



# ESG Roadshow

## Investor presentation

November 2023

# Introduction

## RHI Magnesita ESG roadshow presenting team



**John Ramsay**

*Deputy Chair and Senior Independent Director  
Chair of Audit & Compliance Committee  
Member of Nomination & Governance Committee*



**Sally Caswell**

*Company Secretary*



**Janet Ashdown**

*Non-Executive Director  
Chair of Corporate Sustainability Committee  
Chair of Remuneration Committee*



**Chris Bucknall**

*Head of IR and Sustainability*



**Biko Hüster**

*IR Manager*

# Agenda

- 1 Overview
- 2 Environment
- 3 Social
- 4 Governance
- 5 Q&A
- 6 Appendix

# Overview



# Sustainability strategy

## Sustainability leadership in the refractory industry

- ◆ RHI Magnesita seeks to be a sustainability leader in the global refractory industry with a strategy based on:
  1. Excellent health and safety performance
  2. Climate change action
  3. Sustainable procurement practices
  4. Upholding diversity in the workplace
  5. Minimizing environmental impacts
  6. Building strong relationships with all relevant stakeholders including communities, employees and governments
  7. Debt interest rates and management compensation linked to sustainability performance

“We continue to take pride in our leadership position in sustainability. Positioning the Group’s products and services ahead of sustainability driven technological change in our customer industries will be essential for long-term success. Meanwhile, we are also working hard to improve the sustainability profile of our own business.”

*Herbert Cordt, Chairman*



“We are leading the industry on these issues because of the wider benefits for all stakeholders but we are also increasing the value of RHI Magnesita’s products and services to our customers.

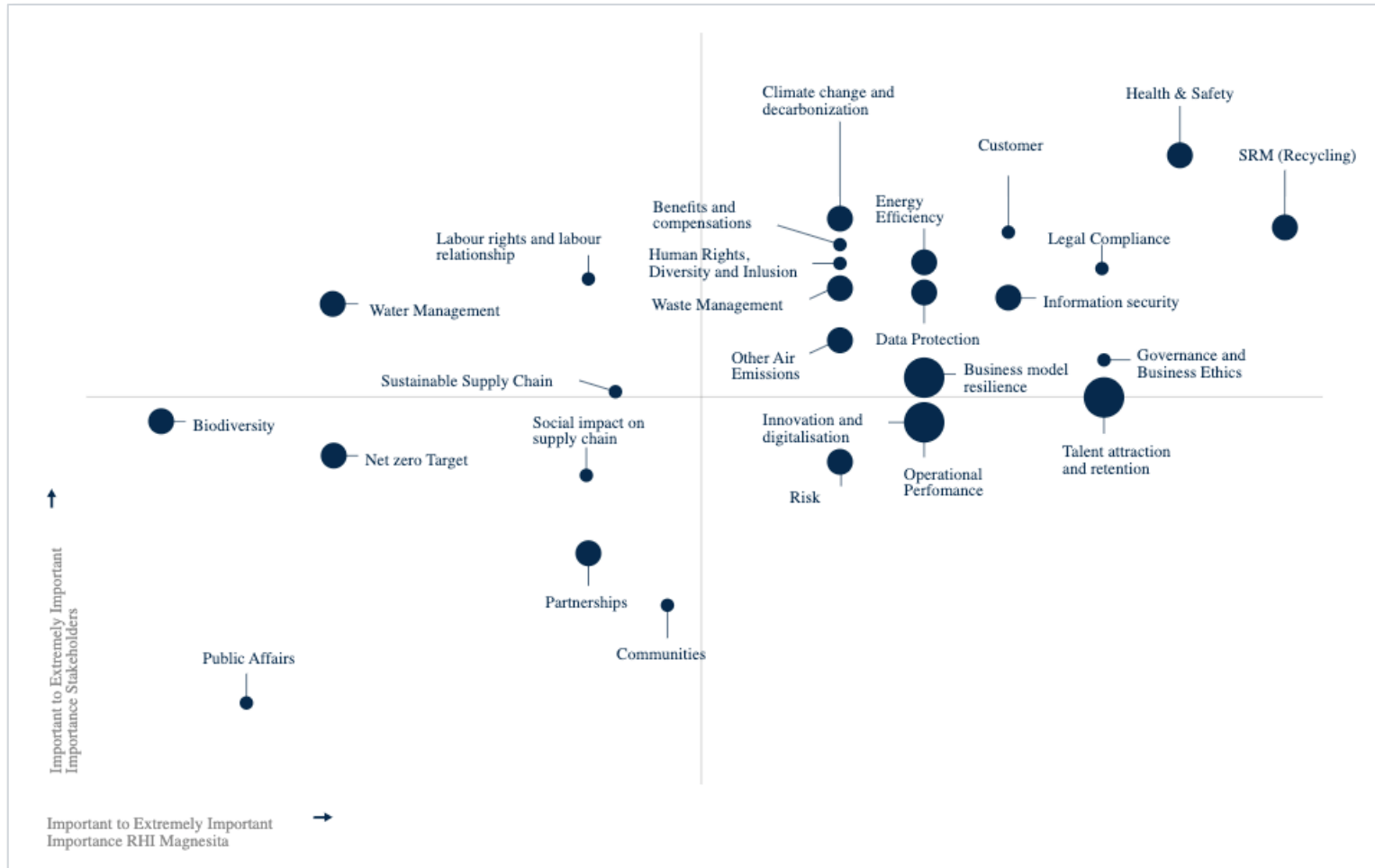
We believe the value attached to sustainable business practices will translate into market share opportunities or pricing advantages in the future, as we extend our leadership position relative to our competitors.”

*Stefan Borgas, CEO*



# Materiality based approach

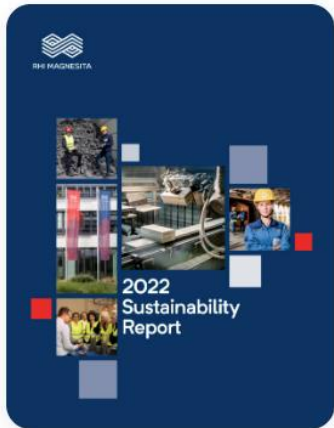
RHI Magnesita reports key sustainability metrics based on a regular materiality assessment



Note: Size of bubble indicates the size of the potential risk relative to the value of the company, with three different impact levels (low, medium, high)

# ESG reporting

Stakeholders can access information through the Group's annual reporting and online



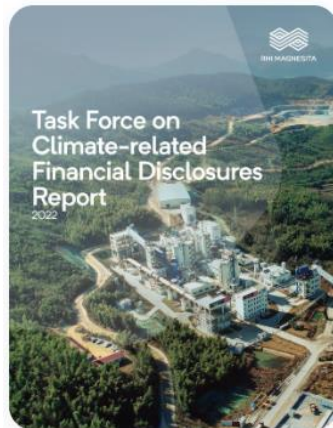
Sustainability Report 2022

The Group reports annually in accordance with Global Reporting Initiative standards ("GRI")



GRI Index 2022

GRI Index available in Sustainability Report and online



TCFD Report 2022

Full TCFD disclosure since 2021



Data assurance report

Sustainability data assurance since 2022 (Deloitte)

Taxonomy disclosure table		Substantial contribution criteria									
Activity	Climate	Transition	Enabling	Other	Do No Harm	Minimum	Do No Harm	Minimum	Do No Harm	Minimum	Minimum
<b>A Taxonomy-eligible activities</b>											
1. Environmental activities											
Climate change mitigation	2.8	433,038,041	100%	100%	0%	0%	0%	0%	0%	0%	0%
Climate change adaptation	2.9	433,038,041	100%	100%	0%	0%	0%	0%	0%	0%	0%
Pollution control and circular economy		69,978,222	100%	100%	0%	0%	0%	0%	0%	0%	0%
Water, marine resources and biodiversity		61	0%	0%	0%	0%	0%	0%	0%	0%	0%
Transition to a low-carbon economy		61	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total TCFD		433,038,041	100%	100%	0%	0%	0%	0%	0%	0%	0%
<b>B Taxonomy-eligible activities</b>											
Total TCFD		433,038,041	100%	100%	0%	0%	0%	0%	0%	0%	0%

EU Taxonomy disclosure since 2021



Wide range of information available at [rhimagresita.com/our-sustainability](https://rhimagresita.com/our-sustainability)

# UN Sustainable Development Goals

RHI Magnesita actively supports the UN Sustainable Development Goals





# External sustainability ratings

RHI Magnesita engages with each of the major independent ESG rating agencies

**AA**

**MSCI** 

2022: AA


**Gold**  
**72**

2022:  
Gold, 69



RHIM's Ecovadis rating performance is linked to the interest rate payable on c.€2 billion of debt facilities

**25** risk rating

Rated 

MORNINGSTAR SUSTAINALYTICS

2022: 25 (risk rating)

**A-**

 **CDP**  
DISCLOSURE INSIGHT ACTION

2022: B

**Prime C+**

**ISS ESG** 

2022: Prime C+

# 2025 sustainability targets

RHI Magnesita set 2025 targets against a 2018 baseline

		2018 Base year	2023 YTD	2025 Target
CO <sub>2</sub> emissions	Reduce Scope 1, 2 and 3 (raw materials) emissions intensity by 15% CO <sub>2</sub> per tonne of product by 2025	1.90	1.68	1.62
Energy efficiency	Reduce by 5% per tonne of product by 2025	2.00	2.07	1.70
Recycling	Increase use of secondary raw materials to 10% by 2025	3.8%	13.0%	10.0%
Diversity	Increase women on Board and in senior leadership to 33% by 2025	7% / 12%	33% / 29%	33% <sup>1</sup>
Health and Safety	Maintain LTIF at <0.50 (goal: zero accidents)	0.43	0.21	<0.50
NO <sub>x</sub> and SO <sub>x</sub>	Reduce by 30% by 2027 (vs 2018), starting with China by 2021	Regional equipment installation proceeding on schedule		

1. The strategic goal set in 2018 was for 33% female representation across the Board and senior management. The Board exceeded this target in 2021, reaching 38%, although this has since fluctuated. In compliance with Dutch law and in line with external expectations, the Board's defined target in the longer term is 45% female representation on the Board within the group that the Board can appoint, i.e. excluding employee representatives.



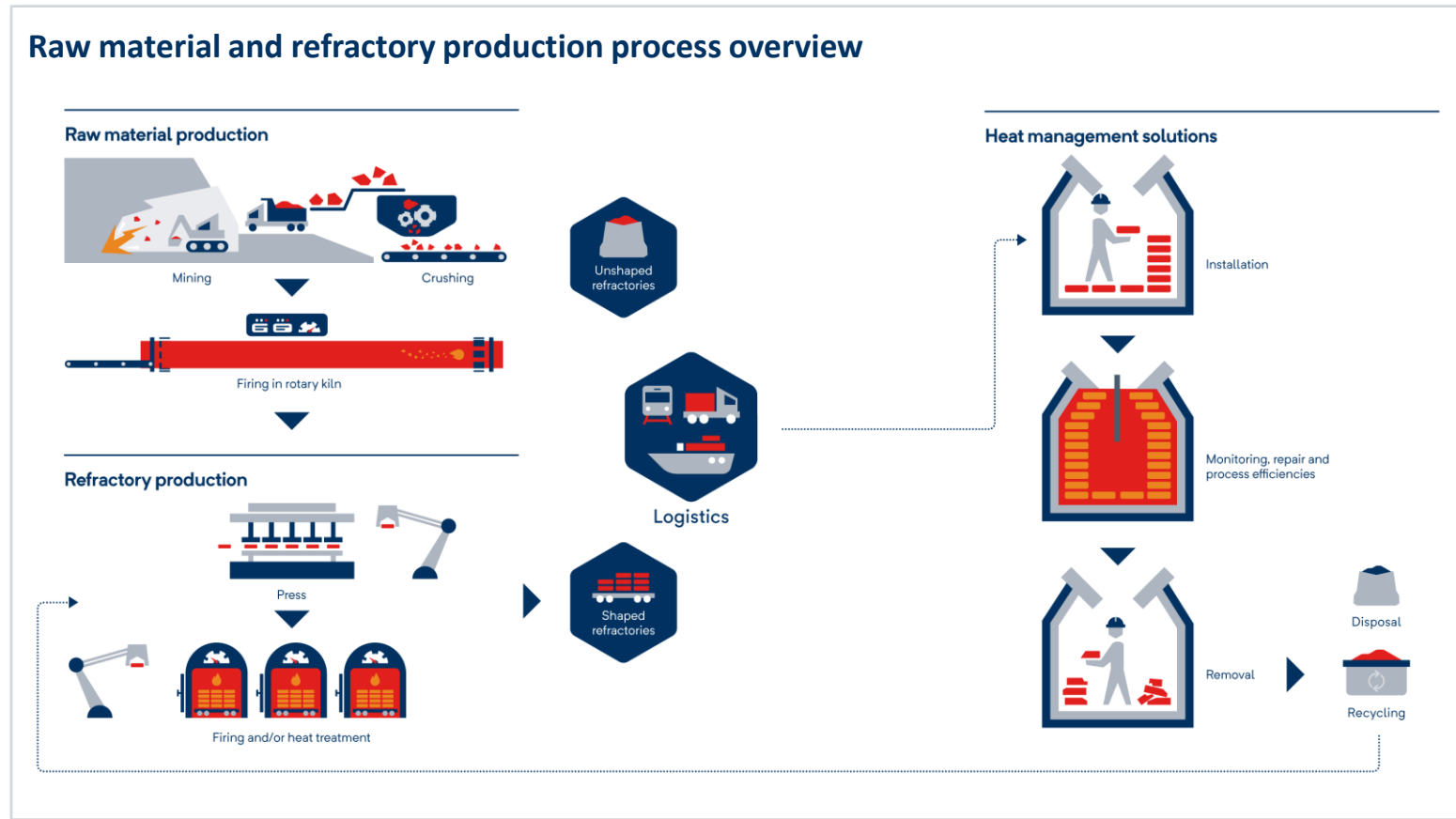
RHI MAGNESITA

# Environment

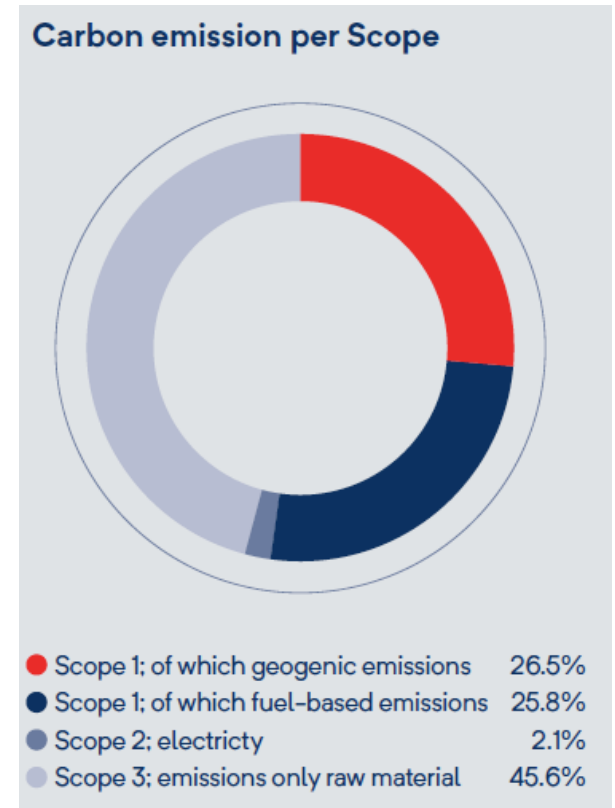


# CO<sub>2</sub> emissions

Raw material processing and refractory production are CO<sub>2</sub> emissions intensive



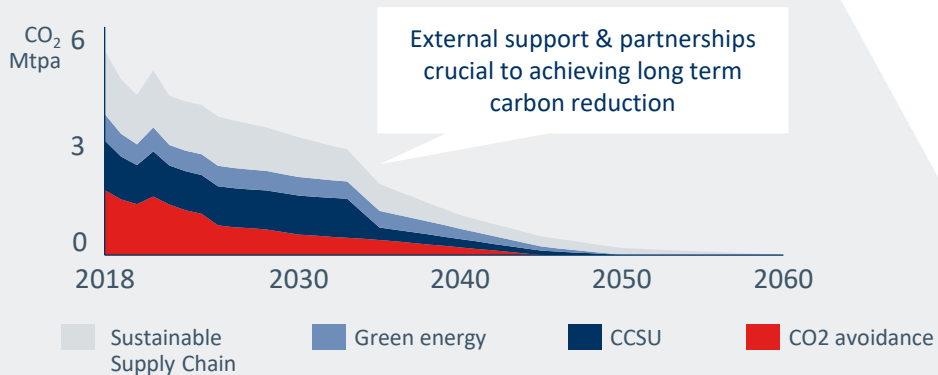
Majority of emissions are from raw material processing (in-house or purchased)



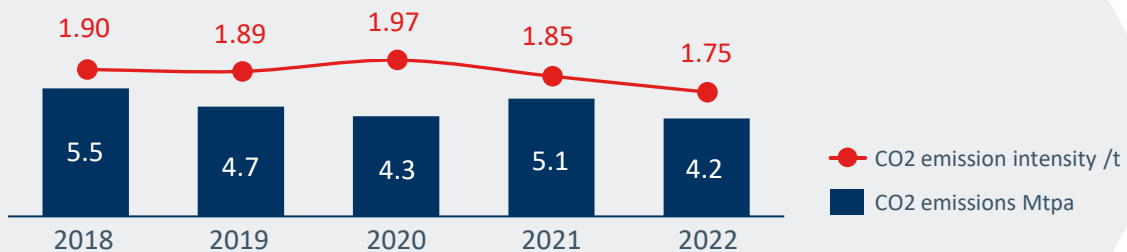
# Decarbonisation pathway

RHI Magnesita is committed to leading the refractory industry in decarbonisation

## Theoretical decarbonisation plan



## RHIM has successfully reduced CO<sub>2</sub> emissions intensity by 8.2%



*Our commitment:*

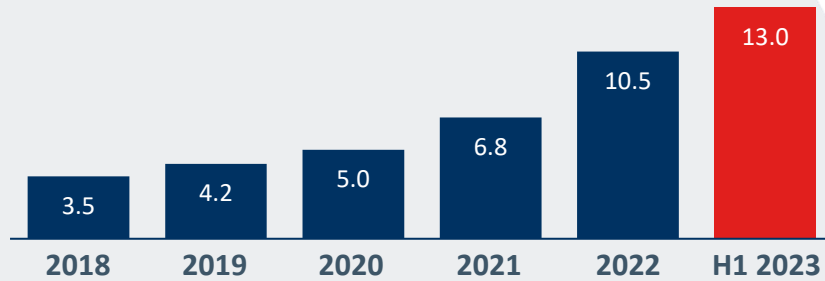
- To lead the refractory industry by decarbonising our operations as fast as sustainably possible
- To continue to invest in the development of new technologies to avoid CO<sub>2</sub> emissions
  - Examples include proprietary recycling technology, MCI Carbon process for remineralization, Calix kilns for CO<sub>2</sub> capture
- To offer our customers enabling technologies with full carbon footprint transparency to enable them to measure and reduce their Scope 3 CO<sub>2</sub> emissions from the purchase of refractories
- To lobby governments to invest in the necessary infrastructure to decarbonize the refractory industry and develop a global level playing field
- To work with industry partners sector to develop new renewable energy solutions and hydrogen energy networks
- Annual decarbonization pathway updates based on technology, infrastructure and capex developments

# Recycling

Recycling of reclaimed refractories is making a major contribution to reducing CO<sub>2</sub> emissions

## Use of secondary raw material

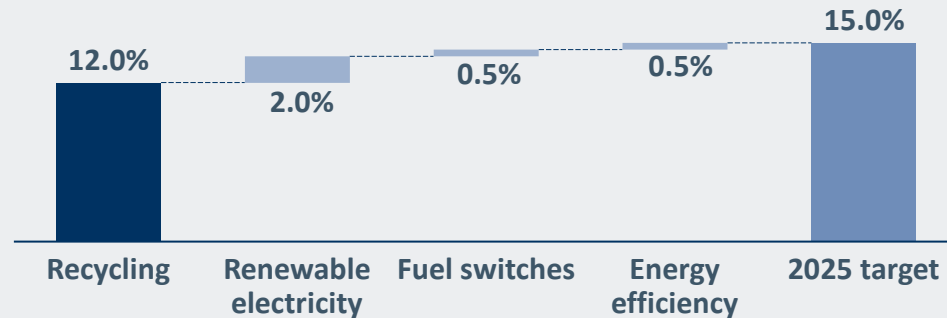
% of total raw material used



- Proportion of secondary raw materials increased to 13.0% in H1 2023 (FY 2022: 10.5%)
- Our recycling activities since 2018 have avoided the emission of 1.1 million tonnes of CO<sub>2</sub>
- Recycling has already delivered 12% of the 15% CO<sub>2</sub> intensity reduction targeted by 2025, with remainder to be achieved through further recycling, fuel switches, renewable electricity and energy efficiency

## CO<sub>2</sub> emissions intensity savings target

% savings versus 2019 baseline, 2025 target 15% reduction





Untreated refractory containing Secondary Raw Material



Autoclave treated refractory

### **Recycling technology**

RHI Magnesita's proprietary technology enables the manufacturing of high-performance refractories from secondary raw material



4502524  
MAT MGO-C  
A4 SORT  
AM Zehica  
PERMOMATIK  
Dop. výrobky:  
4503074294  
Magnetit

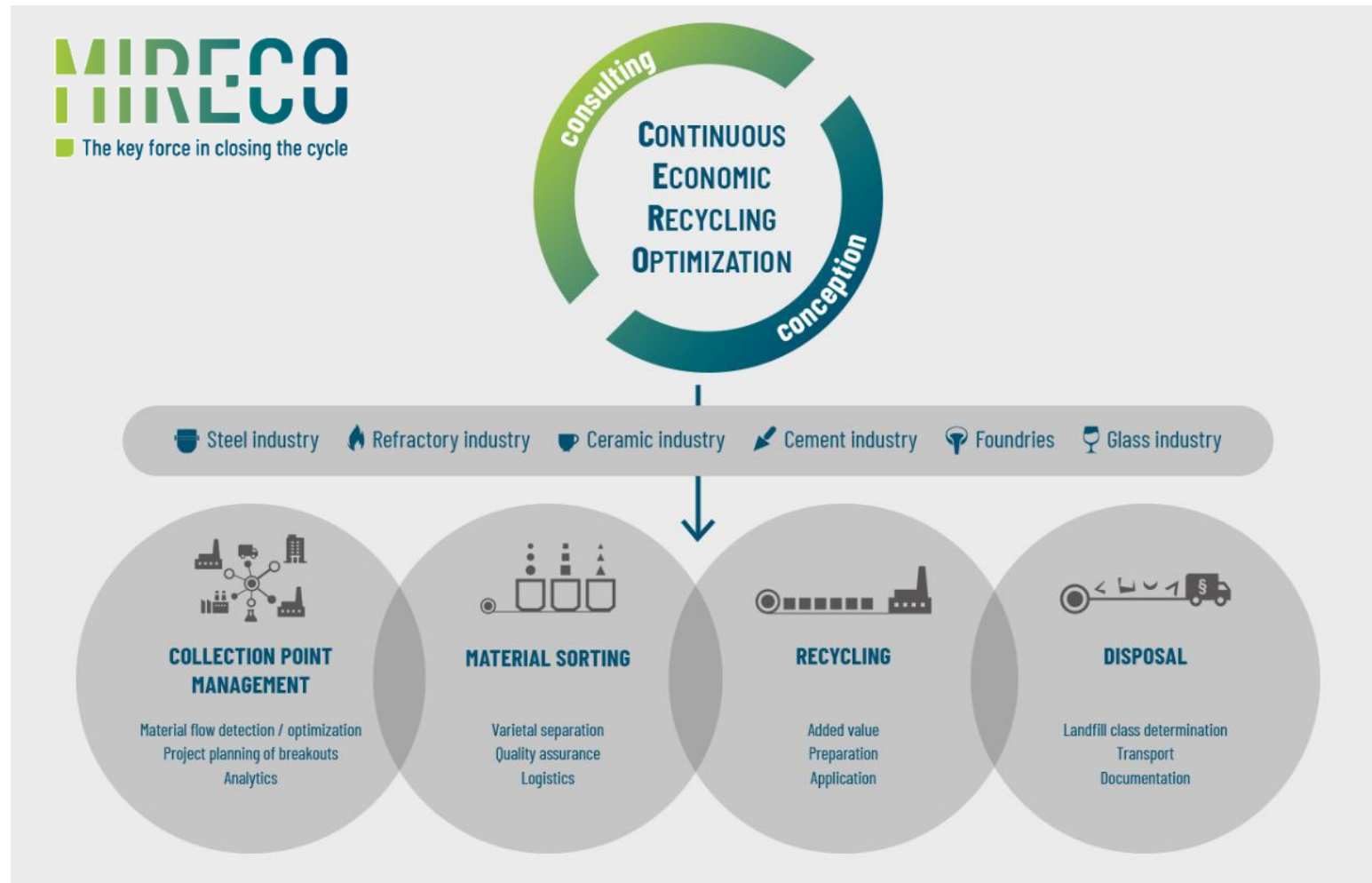
## Mitterdorf, Austria

Austrian Vice Chancellor Werner Kogler inaugurates new RHI Magnesita Recycling Center, April 2022



# Secondary raw material source for the refractory industry

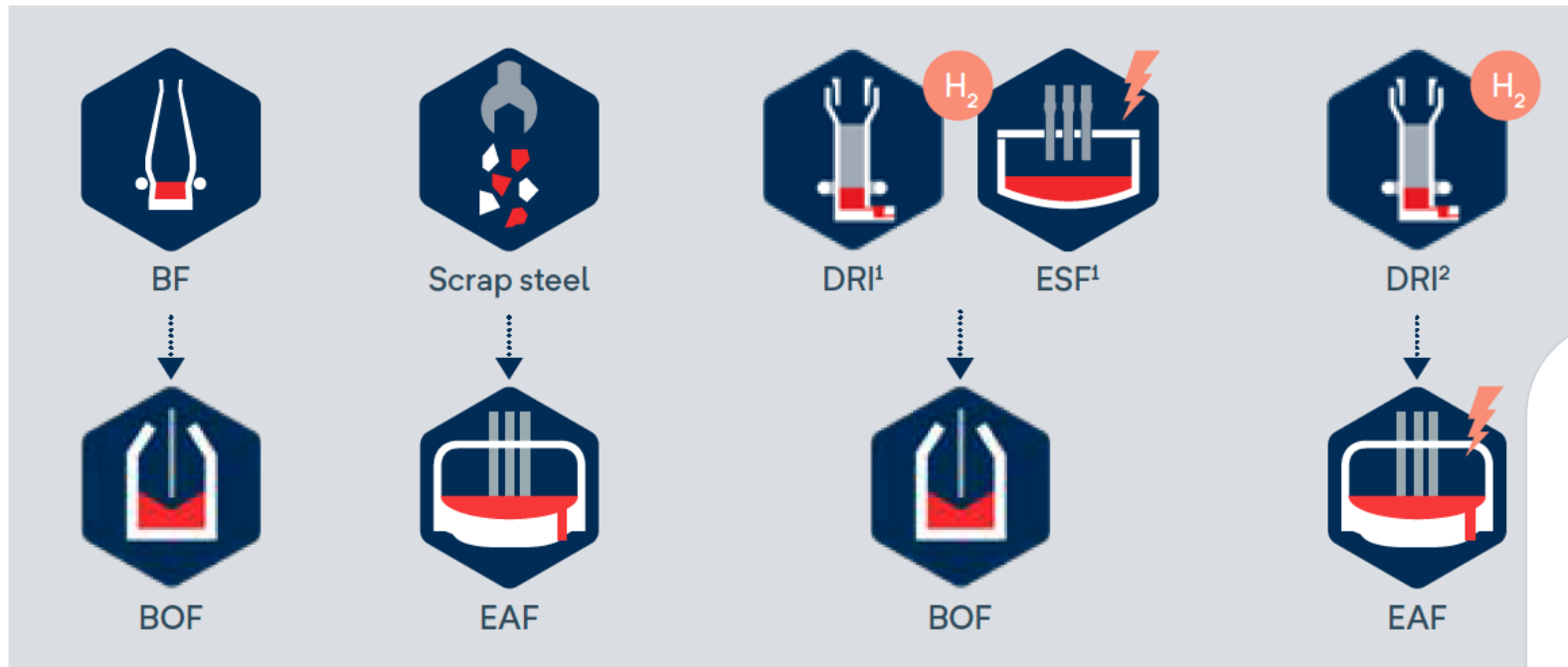
MIRECO is a JV formed by RHI Magnesita and Horn & Co in 2021 to advance the recycling of refractories



- Combining expertise, leadership and over 100 years of refractory history, MIRECO is addressing the major social and industrial challenges of both climate change and resource conservation
- Extensive customer and supplier network with secured material sources and reliable material flows
- Know-how in end-to-end material processing and material usage
- Superior material qualities through circular customer relationships and high testing standards

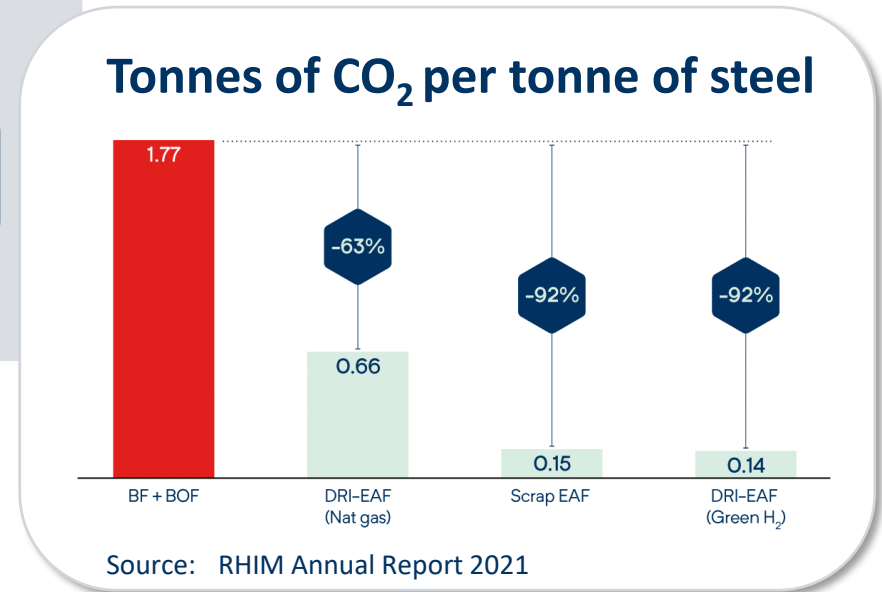
# Low carbon steel production

Transition to EAF, DRI and ESF is a strong positive growth driver for RHI Magnesita



BF: Blast furnace  
 BOF: Basic oxygen furnace  
 DRI: Direct reduced iron  
 EAF: Electric arc furnace

1. Electric smelting furnace (“ESF”) is required to be paired with a Direct Reduced Iron (“DRI”) furnace for 97% of global iron ore supply that does not meet high quality threshold for DRI-EAF route. ESF also melts sponge iron pellets which therefore makes use of a BOF possible for the refining stage
2. DRI-EAF route for sponge iron pellets is being developed but will be limited to using the highest 3% of iron ore grades



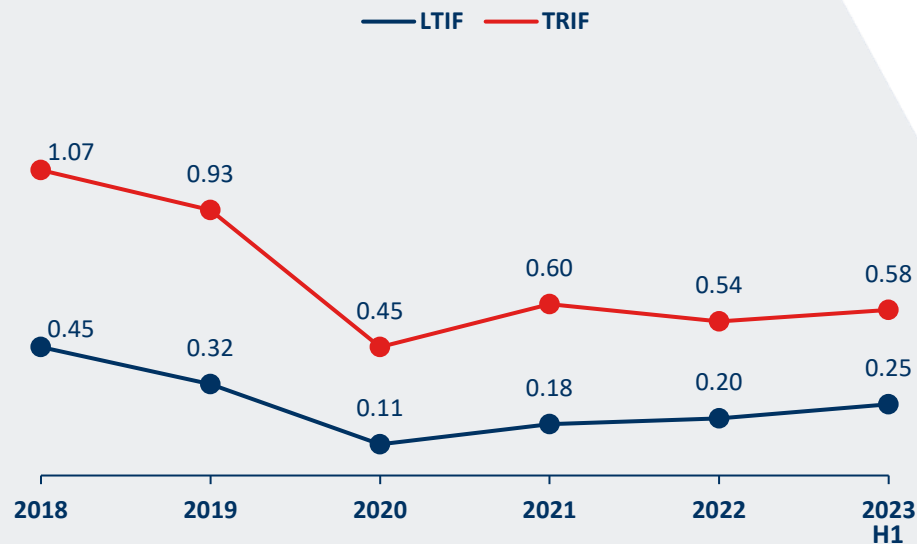
# Social



# Health and safety

A core value at RHI Magnesita

## Improvement in injury rates since 2018



1. Total recordable injury frequency rate per 200,000 hours
2. Lost time injury frequency rate per 200,000 hours

- ◆ Our employees and contractors are entitled to a safe and healthy workplace
- ◆ Safety indicators remained at a low level in H1 2023:
  - LTIF1 0.25 (H1 2022: 0.22)
  - TRIF2 0.58 (H1 2022: 0.62)
- ◆ The rate of lost time injuries increased slightly in H1 2023, mainly due to hand and finger injuries in Q1
- ◆ Ongoing initiatives to improve performance:
  - Workplace inductions and safety training for new hires
  - “Safety Minutes” and further integration of safety-topics into shift-start meetings
  - H&S initiatives launched on World Safety Day, 28 April to accelerate a “Zero harm, no injuries” culture

# Community relations

Targeted investments in community projects aligned with our UN SDG priorities

## Social investment pillars

### Education and Youth Development



RHI Magnesita recognizes the importance of empowering individuals through education and skill development initiatives

### Health and Medical care



RHI Magnesita is committed to improving the health and medical care of communities close to its operations

### Environment

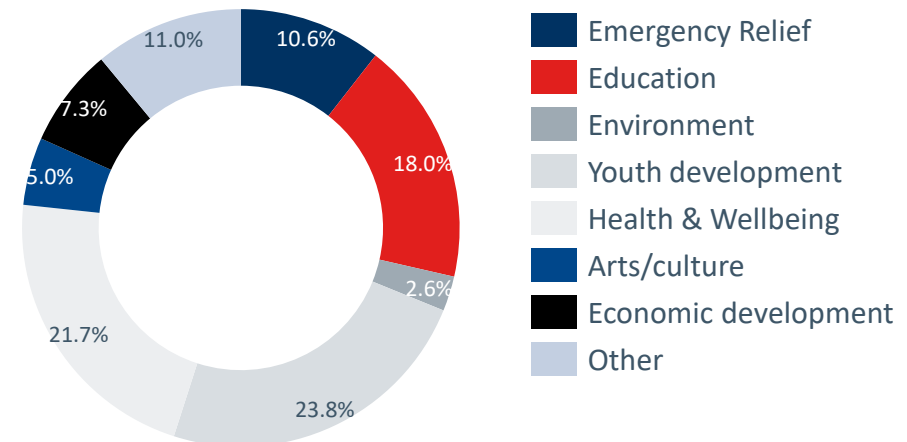


RHI Magnesita is committed to addressing climate change and protection of the environment

## Community investment programme

- RHI Magnesita makes targeted investments in social projects to build strong relationships with local communities
- The size and scale of community investments is increasing as the Group grows through M&A and with increasing legal obligations, such as in India where minimum CSR spending is mandated as a proportion of profits

## 2022 community spending by focus area



# Community project case studies

Broad range of projects addressing social investment pillars and local priorities

## Sustainable bonds Brumado, Brazil



- ✓ Economic development
- ✓ Environment

## Identid'Art Brumado, Brazil



- ✓ Youth development
- ✓ Culture

## Dual Education Programme Ramos Arizpe, Mexico



- ✓ Youth development
- ✓ Economic development

## Teach for Austria Vienna, Austria



- ✓ Youth development
- ✓ Education

## Vienna Volunteering Programme Vienna, Austria



- ✓ Volunteering
- ✓ Emergency relief

## Vocational Training Programme India



- ✓ Youth development
- ✓ Economic development



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# Diversity

Our goal is to provide a culture of inclusion and wellbeing for all employees

## Gender diversity as at September 2023:

**33%**

Female representation at Board level

**29%**

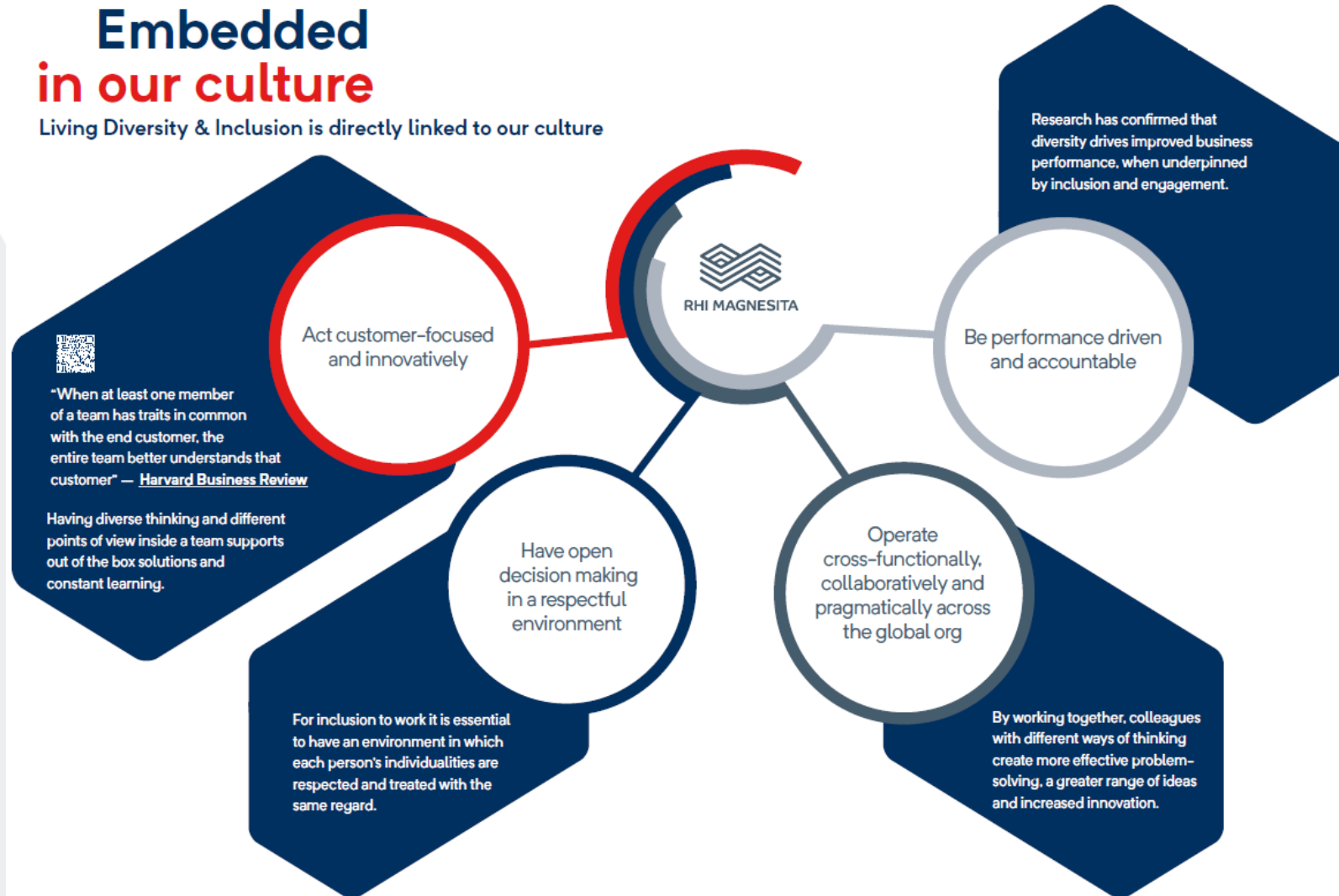
Female representation in senior leadership

**14%**

Worldwide female representation in workforce

## Embedded in our culture

Living Diversity & Inclusion is directly linked to our culture



# Governance

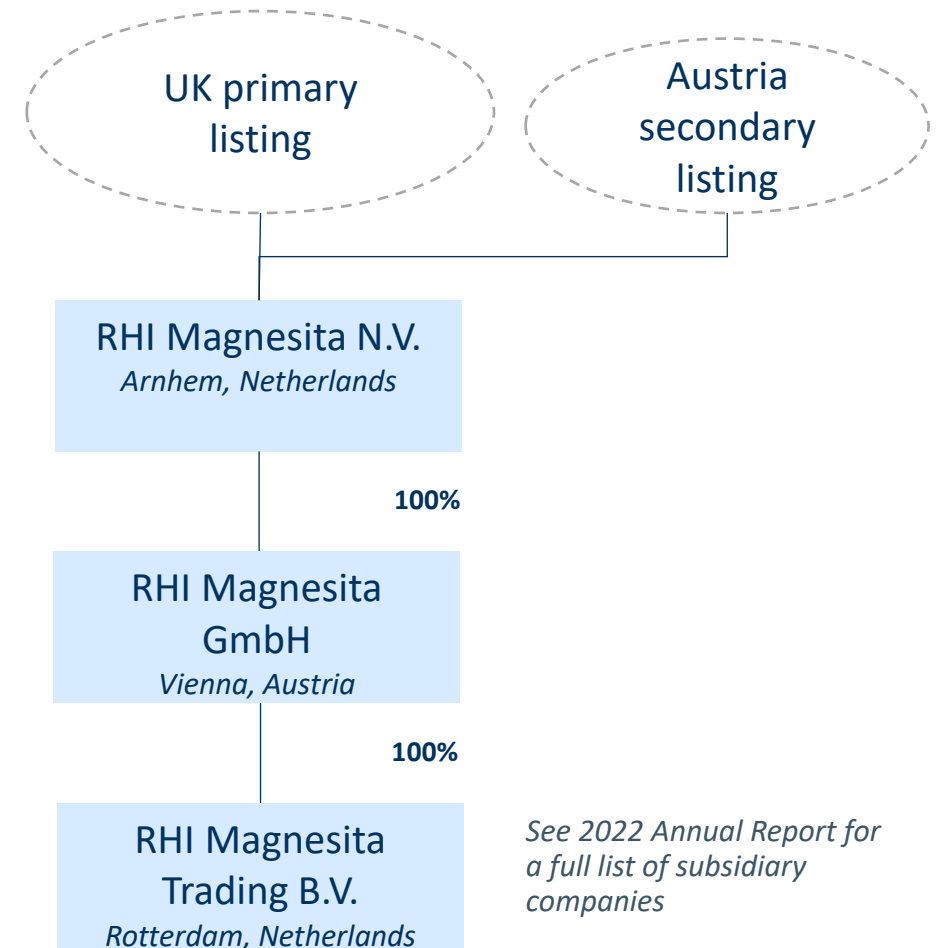




# Corporate structure and listings

Incorporated in the Netherlands with primary listing in the UK

- ◆ The holding company is RHI Magnesita N.V. and is incorporated in the Netherlands
- ◆ The Group's primary listing is in London where it maintains a premium listing and is a constituent of the FTSE 250 index
  - Secondary listing on the Vienna stock exchange, upgraded to prime listing in 2022 (small share of trading liquidity)
  - The UK Listing Rules, Disclosure and Transparency Rules, UK Corporate Governance Code and Dutch Corporate Governance Code apply
- ◆ The Dutch financial markets regulator has jurisdiction in the event of any public takeover bid. Austrian public takeover rules also partially apply and the Austrian Takeover Commission is partially competent to approve an offer document along with the Dutch AFM
















See 2022 Annual Report for a full list of subsidiary companies

# Board of Directors

Majority of independent directors excluding employee representatives

- The Company has a one-tier board structure with a Board consisting of two Executive Directors, 10 Non-Executive Directors and three Employee Representatives
- Seven of the 10 NEDs are independent according to either the UK or Dutch Corporate Governance Code

 <p><b>Herbert Cordt</b> <i>Chairman</i></p> <p><b>N</b></p>	 <p><b>John Ramsay</b> <i>Deputy Chair and SID</i></p> <p><b>A N</b></p>	 <p><b>Wolfgang Rutenstorfer</b> <i>NED</i></p> <p><b>A</b></p>
 <p><b>Stefan Borgas</b> <i>CEO</i></p>	 <p><b>Marie-Hélène Ametsreiter</b> <i>NED</i></p> <p><b>S</b></p>	 <p><b>Karl Sevelda</b> <i>NED</i></p> <p><b>R N</b></p>
 <p><b>Ian Botha</b> <i>CFO</i></p>	 <p><b>Janet Ashdown</b> <i>NED</i></p> <p><b>R S</b></p>	 <p><b>Martin Kowatsch</b> <i>Employee representative</i></p>
 <p><b>David Schlaff</b> <i>NED<sup>1</sup></i></p>	 <p><b>Jann Brown</b> <i>NED</i></p> <p><b>A R</b></p>	 <p><b>Michael Schwarz</b> <i>Employee representative</i></p>
 <p><b>Prinz Stanislaus zu Sayn-Wittgenstein</b> <i>NED<sup>2</sup></i></p> <p><b>S</b></p>	 <p><b>Katarina Lindström</b> <i>(Observer, NED<sup>3</sup>)</i></p>	 <p><b>Karin Garcia</b> <i>Employee representative</i></p>

1. Shareholder representative
2. Shareholder representative
3. Appointment subject to confirmation at 2024 AGM

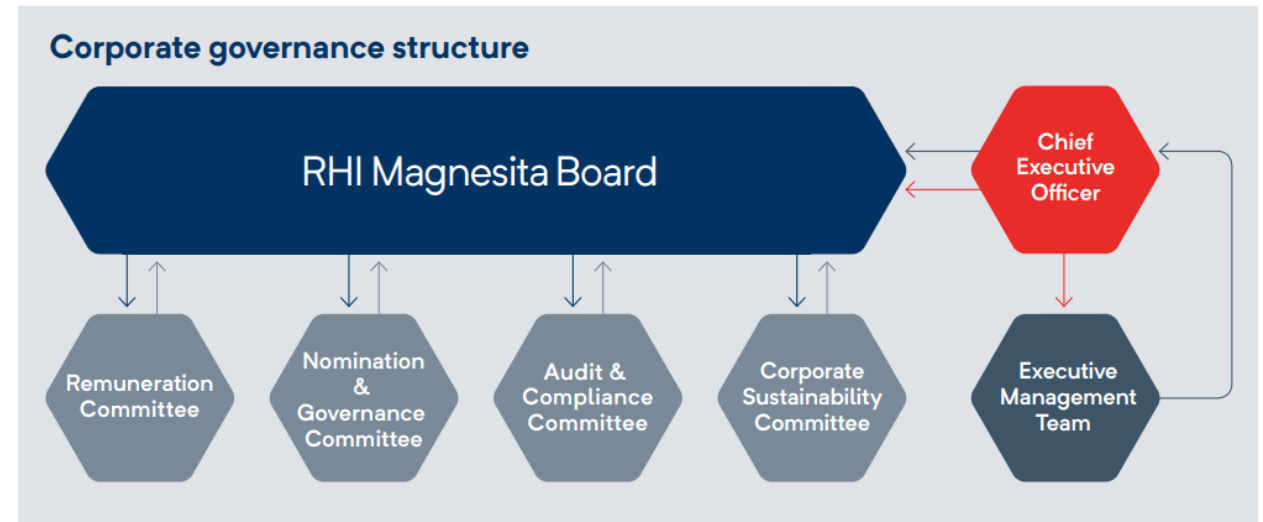
Non-independent
  Independent
  Employee representative

**A** Audit
 **N** Nomination
**R** Remuneration
**S** Sustainability

# Board Committees

Membership of each committee comprises three non-executive directors

- The Board has established four Board Committees:
  - Audit & Compliance Committee
  - Remuneration Committee
  - Corporate Sustainability Committee
  - Nomination & Governance Committee
- Audit, Remuneration and Nomination are required committees under Dutch law and UK governance and were established on listing in October 2017
- The Corporate Sustainability Committee was established in July 2019 as committed to in the Company's listing prospectus
- The Audit, Remuneration and Corporate Sustainability committees are chaired by independent Non-Executives. Nomination is chaired by the Chairman of the Board
- The Board considers that the membership of all the committees is compliant with the Dutch & UK Corporate Governance Code



# Risk summary FY 2022

Principal risks are those the Board considers may have a significant impact on the results of the Group and on its ability to achieve its strategic objectives

- Top-down risk assessment is performed by the Executive Management Team and is then reviewed by the Audit Committee and the Board of Directors
- We define risk appetite as ‘the nature and extent of risk RHI Magnesita is willing to accept in relation to the pursuit of its objectives’

## Group risk chart 2022

		Impact			
		low	moderate	high	critical
Likelihood	very likely				
	likely			2	1 10
	possible			3 4 5 6 8 9	
	unlikely			7	

## Principal risk changes 2021-22

1 Macroeconomic environment	→	1 Macroeconomic and geopolitical environment
2 Supplier dependency risk	→	– Deprioritised
3 Inability to execute key strategic initiatives	→	2 Inability to execute key strategic initiatives
4 Significant changes in the competitive environment or speed of disruptive innovation	→	3 Significant changes in the competitive environment or speed of disruptive innovation
5 Reliability of the end-to-end value chain	→	4 Reliability of the end-to-end supply chain
6 Sustainability — environmental and climate risks	→	5 Sustainability — environmental and climate risks
7 Sustainability — Health and Safety risks	→	6 Sustainability — Health and Safety risks
8 Regulatory and compliance risks	→	7 Regulatory and compliance risks
9 Cyber and information security risks	→	8 Cyber and information security risks
10 Ability to predict and pass cost increases to customers	→	9 Ability to strategically price and deliver price increases
11 Organisational capacity to execute strategy, including demonstrating Company cultural values	→	10 Organisational capacity to execute strategy, including demonstrating Company cultural values

→ Unchanged    → Scope broadened    → Deprioritised

# Remuneration

Remuneration Policy is closely aligned with our strategy, culture and operational priorities

- Bonus structures and targets throughout the Group are aligned to those of the executive and senior management
- 2023 bonus targets are based on EBITA (45%), EBITDA from M&A (10%), Inventory Coverage (25%) and strategic targets including Recycling and PIFOT (20%)
- A new LTIP proposal for 2024 has recently been communicated to major shareholders for consultation, with weightings as follows:
  - EPS 50%
  - ROIC 25%
  - CO<sub>2</sub> emissions intensity reduction 25%
- For the 2024 bonus scheme the Remuneration Policy consultation proposes the inclusion of a 25% weighting of Operating Cash Flow in place of the existing inventory coverage ratio

## CEO remuneration summary

	2017	2018	2019	2020	2021	2022
<b>Single figure of total remuneration<sup>1</sup></b>						
Stefan Borgas	€476,981	€2,073,350	€1,490,427	€1,892,862	€1,584,758	€3,015,013
<b>Annual bonus payout as % of maximum<sup>2, 3</sup></b>						
Stefan Borgas	83.16%	88.04%	38.9%	50%	24%	42%
<b>Long-term incentive vesting rates as % of maximum<sup>4</sup></b>						
Stefan Borgas	N/A	N/A	N/A	0%	0%	50%

## 2022 LTIP awards

Performance measure	Weighting	Threshold (25% vesting) <sup>1</sup>	Intermediate (75% of vesting) <sup>1</sup>	Maximum (100% vesting) <sup>1</sup>	Performance period <sup>2</sup>
Absolute TSR	25%	15%	22%	27% and above	8 March 2022 to 7 March 2025
Adjusted EPS (cumulative for the three-year performance period)	50%	€14.25	€16.50	€19.25	1 January 2022 to 31 December 2024
Reduce CO <sub>2</sub> emissions against 2018	25%	-11.5%	-12.5%	-13.0%	

## 2023 LTIP awards

Performance measure	Weighting	Threshold (25% vesting)	Intermediate (75% of vesting)	Maximum (100% vesting)	Performance period
TSR <sup>1</sup>	25%	15%	22%	27%	2023 to 2025 (+2 year holding period post vesting)
Adjusted EPS (cumulative for the three-year performance period) <sup>2</sup>	50%	11.90/ps	12.65/ps	13.40/ps	
Reduce CO <sub>2</sub> emissions per tonne against 2018 <sup>2</sup>	25%	-11%	-11.5%	-12%	

# 2023 AGM voting

24 May 2023

Resolutions <sup>1</sup>	Votes for	% of votes cast	Votes against	% of votes cast
<b>Resolution 3</b> To adopt the annual accounts for the financial year ended 31 December 2022	36,135,258	100.0	7,021	0.0
<b>Resolution 4</b> To declare a final dividend of €1.10 per share for the financial year ended 31 December 2022	36,261,949	100.0	500	0.0
<b>Resolution 5</b> To release the directors from liability for the exercise of their respective duties during the financial year 2022	36,194,375	100.0	7,021	0.0
<b>Resolution 6. a.</b> To re-elect S. Borgas	35,260,175	97.2	1,001,874	2.8
<b>Resolution 6. b.</b> To re-elect I. Botha	35,967,999	99.2	294,050	0.8
<b>Resolution 7. a.</b> To re-elect H. Cordt	31,107,981	85.8	5,133,725	14.2
<b>Resolution 7. b.</b> To re-elect J. Ramsay	35,681,549	98.4	580,500	1.6
<b>Resolution 7. c.</b> To re-elect J.E. Ashdown	36,028,965	99.5	166,242	0.5
<b>Resolution 7. d.</b> To re-elect D.A. Schlaff	34,964,196	96.4	1,297,853	3.6
<b>Resolution 7. e.</b> To re-elect S.O.L.B Prinz zu Sayn-Wittgenstein- Berleburg	34,964,196	96.4	1,297,853	3.6
<b>Resolution 7. f.</b> To re-elect J. Brown	36,215,056	99.9	46,993	0.1
<b>Resolution 7. g.</b> To re-elect K. Sevelde	35,898,979	99.0	35,070	1.0
<b>Resolution 7. h.</b> To re-elect M-H. Ametsreiter	36,216,266	99.9	45,783	0.1
<b>Resolution 7. i.</b> To re-elect W. Ruttendorfer	32,847,071	90.6	3,414,978	9.4
<b>Resolution 8</b> To re-appoint PricewaterhouseCoopers Accountants N.V. as the Company's auditor for the financial year 2023	36,194,561	100.0	746	0.0
<b>Resolution 9</b> To approve, as an advisory vote, the Directors' Remuneration Report (excluding the Directors' Remuneration Policy)	35,339,783	97.6	881,190	2.4
<b>Resolution 10</b> To establish the proposed remuneration of the Non-Executive Directors	36,261,485	100.0	964	0.0
<b>Resolution 11</b> To amend the Articles of Association of the Company	31,827,589	87.8	4,434,860	12.2
<b>Resolution 12</b> To approve the adoption and operation of the RHI Magnesita Long Term Incentive Plan	35,935,686	99.1	326,763	0.9
<b>Resolution 13</b> Authority to issue ordinary shares or grant rights to acquire ordinary shares	35,966,064	99.2	296,385	0.8
<b>Resolution 14</b> Limited disapplication of pre-emption rights	34,865,250	96.1	1,394,409	3.9
<b>Resolution 15</b> Authority to limit or exclude pre-emptive rights	34,702,541	95.7	1,557,208	4.3
<b>Resolution 16</b> Authority to acquire shares in the Company or depositary receipts of such shares	36,187,197	99.8	67,588	0.2
<b>Resolution 17</b> Authority to cancel any or all shares held in treasury or to be acquired	36,261,803	100.0	646	0.0



RHI MAGNESITA

# Q&A



## Global Sustainability Team

Chris Bucknall  
Head of Investor Relations and Sustainability

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