

# **BOARD RULES OF RHI Magnesita N.V.**

## **1 Introduction, status and contents of the Board Rules**

- 1.1** These Board Rules have been adopted by the Board in accordance with article 18.9 of the Articles of Association.
- 1.2** These Board Rules complement any rules and regulations that apply from time to time to the Board under Dutch law, other applicable Dutch or EU regulations and the Articles of Association.
- 1.3** Where these Board Rules are inconsistent with Dutch law, other applicable Dutch or EU regulations or the Articles of Association, the latter shall prevail. Where these Board Rules are consistent with the Articles of Association but are inconsistent with Dutch law or other applicable Dutch or EU regulations, the latter shall prevail.
- 1.4** If one or more provisions of these Board Rules are or become invalid, this shall not affect the validity of the remaining provisions. The Board shall replace the invalid provisions by provisions which are valid and the effect of which is, given the contents and the purpose of these Board Rules, to the greatest extent possible, similar to that of the invalid provisions.
- 1.5** In its resolution of 12 October 2017 the Board unanimously declared that:
- (i) it will comply with and be bound by the obligations contained in these Board Rules; and
  - (ii) it will cause newly appointed Directors to issue a declaration as referred to under (i) above.
- 1.6** The meaning of certain capitalised or uncapitalised terms used in these Board Rules is set forth in the list of definitions attached as Annex 1.

## **2 Composition of the Board**

- 2.1** The Board shall consist of one or more Executive Directors and three or more Non-Executive Directors, with a maximum of nineteen (19) Directors in total. The majority of the Directors shall be Non-Executive Directors and at least one third of the Non-Executive Directors (rounded upwards) shall be RT Non-Executive Directors.
- 2.2** The General Meeting may designate, for a term to be determined by the General Meeting which shall not be longer than the term of office of the relevant person to the Board, one of the Executive Directors as CEO and one of the Executive Directors as CFO, and grant other titles to an Executive Director. An Executive Director can have more than one title.

## **3 Appointment, suspension and dismissal**

- 3.1** Directors shall be appointed, suspended and dismissed in accordance with the provisions of the Articles of Association.
- 3.2** The Non-Executive Directors should prepare a profile, taking account of the nature and the activities of the enterprise affiliated with the Company. The profile should address:
- (i) the desired expertise and background of the Non-Executive Directors;

- (ii) the desired diversity of the Non-Executive Directors;
- (iii) the number of Non-Executive Directors; and
- (iv) the independence of the Non-Executive Directors.

**3.3** Management positions within the Group fulfilled by Directors shall, insofar as practically possible, be subject to the provisions of these Board Rules.

**3.4** The number of an Executive Director's supervisory positions of Dutch listed or non-listed companies as referred to in Section 2:132a of the Dutch Civil Code shall be limited to a maximum of two. Without prejudice to the foregoing sentence, an Executive Director shall not take on more than one non-executive directorship in a FTSE 100 company. An Executive Director may not be chairman of a supervisory board or of a one tier board of another listed or non-listed company as referred to in Section 2:132a of the Dutch Civil Code.

**3.5** The number of supervisory positions of Dutch listed or non-listed companies of which a Non-Executive Director may be a member according to Section 2:142a of the Dutch Civil Code shall be limited to a maximum of five, for which purpose the chairmanship of a supervisory board or of a one tier board counts twice.

**3.6** The Board shall prepare a retirement and resignation schedule in respect of the Non-Executive Directors to prevent, to the extent possible, re-appointments occurring simultaneously, to be amended from time to time in case of change in circumstances. Subject to article 3.7, Non-Executive Directors shall resign in accordance with the retirement and resignation schedule.

**3.7** Directors shall retire early in the event of inadequate performance, structural differences of opinion, incompatibility of interests and other instances where retirement is deemed necessary at the discretion of the Board.

## **4 Responsibilities of the Board**

**4.1** The Directors shall be collectively responsible for the management of the Company, the general conduct of the Company's business, and, if applicable, the conduct of business in the Group Companies.

**4.2** The Directors may divide their tasks by mutual consultation, provided that the day-to-day management of the Company shall be entrusted to the Executive Directors and provided further that the task to supervise the performance of the Directors of their duties cannot be taken away from the Non-Executive Directors. In case an Executive Director is absent, his duties and powers shall be carried out by another Executive Director to be designated by the Non-Executive Directors. In case of long-term absence, the General Meeting shall be notified of that designation.

**4.3** Each Director shall be accountable to the Board for the performance of his duties and shall report to the Board on a regular basis and in such a manner as to give the Board - also having regard to its collective responsibility - a good understanding of that performance.

**4.4** Each Director must inform the other Directors in a clear and timely manner about the way in which he has used delegated powers and about major developments in the area of his responsibilities.

- 4.5** Each Director shall be entitled to obtain information from other Directors and employees where he deems this useful or necessary, also having regard to his collective responsibility for the management of the Company.
- 4.6** The Board shall ensure that any instructions to Group Companies shall be based on a resolution of the general meeting of such Group Companies.
- 4.7** In carrying out its duties, the Board shall be guided by the Company's interests and its business. It shall take into account the relevant interests of all those involved in the Company (including the Shareholders). The Board is responsible for the quality of its own performance. In carrying out its duties, the Board shall be independent from instructions of third parties outside the Company.
- 4.8** The Board is charged with the management and general course of affairs of the Company and the business connected with it, including but not limited to:
- (i) determining the strategy of the Company and its Group Companies;
  - (i) determining the budget of the Company;
  - (ii) driving the Company's management agenda;
  - (iii) monitoring and driving the performance of the Group;
  - (iv) assessing and managing the risks connected with the Group's business activities;
  - (v) realisation of the Group's operational and financial objectives;
  - (vi) determining the structure and conducting the management of the Group's systems and internal business controls;
  - (vii) maintaining and preparing the financial reporting processes of the Group;
  - (viii) compliance by the Company with applicable laws and regulations;
  - (ix) preparing the Annual Accounts and drawing up the annual budget and resolutions concerning important capital investments of the Company or one of its Group Companies;
  - (x) publication by the Group of any information required by applicable law and regulations;
  - (xi) giving advice in connection with the appointment of the Group's external auditor; and
  - (xii) determining the Board Reserved Matters.
- 4.9** The Board is responsible for the exercise of any voting rights on shares in the capital of RHI Feuerfest GmbH and for any instructions by the Company, in its capacity as shareholder of RHI Feuerfest GmbH, to the management board of RHI Feuerfest GmbH, and the Company shall not exercise such voting or instruction rights without prior approval of the Board.
- 4.10** The Board shall also be responsible, subject to the Non-Executive Directors' supervision, for introducing and maintaining internal procedures to ensure that the Board is aware of all important financial information, so as to safeguard timely, complete and accurate external (financial) reporting, as well as of any material information which could damage the

Company's status in the market or the Company's reputation, including but not limited to, non-compliance with applicable law, regulations and internal rules. The Board shall ensure that the financial information originating from Group Companies is directly reported to it and that the integrity of the information is not affected.

## **5 Chairman**

**5.1** In addition to the coordination of the policy of the Board, the Chairman shall have the following responsibilities and authorities:

- (i) ensuring that the Board is functioning effectively;
- (ii) ensuring that the budgets and policy plans are drawn up in a timely manner;
- (iii) supporting the other Directors and mediating in any differences of opinion between those Directors;
- (iv) ensuring that there is ample time for consultation of, discussion by, and other actions required to be taken by the Board in preparing its resolutions and reporting of its meetings, as well as supervising the implementation of resolutions of the Board;
- (v) ensuring the draft Annual Accounts and corresponding annual report and the six-monthly report will be drawn up, and sending these documents to the Board and the Shareholders;
- (vi) chairing the meetings of the Board;
- (vii) ensuring that information to the Directors, as necessary for the proper fulfilment of their duties, is submitted in a timely and adequate manner;
- (viii) preparing decision-making at, and reporting of, meetings between the Board and the management of Group Companies and meetings with the heads of the designated staff departments;
- (ix) maintaining intensive and frequent contacts with the Shareholders and the other Directors, and providing the other Directors and the Shareholders with timely and adequate information with the intention to establish regular communication and interaction and a spirit of constructive dialogue with the Shareholders and the other Directors (all of this without prejudice to the relevant rights and responsibilities of the Board and each Director);
- (x) ensuring that information to the Shareholders and the other Directors, as necessary for the proper fulfilment of their duties, is submitted in a timely and adequate manner; and
- (xi) cooperating in the annual assessment of the performance of the Board.

**5.2** A Vice-Chairman shall deputise for the Chairman when the occasion arises, and assumes the powers and duties of the Chairman in the latter's absence. A Vice-Chairman shall act as contact for individual Directors concerning the functioning of the Chairman.

## **6 Committees**

**6.1** The Board shall establish and install an Audit Committee, a Remuneration Committee and a Nomination Committee and may install other Committees. The Board shall remain

collectively responsible for decisions prepared by Committees appointed from among the Non-Executive Directors.

- 6.2 The Board shall draw up terms of reference for each respective Committee which may be amended by the Board at any time.
- 6.3 The Board shall determine the number of members of each Committee.
- 6.4 If established and installed, the Board shall receive from each Committee a report of its deliberations and findings.

## **7 Company Secretary**

- 7.1 The Board shall be assisted by a company secretary (the “**Company Secretary**”). The Company Secretary shall be appointed and replaced by the Board. The Board shall be authorised to suspend the Company Secretary at all times.
- 7.2 All Directors shall have access to the advice and services of the Company Secretary.
- 7.3 The Company Secretary’s responsibilities include, amongst other things, the following:
  - (i) the Board’s compliance with applicable law, the Articles of Association and the rules and regulations issued pursuant thereto; and
  - (ii) assisting the Chairman in organising Board related matters (information, agenda, evaluation, induction, education and training programme, etc.).
- 7.4 The Company Secretary may delegate his duties under these Board Rules, or parts thereof, to a deputy appointed jointly by the Board and the Company Secretary.
- 7.5 In the absence of the Company Secretary, his duties and powers are exercised by his deputy, if designated by the Board.

## **8 Board meetings (agenda, teleconferencing, attendance, minutes) and resolutions**

- 8.1 The Board shall meet as often as deemed necessary by the Chairman or a Vice-Chairman. Board meetings shall generally be held in Vienna, Austria, unless the Board resolves otherwise. In addition, meetings may be held by telephone or videoconference provided that all participants can hear each other simultaneously.
- 8.2 The Chairman, or in his absence a Vice-Chairman, shall chair the meetings of the Board. If both are absent, one of the other Directors, designated by a simple majority of the votes cast by the Directors present at the meeting, shall preside.
- 8.3 Meetings shall be convened by the Chairman and in a timely manner. Each Director may request the Chairman to convene a meeting.
- 8.4 The Chairman shall set the agenda for each meeting. Each Director may submit agenda items to the Chairman for discussion at the meeting. An item to be discussed which has not been submitted on time or is insufficiently supported by documents, shall not be placed on the agenda.
- 8.5 At the request of a Director, urgent matters may be dealt with immediately or at a separate meeting, provided that the majority of the Directors agrees.

- 8.6** Meetings of the Board shall be attended by all Directors as much as possible. If a Director is absent, he shall be asked to explain his absence which shall be reported in the minutes of the relevant meetings. The chairman of the meeting shall inform Directors who are unable to attend any relevant meeting of the resolutions passed and discussions held at the meeting.
- 8.7** An Executive Director may be represented in a meeting by another Executive Director authorised in writing. A Non-Executive Director may be represented in a meeting by another Non-Executive Director authorised in writing.
- 8.8** The Company Secretary shall attend the meetings of the Board. The Chairman may decide to permit other persons to attend a meeting as well.
- 8.9** Unless otherwise provided in the Articles of Association or these Board Rules, the Board can only validly adopt resolutions in a meeting at which at least the majority of the Directors entitled to vote is present or represented. If a majority of the Directors entitled to vote is present or represented at a meeting, the chairman of the meeting shall, where reasonably possible, consult the absent Directors entitled to vote by telephone, video conferencing, e-mail or telefax ahead of such meeting.
- 8.10** Where possible, resolutions shall be adopted by unanimous vote. Where unanimity cannot be reached, all resolutions of the Board are adopted by a simple majority of the votes cast. In a tie of votes, the Chairman has a casting vote.
- 8.11** The Board shall require the approval of the General Meeting for the resolutions as referred to in article 21.1. of the Articles of Association.
- 8.12** The Board may also adopt resolutions outside a meeting, provided that the proposal concerned has been submitted to all Directors entitled to vote and all Directors unanimously approve the resolutions.
- 8.13** If there is insufficient agreement on certain matters during a meeting, the Chairman or a Vice-Chairman may defer the relevant matters for further discussion.
- 8.14** The minutes of meetings of the Board shall be kept by the Company Secretary. The minutes shall be adopted by the Board at the same meeting or at a subsequent meeting. If the Board has adopted resolutions without holding a meeting, the Company Secretary shall keep a record of each resolution adopted without holding a meeting. Such record shall be signed by the Chairman and the Company Secretary.
- 8.15** Third parties may rely on a declaration in writing by the Chairman or a Vice-Chairman, concerning resolutions adopted by the Board or a Committee. Where it concerns a resolution adopted by a Committee, third parties may also rely on a declaration in writing by the chairman of such committee.

## **9 Conflict of interest**

- 9.1** Pursuant to article 19.2. of the Articles of Association, a Director shall not participate in the deliberations and decision-making process by the Board if he has a direct or indirect personal conflict of interest with the Company or the business connected with it. This prohibition does not apply if the conflict of interests exists for all Directors.

**9.2** Decisions to enter into transactions in which there are conflicts of interest with Directors that are of material significance to the Company and/or to the relevant Director should be published in the management report.

**9.3** The Directors are alert to conflicts of interest and should in any case refrain from the following:

- (i) competing with the Company;
- (ii) demanding or accepting substantial gifts from the Company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
- (iii) providing unjustified advantages to third parties at the Company's expense; or
- (iv) taking advantage of business opportunities to which the Company is entitled for themselves or for their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.

**9.4** A conflict of interest may exist if the Company intends to enter into a transaction with a legal entity:

- (i) in which a Director personally has a material financial interest; or
- (ii) which has a member of the management board or the supervisory board who is related under Dutch family law to a Director.

A Director should report any potential conflict of interest in a transaction that is of material significance to the Company and/or to such Director to the Chairman and to the other Directors without delay. The Directors should provide all relevant information in that regard, including the information relevant to the situation concerning his spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.

**9.5** All transactions in which there are conflicts of interest with Directors should be agreed on terms that are customary in the market.

**9.6** All transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company should be agreed on terms that are customary in the market and should comply with applicable laws.

**9.7** The Company should not grant its Board members personal loans, guarantees or the like unless in the normal course of business and on terms applicable to the personnel as a whole. No remission of loans should be granted.

## **10 Remuneration**

The remuneration of the Directors shall be determined in accordance with the provisions of the Articles of Association.

## **11 Induction programme and ongoing training and education**

**11.1** All Non-Executive Directors should follow an induction programme geared to their role.

- 11.2** The Board will conduct an annual review to identify any aspects with regard to which the Non-Executive Directors require further training or education during their term of office. The Company shall play a facilitating role in this aspect.

## **12 Complaints and notification of irregularities**

- 12.1** The Board shall ensure that complaints received with regard to the financial reporting, the internal risk management and control systems, and the audit are properly processed, recorded and dealt with.
- 12.2** The Board should establish a procedure for reporting actual or suspected irregularities within the Company and its affiliated enterprise. The Board should ensure that employees have the opportunity to file a report without jeopardising their legal position.

## **13 Information and relationship with the Non-Executive Directors**

- 13.1** Subject to applicable law, the Executive Directors shall provide the Non-Executive Directors and the Shareholders with timely, and where possible, written, information on all facts and developments concerning the Company which the Non-Executive Directors and the Shareholders may in their discretion from time to time request.
- 13.2** Subject to applicable law and on a regular basis, the Executive Directors shall provide the Non-Executive Directors and the Shareholders with a report prepared in a format as agreed from time to time, setting out detailed information on matters such as finance, marketing, investments, staff, regulatory compliance and discussions with the regulator. This periodic report shall be accompanied by a letter from the Board containing an explanation of, and comments on, the report as well as information concerning the Board's policies.

## **14 Relationship with the General Meeting**

- 14.1** The Directors shall attend the General Meeting, unless they are prevented from attending on valid grounds.
- 14.2** The Board shall provide the General Meeting timely with any information it may require, unless this would be contrary to an overriding interest (*zwaarwegende belangen*) of the Company or any rules of law prevents it from doing so. If the Board invokes an overriding interest, the Board shall state the reasons.
- 14.3** The General Meeting shall be presided over by the Chairman who, however, even if present at the meeting, may appoint someone else to preside over the meeting in his place. Without the Chairman having appointed someone else to preside over the meeting in his absence, the Directors present will appoint one of their members as chairman. In the absence of all Directors, the meeting itself shall appoint its chairman. The chairman shall appoint the secretary.
- 14.4** The ruling pronounced by the Chairman in respect of the outcome of a vote in a General Meeting shall be decisive subject to the provisions of Section 2:13 of the Dutch Civil Code.
- 14.5** The Board shall inform the Shareholders by means of explanatory notes to the agenda of all facts and circumstances relevant to the matters included in the agenda.

## **15 Confidentiality**

Each Director shall treat all information and documentation obtained in connection with his position as Director with the necessary discretion, integrity, and, in the case of classified information, with the appropriate confidentiality. No Director shall, during his membership of the Board or afterwards, disclose in any way whatsoever to anyone whomsoever any information of a confidential nature regarding the business of the Company and/or Group Companies and/or companies in which it holds a stake, that came to his knowledge in the capacity of his work for the Company and which he knows or should know to be of a confidential nature, unless required by law or because the information has been made public by the Company or because it has been established that the information is already in the public domain. A Director is allowed to disclose the above information to other Directors as well as to staff members of the Company and of companies in which the Company holds a stake, who, in view of their activities for the Company and/or companies in which the Company holds a stake, should be informed of the information concerned.

## **16 Occasional non-compliance and amendment**

- 16.1** The Board may occasionally decide not to comply with these Board Rules, with due observance of applicable law and regulations.
- 16.2** These Board Rules may be amended by the Board at any time. The Board shall publish any such amendment on the website of the Company.

## **17 Governing law and jurisdiction**

- 17.1** These Board Rules shall be governed by the laws of the Netherlands.
- 17.2** The competent court of Gelderland, the Netherlands, has exclusive jurisdiction to settle any dispute arising from or in connection with these Board Rules (including any dispute regarding the existence, validity or termination of these Board Rules).

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## **Annex 1**

### **List of definitions**

1. Unless otherwise provided in this Annex, words and expressions defined in the Articles of Association have the same meaning in these Board Rules.
2. In these Board Rules, the following terms have the following meanings:

<b>Annual Accounts</b>	means the annual accounts of the Company.
<b>Articles of Association</b>	means the articles of association ( <i>statuten</i> ) of the Company, as amended from time to time.
<b>Board Rules</b>	means these board rules of the Company, as amended from time to time.
<b>Board Reserved Matters</b>	means the matters reserved for the Board set out in <u>Schedule 2</u> .
<b>Committee</b>	means any committee of the Board.
<b>Group</b>	means the Company and its Group Companies jointly.
3. Save where the context dictates otherwise, in these Board Rules:
  - (a) words and expressions expressed in the singular form also include the plural form, and vice versa;
  - (b) words and expressions expressed in the masculine form also include the feminine form; and
  - (c) a reference to a statutory provision counts as a reference to this statutory provision including all amendments, additions and replacing legislation that may apply from time to time.
4. Headings of clauses and other headings in the Board Rules are inserted for ease of reference and do not form part of these Board Rules for the purpose of interpretation.
5. References to the Board Rules shall include the Annex to it and references to clauses and the Annex are to clauses and the Annex of these Board Rules.

**Annex 2**  
**Matters Reserved for the Board**