

Global Community Investment Guidelines

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Aim

The Community Investment Guideline provides a framework and process for Community Investments at RHI Magnesita.

Community Investment Guidelines

1 Purpose

RHI Magnesita's success depends on the communities in which we live and work, our business. can only be sustainable if they are. Supporting thriving communities is therefore one of the important pillars of our Sustainability strategy. Wherever RHI Magnesita has operations, we aim to work with local community leaders, government, and NGOs on environmental and social issues of concern to them and our business.

2 What does Corporate Community Investment (CCI) mean?

CCI refers to voluntary engagement with charitable organizations or activities that extend beyond our core business activities. Other terms include: social investment, corporate citizenship, philanthropy, company giving, community projects, etc.

Is this the same as Sustainability or CSR?

No. CCI is only one pillar of our broader Sustainability strategy which also covers our core business activities. For example:

- Core business activities: Programs to minimize the environment impact within the Group's operations, infrastructure, training, etc. They are part of the core business activities even if the Group work with NGOs. Similarly, There are programs to help employees live healthier lifestyles that are for example part of the business activities.
- Community projects: If we support climate change projects in our communities that have no direct link or benefit to our business, these are community projects (e.g. educating communities about climate change or helping them build resilience). If we help people in our local communities to live healthier lifestyles, this is also a community project. Community investment projects are the visible end of our sustainability ambitions and should reflect also our internal efforts.

So what benefit do we get if it's not direct business benefit?

Firstly, supporting our local communities is simply the right thing to do. But secondly, our business does indirectly benefit. We cannot successfully operate in a community which does not thrive. In addition, we benefit in terms of reputation and this gives us our "social license to operate".

What does CCI look like in practice?

There are two main ways we support projects in our communities.

1. Community investment – Longer-term involvement in community partnerships to address key focus areas is the most strategic form of contribution.

→ This is where we want to focus most of our resources. They yield the most benefit for our communities, our reputation and, ultimately, our business.

2. Charitable donations - Occasional support to a wide range of good causes in response to the needs and appeals of charitable and community organizations.

→ This is part of being a good neighbour although care must be taken to support the most meaningful activities.

Who is responsible for CCI, site operations or Vienna HQ?

Corporate Sustainability in Vienna HQ and local operations should work closely together since both parties have different responsibilities.

- **Vienna HQ:** Sets overall community strategy (focus areas, e.g. education; guidelines, etc.); sets up international partnerships; provides support on regional projects; reviews performance; manages overall CSR reporting across the business; reviews progress; reports to internal and external stakeholders
- **Local operations:** Engage within local communities to identify issues, projects and local partners; build relationships, partnerships and project plans; allocate local budget, seeking approval as required; implement plans; review progress; communicate internally and externally; set up employee volunteerism where appropriate; collect and report data to Vienna HQ.

Community spending is undertaken by local operations. Spending authority is outlined below:

All community spending proposals – regardless of value and cost centre – need to be submitted and assessed in the Compliance Portal via the Community investment process

(<https://rhim.gan-compliance.com>):

- Up to €20,000: automatic approval if in line with compliance requirements.
- Spending from €20,000 to €100,000 -- needs approval from Corporate Sustainability
- €100,000 – requires approval from the CEO

These value thresholds include not only monetary and in-kind contributions but employee volunteerism too. All community spending must be tagged with one of the following cost types in SAP:

- SAP Blue:
 - Donation deductible: FI-account 476000
 - Donation non-deductible: FI-account 476200;
- SAP Red:
 - For deductible and non-deductible donations: 53601008
- Non-SAP.
 - For deductible and non-deductible donations:308563

Corporate Sustainability is available to provide guidance and support to help local teams ensure RHI Magnesita operations focusing efforts to yield the maximum benefit, both to local communities and, indirectly, to our business.

3 Focus Areas

To yield maximum benefit – both for the communities and the Group, the focus of contributions shall be given on three key areas:

- **Education and Youth development** – especially science, technology, engineering and math (STEM) education, as well as enterprise education and skills trainings. Incentivizing female’s upskilling is also part of this pillar.
- **Health and Medical care** – especially initiatives that address healthcare accessibility, disease prevention, mental health support and healthy lifestyles.
- **Environment protection** – especially activities that protect the environment, biodiversity, forests and natural resources.

These areas are derived from the UN Sustainable Development Goals, or SDGs (see below). Every plant should have at least one project from each of these three categories. A project may, of course, address more than one topic. At least 2/3 of community spending should address these three focus areas.

To maximize potential benefit, we channel support to projects that are:

- **Focused:** Projects meet an identified need in the local community or environment; align with our focus areas; and support the Sustainable Development Goals.
- **Outcome-focused:** Objectives and goals are clearly defined; results are measured, yielding maximum impact for local communities.
- **Sustainable:** Projects are scalable; provide skills development and capacity building; they are also longer term and sustainable beyond our support.
- **Facilitate engagement:** Projects actively engage local communities; seek support from other appropriate partners; and provide opportunities, where possible, for our employees to volunteer.
- **Build awareness:** Projects allow us to build awareness of the issue, the program and our support.

In addition, a portion of funds is available to projects that do not fit the criteria above but are still deemed important to community well-being by our local operations. In addition, we should also provide emergency relief when a host community is hit by disaster. To do so, we should work with relevant relief organizations to provide support.

The UN Sustainable Development Goals (SDGs)

Below are the 17 Sustainable Development Goals, the blueprint for development by 2030 adopted by all UN member states. As members of the UN Global Compact, the world’s biggest corporate sustainability initiative, RHI Magnesita has committed to support and promote these goals: in our business strategy, operations and community investment projects. The SDGs highlighted below are the goals to which our business can contribute the most; they form the basis for our strategic community themes above.

- Good Health and Well-being (SDG 3)
- Quality Education (SDG 4)
- Gender Equality (SDG 5)
- Clean Water and Sanitation (SDG 6)
- Decent Work and Economic Growth (SDG 8)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)
- Climate Action (SDG 13)
- Life on Land (SDG 15)

Our three strategic themes support the SDGs as follows:

- Education and Youth development → SDGs 4, 5, 8 and 9
- Health and Medical care → SDG 3, 11
- Environmental protection → SDGs 6, 13

Contribution to SDGs

We support the UN Sustainable Development Goals (“SDGs”) and have identified these as the goals our business is best placed to actively support.



4 Partners

We aim to develop long-term partnerships. Our preference is to partner with non-profit organizations that demonstrate:

- **Vision:** Long-term goals and objectives that support the Global Goals and are publicly communicated.
- **Reputation:** A strong reputation for integrity, project management and partnership.
- **Track record:** Projects that are scalable, sustainable and, where appropriate, innovative.
- **Engagement:** Active dialogue with local communities, engagement of other potential partners and, where possible, volunteerism by our employees.
- **Transparency:** Reporting in a transparent fashion.

All potential partners must act in accordance with the RHI Magnesita [Code of Conduct](#).

Restrictions

RHI Magnesita does NOT support:

- Contributions in order to influence a business or governmental decision (e.g. awarding a contract, etc.); or give the appearance of undue influence
- Business partners or any person or organization closely related
- Donations or other contributions which violate local, Austrian, Dutch or EU law, the U.S. Foreign Corrupt Practices Act, UK Bribery Act or any other applicable law (in case of doubt, please consult Internal Audit, Risk & Compliance)
- Organizations that are non-compliant with the values of RHI Magnesita and Code of Conduct
- Entities without good standing and a clean record with authorities
- Activities that may have a detrimental effect on the natural environment
- Organizations that discriminate by race, sex, religion, age, national origin, ancestry, citizenship, sexual orientation, gender identity or expression, or disability
- Organizations directly involved in gambling, recreational or illegal drugs, tobacco and armaments
- Organizations, individuals, authorities and civil servants linked to political, partisan or sectarian associations
- Public authorities, agencies, administrative bodies, their officials and officers (e.g. municipality, police, embassy), persons or organizations closely related to them (e.g. police sports clubs, International Police Association). Direct support of public schools and other public educational institutions may be possible but require approval

- Marketing, advertising or commercial activities
- Professional sports or athletic teams; unless the engagement takes place within a clearly defined framework supporting our focus areas
- Appeals by or on behalf of individuals (e.g. athletes, artists, academics), including travel, field trips, research projects, private pursuits or family reunions; unless engagement is within a clearly defined framework supporting our focus areas
- One-off events such as conferences, seminars, expositions, tours, camps and travel
- Activities and events that have already occurred

5 Support

The contributions we make may take different forms:

- Monetary contributions
- In-kind, such as computers, furniture, equipment, rooms, transport.
- Pro bono support, including management expertise and employee time spent volunteering during work hours.

RHI Magnesita strongly encourage local operations to encourage and enable employees to give their time and expertise to support local community and community partner organizations.

Employee volunteering is proven to improve employee engagement and pride, while allowing them to learn new skills and develop new relationships, within the company and the community. It may occasionally be possible to involve families too.

Note: It is important to include in-kind support and employee volunteerism when we calculate our total contributions. Any questions should be directed to Corporate Sustainability.

6 Checklist

1) Identify community needs

- Read, meet and discuss as widely as possible.
- Where possible, link to RHI Magnesita's key focus areas; if not possible, then at least to the UN Sustainable Development Goals.

2) Identify potential partners

- Research respected experts in the field

3) Develop programme proposal

- Ensure clear definition of roles and responsibilities.
- Focus on outputs and desired impacts and stakeholders.

4) Assess risks

- Conduct due diligence review of all new partners or recipients.
- Be aware of potential conflicts of interest.
- Ensure that support is not used as a disguise for bribery.
- Avoid donations that may be perceived as political contributions.
- Contributions to government agencies may be permissible, provided that:
 - a) Internal Audit, Risk & Compliance is consulted regarding acceptability under local law;
 - b) There is no expectation that the contribution is given in exchange for any return favor or business advantage from the government (quid pro quo)
- Obtain the approval of Internal Audit, Risk & Compliance in the event that any government official is on the Board, employed or otherwise closely associated with the non-profit organization, or requests that the Company donate to the non-profit organization.

5. Sign and implement agreement

- All partnerships must be supported by a written agreement or contract, as well as declarations of compliance to ethics codes, etc.
- Ensure deliverables are clearly outlined, as well as roles and responsibilities of parties.
- The contract should state in detail amounts payable, payment periods, objectives and purposes of the contribution, as well as details of collaboration and evaluation. For audit purposes, Corporate Sustainability may request copies of such contracts.
- RHI Magnesita has standard terms for payments, including those made to charities and non-profit organizations. Ensure all payments are properly recorded in the accounts.
- Avoid any confidentiality clauses in charity agreements so that we can freely publicly disclose such contributions.
- Process investment in the Compliance Portal via the Community investment process (<https://rhim.gan-compliance.com>)

6. Enable and encourage employee volunteerism

- Where possible, develop opportunities for employees to get involved, whether as a one-off (e.g. tree planting or litter clean-up) or on a regular basis (e.g. mentoring young people).
- If appropriate, provide RHI Magnesita branded clothing to build awareness.
- If this proves popular, consider a regular activity – e.g. annual day of volunteering.
- Consider joining forces with others (customers, business groups, students, etc.).

7. Stay involved

- Don't just hand over money and leave.
- Allow partners to run the programme but periodically visit, take part, etc.

8. Communicate, communicate, communicate

- Maximize opportunities for media and social media – even just a photo-caption.
- Ensure RHI Magnesita name is included – even just with branded T shirts in photos.
- Communicate about community projects to key stakeholders, e.g. in government briefings, customer presentations, etc. Photos and videos in addition to text.
- Maximize internal communications too within local operations and globally.
- Follow How-to guidance to submit stories to Global Sustainability Team for external and internal use (e.g. Annual Report, intranet, website, corporate presentations).
- For longer-term projects, develop a calendar of opportunities.
- Community investment cases are currently monitored on Community Investment Process

9. Evaluate and report results

- Evaluate effectiveness and impact after a set period, especially before further collaboration. Consider:
 - **Effectiveness:** What the impact of the project has been? How much progress has been made against stated goals?
 - **Engagement:** Have we enhanced relationships with the local community? With partners and other stakeholders?
 - **Awareness:** Have we used communications to raise awareness of the issue, the project and our involvement?
 - **Compliance:** Do recipients continue to comply with terms of the agreement, our due diligence requirements and our Code of Conduct?
- Report results to Vienna HQ for inclusion in global data and reports.
 - All community investment cases shall be in line with this guideline and therefore registered and approved on Community Investment Process.
 - Community investment cases are reported in the Annual Report as well as Sustainability Report. Information including community spend, focus area, location, beneficiaries and impact must be recorded.