

RHI MAGNESITA N.V. (the “Company”)

Remuneration Committee

Terms of Reference

as adopted by the board of the Company 27 November 2018

1 Membership

- 1.1 The Committee¹⁾ shall comprise at least three members, all of whom shall be Non-Executive Directors who meet the independence requirements of the Dutch Code⁵⁾ and the UK Code⁶⁾. The Chairman of the Company may also serve on the Committee as an additional member if he or she was considered independent under the Dutch Code and the UK Code on appointment as Chairman.
- 1.2 Members of the Committee shall be appointed by the Board²⁾, on the recommendation of the nomination committee in consultation with the chairman of the Committee. The Committee shall include where possible one member of the audit committee.
- 1.3 Appointments to the Committee shall continue to have effect provided that the member (other than the Chairman of the Company, if he or she is a member of the Committee) continues to be an independent Non-Executive Director of the Company.
- 1.4 The Board shall appoint the Committee chairman. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chairman of the Company shall not be chairman of the Committee or act as chairman at any meeting.
- 1.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. An executive may not attend when their own remuneration is under discussion.

2 Secretary

The Company Secretary or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner and of a quality to enable full and proper consideration to be given to the issues.

3 Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members of the Committee.



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- 3.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Committee.

4 Frequency of Meetings

Meetings shall be held not less than three times a year and otherwise as required.

A Committee member may request a meeting if they consider that one is necessary. Meetings can be held either face to face or by telephone.

5 Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairman.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors (unless it would be inappropriate to do so), no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6 Minutes of Meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to the chairman of the Committee and, where relevant, the chairman of the meeting. Once approved by them, minutes should be circulated to all other members of the Committee and to other members of the Board unless it would be inappropriate to do so in the opinion of the Committee chairman.

7 Annual General Meeting

The Committee chairman should attend the annual general meeting of the Company to answer any questions raised by shareholders of the Company on the Committee's activities.

8 Company and RHI Magnesita GmbH

The Committee should carry out the duties detailed below in relation to the boards of the Company and RHI Magnesita GmbH.

9 Duties

The Committee shall:



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- 9.1** have responsibility for developing a remuneration policy in relation to Executive Directors to be proposed by the Board at the General Meeting for approval by shareholders and for considering and approving any changes felt necessary or expedient in gaining such approval.
- 9.2** within the shareholder-approved policy and in consultation with the other non-executive directors, have responsibility for setting the remuneration of all Executive Directors and the Company's Chairman, including pension rights and any payments on recruitment or, for Executive Directors, termination of their employment. The Board itself or, where required by the Company or RHI Magnesita GmbH's (as applicable) constitutional documents, the shareholders should determine the remuneration of the Non-Executive Directors within the limits set in the Company or RHI Magnesita GmbH's (as applicable) constitutional documents. No Director or senior manager shall be involved in any decisions as to their own remuneration;
- 9.3** defining policy and setting the level and structure of remuneration for senior management;
- 9.4** in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Austrian Code⁴⁾ (in relation to members of the supervisory or management boards of RHI Magnesita GmbH), UK Code and Dutch Code and associated guidance and the expectations of the Company's shareholders. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Group successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders.
- the remuneration policy should be aligned with the Group's long term strategic goals, purpose and values; and have regard to the risk appetite of the Group. A significant proportion of remuneration should be structured so as to link rewards to corporate and sustainable success of the Group.
- 9.5** when setting remuneration policy for Directors, review and have regard to the pay and employment conditions across the Group, especially when determining annual salary increases;
- 9.6** review workforce remuneration and related policies and the alignment of incentives with culture;
- 9.7** review the ongoing appropriateness and relevance of the remuneration policy for Directors and, if necessary, propose a revised remuneration policy for approval by shareholders at a General Meeting;
- 9.8** within the terms of the agreed policy and in consultation with the Chairman, as appropriate, determine the total individual remuneration package of each Executive Director, the Company Chairman and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- 9.9** obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, at the expense of the Company or RHI Magnesita GmbH (as applicable);



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- 9.10** be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants or other professional advisers who advise the Committee;
- 9.11** approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes (in accordance with the provisions of the UK Code) and where appropriate, use discretion to override formulaic outcomes;
- 9.12** review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors, company secretary and other designated senior executives and the performance targets to be used;
- 9.13** determine the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives;
- 9.14** ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 9.15** monitor any material changes in employee benefits structures throughout the Group;
- 9.16** agree the policy and process for authorising claims for expenses from the Directors; and
- 9.17** work and liaise as necessary with other Board committees.

10 Corporate Governance / Regulatory Developments

The Committee shall monitor the progress of any relevant corporate governance or regulatory developments that may impact the Committee and recommend any action or changes it considers necessary to the Board for approval.

11 Reporting Responsibilities

- 11.1** The Committee chairman shall report to the Board on its proceedings after each meeting on all material matters considered by the Committee.
- 11.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3** The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Dutch Civil Code, the UK Code and Dutch Code, and the expectations of the Company's shareholders are fulfilled. The Committee shall produce a report of its activities, including the implementation of remuneration arrangements during the year under review and, in every third year, a full description of the Group's remuneration policy to be included in the Company's annual report and ensure that appropriate resolutions are put to shareholders for approval at the AGM.
- 11.4** Through the Chairman of the Committee, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

12 Other matters

The Committee shall:

- 12.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 12.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 12.3 give due consideration to laws, regulations, including the general duties of directors set out in the Dutch Civil Code and any published guidelines or recommendations regarding the remuneration of Directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Austrian Code, UK Code and Dutch Code, the requirements of the UK Listing Authority's Listing Rules, Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association, the Pensions and Long-term Savings Association or
- 12.4 individual institutional shareholders, their representative bodies or proxy advisory agencies and any other applicable rules, as appropriate; and
- 12.5 arrange for periodic reviews of its own performance and effectiveness and, at least annually, review its constitution and terms of reference and recommend any changes it considers necessary to the Board for approval.

13 Authority

The Committee is authorised by the Board to obtain at the Company's expense, external legal or other professional advice, including the advice of independent remuneration consultants, as appropriate. The Committee is also authorised to appoint, retain and terminate the services of such external advisers and to approve their fees and other retention terms.

- 1) References to the "**Committee**" shall mean the Remuneration Committee.
- 2) References to the "**Board**" shall mean the board of Directors of the Company or the supervisory and management boards of RHI Magnesita GmbH (as applicable).
- 3) References to the "**Group**" shall mean the Company together with its group companies.
- 4) References to the "**Austrian Code**" shall mean the Austrian Code of Corporate Governance, as amended.
- 5) References to the "**Dutch Code**" shall mean the Dutch Corporate Governance Code, as amended.
- 6) References to the "**UK Code**" shall mean the UK Corporate Governance Code, as amended.