



**Kronos Worldwide, Inc.**  
**Policy Regarding Related Party Transactions**  
**June 2, 2015**

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**Purpose**

The Audit Committee (the “*Committee*”) of Kronos Worldwide, Inc. (“*Kronos*”) is appointed by the Board of Directors (the “*Board*”) of Kronos to carry out the duties set forth in the Kronos Audit Committee Charter (the “*Charter*”), which includes duties and activities that may be delegated to the Committee from time to time by the Board. The requirements for independence for each member of the Committee are set forth in the Charter. Pursuant to this Policy Regarding Related Party Transactions (the “*Policy*”), the Board has delegated to the Committee the authority to consider, and to determine whether to approve or ratify, transactions included in the scope of this Policy to which the Company (as defined below) is or is proposed to be a party.

**Certain Definitions**

The following terms used herein shall have the meanings set forth below:

“*Company*” shall mean Kronos and its Subsidiaries.

“*Related Party Transaction*” shall mean any transaction between the Company, on the one hand, and one or more Affiliates of the Company, on the other hand, requiring disclosure under Item 404 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, or under Accounting Standards Codification Topic 850, other than (i) transactions between Kronos and one or more of its Subsidiaries or transactions between two or more of Kronos’ Subsidiaries, (ii) transactions involving less than \$120,000 per calendar year when aggregated with all other similar transactions, (iii) transactions available to all employees of the Company generally, or (iv) transactions that would otherwise be included in the scope of this Policy but which are specifically reviewed and approved or ratified by another committee of the Board comprised solely of independent directors or by all of the independent directors on the Board (applying the independence standard set forth in the Charter), in each case who review and approve or ratify such Related Party Transaction applying at a minimum the requirements of this Policy.

“*Affiliate*” shall mean any person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the person or entity in question, and “*control*” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through ownership of voting securities, by contract or otherwise. For purposes of this policy, the term “*Affiliate*” shall exclude any Subsidiary of the Company.

“*Subsidiary*” shall mean any entity for which Kronos or one or more Subsidiaries of Kronos, directly or indirectly, owns equity or membership interests that (i) represent more than 50% of the total number of outstanding common or other residual equity or membership interests (however



denominated) of such entity, (ii) represent more than 50% of the total voting power of all outstanding equity or membership interests of such entity which are entitled to vote in the election of directors, managers or other persons performing similar functions for and on behalf of such entity, (iii) are entitled to more than 50% of the dividends paid and other distributions made by such entity prior to liquidation, or (iv) are entitled to more than 50% of the assets of such entity or proceeds from the sale thereof upon liquidation.

**“Risk Management Program”** shall mean one or more agreements or arrangements under which the Company participates in a combined risk management program with Affiliates of the Company, through which such entities as a group purchase insurance policies and risk management services with the costs thereof apportioned among the participating companies. Such agreements or arrangements may also include claims and risk management services, the retention of third-party risk management consultants, the use of captive insurance companies or brokerages owned by the Company or its Affiliates, the use of insurance loss sharing agreements and the purchase of reinsurance from third party carriers.

**“Cash Management Program”** shall mean one or more agreements or arrangements pursuant to which, from time to time, loans, advances or borrowings are made between the Company and one or more Affiliates of the Company, pursuant to term and demand notes for the purpose of efficient cash management. Pursuant to such Cash Management Program, the Company, as a lender, would generally be able to earn a higher rate of return on the loan than it would earn if the funds were invested in other instruments, and the Company, as a borrower, would generally pay a lower rate of interest than it would pay if it borrowed from unrelated parties.

**“Data Recovery Program”** shall mean one or more agreements or arrangements under which the Company participates in a combined information technology data recovery program with Affiliates of the Company, through which such entities as a group share information technology data recovery services.

**“Tax Sharing Agreement”** shall mean cash payments for income taxes periodically paid to or received from one or more of Kronos’ Affiliates, as applicable, and related items pursuant to the terms of the Amended and Restated Tax Agreement between Valhi, Inc. and Kronos Worldwide, Inc. dated as of December 1, 2012.

**“Ordinary Course of Business Related Party Transaction”** shall mean one or more transactions related to Risk Management Programs, Cash Management Programs, Data Recovery Programs and the Tax Sharing Agreement.

### **Committee Meetings**

The Committee shall meet at such times and with such frequency as is in accordance with the provisions of the Charter for the purpose of carrying out its duties set forth in this Policy. Any such meeting may be held in conjunction with a regularly scheduled meeting of the Committee or a special meeting of the Committee called for purposes of carrying out its duties set forth in this Policy. In its discretion, the Committee may invite members of management or others to attend



meetings and/or to furnish pertinent information for the purpose of using its business judgment to carry out its duties set forth in this Policy.

### **Committee Authority and Responsibilities**

The Committee is vested with the authority and obligation to consider, and to determine whether to approve or ratify, any Related Party Transactions. In carrying out such duties, the Committee shall act on an informed basis, in good faith, and in the honest belief that any action taken by the Committee is in the best interests of the Company. The Board shall not be permitted to override or circumvent any determination made by the Committee with respect to any such Related Party Transaction.

With respect to each Related Party Transaction, the Committee shall determine using its business judgment whether or not such transaction is fair and reasonable to the Company and no less favorable to the Company than could be obtained from unrelated parties. In reaching any such determination, the Committee using its business judgment may take into account any factors that the Committee determines, in its sole discretion, to be relevant, reasonable or appropriate under the circumstances.

The Committee's specific responsibilities shall be as follows:

1. At least annually, and more frequently as the Committee shall determine in its sole discretion, the Committee shall review and determine using its business judgment whether or not to approve or ratify any Ordinary Course of Business Related Party Transaction. Once any such Ordinary Course of Business Related Party Transaction has been approved or ratified by the Committee, and so long as any such Ordinary Course of Business Related Party Transaction is conducted within the parameters of such approval or ratification, it shall not be necessary (except to the extent that the Committee deems it advisable, in its sole discretion) for the Committee to review and approve or ratify any particular transaction or relationship conducted thereunder until the next annual review and determination, or such other time as the Committee, in its sole discretion, shall determine is appropriate in the circumstances. The scope and parameters of such approval or ratification shall be as the Committee determines, in its sole discretion, is appropriate in the circumstances. Any Ordinary Course of Business Related Party Transaction existing at the date this Policy is first adopted by the Board shall be ratified within one year of such adoption.
2. With respect to Related Party Transactions other than Ordinary Course of Business Related Party Transactions, the Committee shall review and determine using its business judgment whether to approve or ratify any such Related Party Transaction. The Committee may form and delegate authority as it deems appropriate to subcommittees consisting of two or more members of the Committee for the approval or ratification of such Related Party Transactions.
3. The Committee shall periodically report to the Board its decisions and determinations and keep records of its meetings.



4. The Company's annual proxy statement (or other periodic filing with the Securities and Exchange Commission) shall include a description of all actions taken in the previous year by the Committee in fulfilling its duties and responsibilities under this Policy.
5. The Committee shall annually review its own performance.

### **Committee Resources**

The Committee shall have the full authority and financial and other resources as is set forth in the Charter in order to discharge its duties and responsibilities under this Policy.

### **Indemnification**

Nothing in this Policy will, or will be deemed, to affect in any manner the indemnification and related rights of members of the Committee or the Board under the Company's certificate of incorporation or bylaws or applicable law, or contained in any contract, agreement or other arrangement.

### **Amendment**

Any amendment to this Policy shall require the consent of a majority of the independent members of the Board at the time of such amendment.

**ADOPTED BY THE BOARD OF DIRECTORS  
OF KRONOS WORLDWIDE, INC. ON JUNE 2,  
2015.**

/s/ A. Andrew R. Louis

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*A. Andrew R. Louis, Secretary*