



RHI MAGNESITA

# Global Standard Management

## Conflict of Interest Guideline

**Responsible:** Internal Audit, Risk & Compliance

**Scope:** Global

**Confidentiality:** Public

## 1 Background and goals

This Conflict of Interest Guideline (“COI Guideline”) complements the relevant provisions of the RHI Magnesita Code of Conduct and the Anti-Corruption Policy (the “Policy”). It provides more detailed explanations to guide you in typical situations, relating to Conflicts of Interest, you may encounter to enable you to manage these risks in line with RHI Magnesita’s risk appetite.

The Compliance Portal should be used to record and assess conflicts of interest.

## 2 What is a conflict of interest?

Every employee holds a position of trust with the company. Therefore, every employee has an obligation to:

- Act in the best interests of RHI Magnesita,
- Never compete with the business activities of RHI Magnesita, and
- Never let outside interests influence their work performance in RHI Magnesita.

Any situation in which you have a personal, financial or private interest that interferes or appears to interfere with your ability to do a job fairly, ethically and objectively may create a conflict of interest compromising this position of trust.

Such situations typically include:

- Ownership or financial interest in another company related to the activities of RHI Magnesita
- Secondary employment, whether paid or voluntary work, including pro bono activities
- Supervising a closely related person
- Personal relationship with a person working with a business partner or competitor

Depending on local customs and practices, the perception of a conflict of interest can vary. However, as a global company, RHI Magnesita must adhere to the highest integrity standards through all its operations worldwide.

Giving lectures, writing articles or providing voluntary community services (e.g. local fire brigade or paramedic services) is usually not creating a conflict of interest but shall be disclosed in the Compliance Portal for transparency reasons.

Also, interests of family members, friends, or other persons closely related to you can create a conflict of interest. Whether a particular person should be considered closely related to you and whether this relationship may be relevant in respect of your business decisions depends on the specific context and needs to be evaluated on a case by case basis. If you are in doubt, please ask the Internal Audit, Risk & Compliance Team, we are happy to support you.

Appendix 1 contains a list of examples of typical situations creating a potential conflict of interest that every employee needs to avoid or disclose in the Compliance Portal.

Apart from this Guideline, your employment contract or local labour law may contain additional regulations regarding secondary employment and other outside activities. Please consult your HR Business Partner before you commence any such activity.

### 3 Potential consequences of a conflict of interest

Maintaining objectivity in business relationships is essential to earning the trust of our business partners and other stakeholders. If not handled properly, conflicts of interest can create adverse effects for both, the company as well as the involved persons:

- Increased cost or lost revenues due to business decisions based on personal interest
- Loss of contracts and reduction of future business opportunities
- Deterioration of other employees' morale and engagement
- Reputational damage to the company and the individuals involved
- Benefiting from a conflict of interest can be deemed corruption potentially resulting in legal action

### 4 Disclosing conflicts of interest

RHI Magnesita relies on the sound judgement of its employees to handle conflicts of interest appropriately. The best approach is always to avoid a situation which could create a conflict of interest. If this is not possible, having a conflict of interest is not necessarily a violation of RHI Magnesita's Code of Conduct or this Guideline, as long as you transparently disclose it in the Compliance Portal and the scenario is assessed effectively.

Disclosing a conflict of interest also allows for the implementation of appropriate mitigation measures.

Disclosure shall take place whenever a new conflict of interest occurs. In addition, managers of certain levels and above shall submit a statement of compliance upon hire or appointment for such position and subsequently on an annual basis.

All disclosures shall be reported by completing an online declaration form on the Compliance Portal. Your manager will review the situation and decide how to proceed.

### 5 Managing conflicts of interest

As a manager, you should always take the potential risks for the company into consideration. If the situation is not clear enough, ask your employee for further details. Apart from approving or rejecting a request, you may want to implement certain remedies for risk mitigation. Such measures cannot be predefined but must always be selected for the individual case. Examples may include assigning another employee to negotiate with a conflicted customer or supplier, or moving an employee to another department to avoid he or she is working with, or being led by, a relative.

Depending on the situation and measures you want to apply, involve the responsible HR Business Partner for further guidance. In exceptional cases involving very unclear or high-risk situations, you can also escalate to Internal Audit, Risk & Compliance.

## 6 Helpful questions and further support

Whilst this Guideline is intended to provide clear direction, it is not possible to offer a specific rule for each and every situation. Whenever you have to decide if a concrete situation creates a conflict of interest, you need to base your decision on the specific context and your professional judgement.

The following questions may help you with this assessment. You can use them as a checklist in any day-to-day situation:

- Do I have any personal benefit from this situation or decision?
- Would another person closely related to me benefit from this decision?
- If I did not know the person or company involved, would I make the same decision?
- What would somebody else think about my situation and my ability to decision-making?
- Could my personal interests impair my objectivity and influence a business decision?
- Would I feel embarrassed if any other person knew about this situation?

Whenever you are not sure about a specific decision, whether it involves you or somebody else's, ask your manager, HR Business Partner or the Internal Audit, Risk & Compliance team. They are happy to support and to provide further guidance.

In case you find yourself in a situation where you suspect a violation of our policies and guidelines, or any other form of misconduct or unethical behaviour and you feel uncomfortable to address that in person, you should report it to our Compliance Helpline.

## Appendix 1 – Examples of potential conflicts of interest which need to be entered into the Compliance Portal

The following situations represent some typical examples for a potential conflict of interest which needs to be disclosed in the Compliance Portal:

Examples for conflicts of interest:
Holding any executive or non-executive management position with a customer, contractor, supplier or competitor of RHIM or otherwise exercising control or influence over such another company
Secondary employment or service contract with another company, whether paid or voluntary work
Holding a financial interest (equity or debts) of more than 1% in a customer, contractor, supplier or competitor of RHIM or wanting to invest in such company
Providing a license or know-how to a customer, contractor, supplier or competitor
Having a close relationship with a person to whom any of the facts mentioned above applies
Initiating, concluding, approving any contract or payment involving a closely related person
Exercising any quality control or acceptance procedures about goods or services provided by a closely related person
Formally or factually supervising or leading a closely related person
Participating in performance appraisals and promotion decisions regarding a closely related person
Handling or approving compensation or reimbursements of a closely related person
Employment of persons closely related with a Board or EMT member
Some ideas to prevent or remedy a conflict of interest:
Generally, avoid getting into any conflicting situation
Step back from any further decisions regarding the conflicted issue and ask a colleague to take-over
Assign all dealings with a conflicted customer or supplier to a different employee
Place related employees into different departments and provide for unbiased leadership
Apply compensating controls such as 4-eyes-principle, segregation of duties, close monitoring, independent review
Provide training and awareness building

Please note that this list is not exhaustive, and it is your own responsibility to exercise professional judgement and full transparency in each individual case.