operations, except in relation to general business topics.

Immediately leave a trade association meeting or any other meeting when an improper discussion between competitors begins, and announce your departure and make sure that such action is noted in the minutes of meetings. If no minutes are kept, prepare a note of the incident for your own files and inform IA, R&C.

The rules mentioned above do not prohibit private relations and participation in social, cultural, or sports events with representatives from competitors. However, you must assure that such meetings are not misused for restraining competition or are perceived to do so.

Any contact with competitors or customers or trade association representatives which may breach this Policy or relate to matters covered in this Policy, should be documented and reported to IA, R&C at the earliest opportunity.

4.2. Working with competitors

In some circumstances, RHI Magnesita may join efforts with a company which we otherwise compete, either as a partner or as a distributor. For example, it might be cheaper to source a special product which is not frequently used by a competitor and sell it under a license agreement than starting a full development process on our own.

As long as there is not a reduction of competition, working with a competitor is in general admissible. However, you must assure that the persons involved do not acquire information that may give rise to competition law concerns. But, in all such instances, a careful review of the purpose, form and limits of the interaction between RHI Magnesita and the other company must be made prior to any substantive discussions or agreements by the parties.

4.3. Re-sale agreements and re-sale price

Regarding re-sale agreements, there are two main restrictions (these rules do not apply to sales agents who operate under different regulations²):

- The price under which a reseller is offering our products in the market (re-sale price) must not be influenced by us. Only non-binding recommendations without exercising any form of force or pressure are allowed.
- Exclusivity clauses are only allowed in very limited cases and only when they are limited in time. In case you deal with a reseller, you should always seek advice from the Legal Department before entering into any kind of exclusivity agreement with a reseller.

Exclusivity, in this context, can have different meanings:

² Sales agents are third parties soliciting or facilitating sales transactions in the name and for the account of RHI Magnesita whereas resellers are selling goods supplied by RHI Magnesita on their own account at their own risk.

- The reseller's obligation to obtain the entire quantity of a certain product they sell or at least a significant part of it.
- The obligation of the reseller not to sell products from a competitor.
- The restriction of the reseller to sell the products in a specific territory or industry or to a list of named customers only.

4.4. Receipt and usage of competition-relevant information

Exchange of competition-relevant information (which is not generally accessible) between competitors is prohibited under the following circumstances:

- it concerns prices, discounts, sales or production volumes, costs, inventory figures, market shares, credit conditions and billing methods, future business plans, tender bids, or similar facts, or
- it can lead to conclusions regarding competition relevant key figures of the participating companies, or
- conclusions regarding the future behaviour of individual market participants can be drawn from it, or
- it enables the coordination of business activities, or
- competitive measures by one or some parties can be identified and prevented with countermeasures by the other parties.

Exchange of generally accessible information (public information) is regarded as safe and suitable, e.g. data from official statistics, public databases or websites.

If a customer or any other third party provides documented price lists or other commercially or customer-sensitive documents to you, do not send or forward the document further but contact IA, R&C for guidance. If possible, return the document to the sender, ask him not to forward such document and record the event.

It is recognized that general market information and general insights into the commercial behaviours of competitors are an essential part of any meaningful negotiation.

4.5. Being in a dominant market position

Additional rules apply to companies which have a dominant position in a specific market. This can be defined as a **product market** and/or **geographical market**. A company is considered dominant if it is not subject to substantial competition. Whether this is the case depends on factors such as market share, financial power, number and size of competitors, and more. Markets where RHIM have or may have a dominant position will be subject to assessment and ongoing monitoring by Regional Management and IA, R&C. Please contact IA, R&C if you believe a dominant market position could be in place.

Practices prohibited to dominant companies include, but are not limited to:

- Unfair or discriminatory treatment of customers or suppliers, i.e. offering disadvantageous prices or terms and conditions not based on objectively justified reasons;

- Refusing to supply certain customers;
- Forcing a customer to buy other goods in a bundle (i.e. tying);
- Selling below cost (i.e. “predatory pricing”);
- Significant discounts (e.g. aggregated rebates).

4.6. Mergers, acquisitions, joint ventures

Transactions such as mergers and acquisitions and strategic cooperations and alliances can have a substantial impact on the level of competition in a certain market or industry and are therefore governed by a number of specific regulations. The M&A Department, the Legal Department and Internal Audit, Risk & Compliance must be involved in any such transactions.

4.7. Applying the right communication style

Even when communicating internally within RHI Magnesita, it is important that the words used in emails, memos, presentations, etc. effectively communicate the real message and follow Anti-trust and Competition Law requirements

Whenever you write in relation to competitors and markets, including internal communication, take time to ensure that your communication is appropriate.

Here are some examples of phrases which could be misinterpreted and should be avoided or used with care and judgement to avoid any possible misinterpretation:

"The industry needs a price increase"

"There seem to be an industry consensus that prices will rise"

"Avoid ruinous competition"

"We need to bring stability to the market"

"We expect prices to remain stable with a probability to increase smoothly"

"In any case, we will continue to control quantities by coordinated production downtimes"

"As agreed, we offer higher prices to customers in the northern region"

"Let them stay in their market, and we will stay in ours"

4.8. Dawn raids

Government and regulatory authorities worldwide may execute unannounced inspections on-site to search for documents or other evidence associated with potential infringements of Anti-trust and Competition law. These searches are often referred to as dawn raids or inspections because these inspections take place unannounced and in most cases early in the morning. Authorities have far-reaching search powers and, therefore, RHI Magnesita must be prepared.

RHI Magnesita will cooperate with the authorities. Obstruction of an inspection can compromise RHI Magnesita's ability to fairly explain its position and may trigger sanctions against RHI Magnesita and the individuals involved in the obstruction.

In case a dawn raid takes place at your office, please contact immediately the Legal Department or IA, R&C.

5. Possible consequences

The infringement of Anti-trust and Competition law provisions is a serious offence in most countries of the world. Even if certain practices may be common in some countries, RHI Magnesita, as a global stock market listed company, must adhere to the highest legal and ethical standards everywhere and at all times.

Possible consequences of an infringement of Anti-trust and Competition legislation depend on the applicable jurisdiction but usually include the following:

- High fines for companies involved, typically up to 10% of their global turnover;
- Legal claims for damages from customers who paid higher prices because of unfair practices;
- Long-lasting and expensive legal proceedings;
- Serious reputational damage to RHI Magnesita potentially resulting in losing investors and customers.

In some countries, there can also be criminal charges against acting persons and managers.

In addition to potential legal actions, violations of this Policy may also result in disciplinary consequences.

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

If you have a question on this Policy and its underlying principles or its practical application or if you identify a potential risk, the first point of contact is your line manager. You can also contact IA, R&C by emailing to compliance@rhimagnesita.com or the Legal Department.

RHI Magnesita does not tolerate unethical or illegal behaviour. Whenever you have knowledge of, or suspect a violation of pertaining laws and regulations, this Policy or the RHI Magnesita Code of Conduct, you are required to report the incident.

The [RHI Magnesita Compliance Helpline](#) provides a route to report cases of suspected lack of compliance and to obtain advice. This can also be done anonymously.