

## RHI MAGNESITA N.V.

(the “Company”)

### Terms of Reference: Remuneration Committee

as adopted by the Board of the Company on 26 November 2019

References to the “**Committee**” shall mean the Remuneration Committee.

References to the “**Board**” shall mean the board of Directors of the Company.

References to the “**Group**” shall mean the Company together with its group companies.

References to the “**UK Code**” shall mean the UK Corporate Governance Code, as amended.

References to the “**Dutch Code**” shall mean the Dutch Corporate Governance Code, as amended.

#### 1 Membership

- 1.1 The Committee shall comprise at least three members, all of whom shall be Non-Executive Directors who meet the independence requirements of the Dutch Code and the UK Code. The Chairman of the Company may also serve on the Committee as an additional member if they were 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 Board, on the recommendation of the Nomination Committee in consultation with the chairman of the Committee.
- 1.3 Appointments to the Committee shall continue to have effect provided that the member (other than the Chairman of the Company, if they are 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 chief executive officer, the Executive VP People & Culture 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.

- 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**

- 4.1 Meetings shall be held not less than three times a year and otherwise as required.
- 4.2 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.
- 4.3 Outside of the formal meeting programme, the Committee chairman, and to a lesser extent, the other Committee members, will maintain a dialogue with key individuals involved in the Company's remuneration, including the Executive VP People & Culture, Board chairman, and the chief executive officer.
- 4.4 Where required, the Committee may adopt resolutions outside a meeting, provided that the proposal concerned has been submitted to all members entitled to vote and all members unanimously approve the resolutions.

#### **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 Duties

The Committee shall:

- 8.1 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;
- 8.2 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's constitutional documents, the shareholders should determine the remuneration of the Non-Executive Directors within the limits set in the Company's constitutional documents. No Director or senior manager shall be involved in any decisions as to their own remuneration;
- 8.3 define the policy and set the level and structure of remuneration for senior management;
- 8.4 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 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;
- 8.5 ensure that the remuneration policy is 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;
- 8.6 when setting remuneration policy for Executive Directors, review and have regard to the pay and employment conditions across the Group, especially when determining annual salary increases. The Committee shall consider the mix of fixed and variable components, clarity, simplicity, alignment with culture, proportionality, predictability and risk when determining executive director remuneration policy and practice;
- 8.7 review workforce remuneration and related policies and the alignment of incentives with culture;
- 8.8 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;
- 8.9 within the terms of the agreed policy 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;
- 8.10 as appropriate, obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;
- 8.11 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;

- 8.12 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;
- 8.13 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;
- 8.14 determine the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives;
- 8.15 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;
- 8.16 monitor any material changes in employee benefits structures throughout the Group; and
- 8.17 agree the policy and process for authorising claims for expenses from the Directors; .

## **9 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.

## **10 Reporting Responsibilities**

- 10.1 The Committee chairman shall report to the Board on its proceedings after each meeting on all material matters considered by the Committee.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall produce a report to be included in the Company's annual report about its activities.
- 10.4 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, 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 Annual General Meeting.
- 10.5 Through the Chairman of the Committee, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **11 Other matters**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 11.2 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;
- 11.3 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 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 individual institutional shareholders, their representative bodies or proxy advisory agencies and any other applicable rules, as appropriate;
- 11.4 work and liaise as necessary with other Board committees; and
- 11.5 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.

## 12 Authority

The Committee is authorized to:

- 12.1 seek any information it requires from any employee of the Company in order to perform its duties;
- 12.2 to appoint remuneration consultants, obtain any independent legal or other professional advice, and to commission or purchase any reports, surveys or information on any matter within its terms of reference which it deems necessary, at the expense of the Company;
- 12.3 to appoint, retain and terminate the services of such external advisers and to approve their fees and other retention terms;
- 12.4 call any employee to provide information at a meeting of the Committee as and when required; and
- 12.5 have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

Approvals History Date	Version	Approved By	Details
27/10/2017	1.0	The Board of Directors	
27/11/2018	2.0	The Board of Directors	Revisions to incorporate new 2018 UK Code
26/11/2019	3.0	The Board of Directors	Annual review