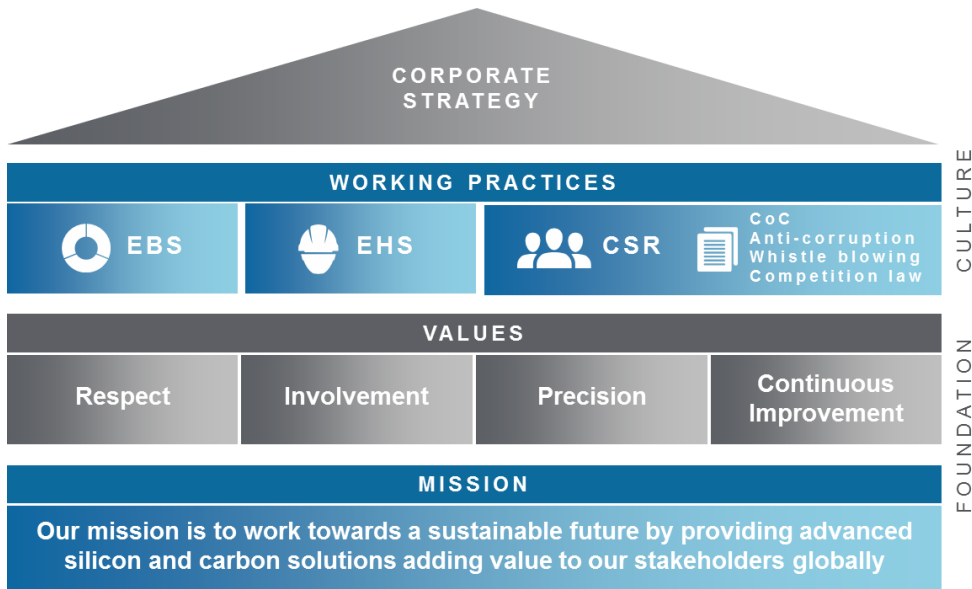


Policy for Corporate Social Responsibility

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1 Introduction and framework

The corporate social responsibility (CSR) is one of the building blocks of the Elkem culture; the way we conduct business.



The CSR framework in Elkem includes the following policies and documents, all available in the Elkem Corporate Manual (CM) / Corporate Governance / Governing documents:

1. **General Policy Elkem**
2. **Elkem Policy for Corporate Social Responsibility**
(This document, incl. separate attachment for Elkem's Principles of Social Responsibility)
3. **Mandate for the CSR steering committee**
4. **Code of Conduct**
5. **Whistle Blowing**
6. **Anti-corruption policy**
7. **Competition Law Compliance policy**
8. **Sustainability report** (updated annually and available on intranet and our website)

2 Scope

The purpose of this procedure is to describe the routines and measures that are implemented to ensure Elkem's social responsibility as described in Elkem's principles of social responsibility.

3 Target group

All employees

4 Definitions

Corporate Social Responsibility = CSR

Elkem's definition of social responsibility is based on the UN Global Compact and focuses on four main principles:

- Ensuring human rights
- Workers' rights as employees
- Consideration for the environment and the sustainable use of natural resources
- Integrity in business

The main principles are elaborated in chapter 6.2 "Principles of Social Responsibility". Social responsibility includes, in addition to Elkem's own operations, also the responsibility to influence suppliers, partners and customers to the extent this is feasible.

Social Accountability

The company's ability to follow up and document compliance with a set of internationally accepted values for corporate social responsibility.

The UN Global Compact

The UN Global Compact is a policy platform and practical framework for companies that are committed to sustainable and responsible business conduct. It was introduced in July 2000 and gives us 10 recognised principles regarding human rights, labour standards, environment and anti-corruption.

The UN Guiding Principles on Business and Human Rights

The UN Guiding Principles on Business and Human Rights (UNGPs) are a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations. The UNGPs were endorsed by the UN Human Rights Council in June 2011.

SA8000

Social Accountability International's standard for documentation, auditing and reporting of compliance with social responsibility. SA8000 and the ETI (Ethical Trade Initiative) Base Code are two of today's most recognised standards for corporate social responsibility.

Community Support

Community support is defined as voluntary activities done by Elkem employees and/or gifts given to local organisations (schools, volunteer organisations, emergency support, etc.) without any expectations of return service or preference.

5 Responsibilities

All employees have responsibilities regarding corporate social responsibility in Elkem. To be able to fulfil these responsibilities each location and function is expected to establish its own understanding of how this policy affects their specific working environment and develop necessary procedures and routines to ensure full compliance.

5.1 System and document responsibilities

- Elkem's CEO is the formal owner of Elkem's policy and program for corporate social responsibility.
- The CSR Steering Committee has the overall responsibility for defining and following up governing documents for corporate social responsibility.
- Governing documents for corporate social responsibility are subject to board approval.

5.2 Responsibilities per function

Corporate Management

- Overseeing the preparation and approval of the policy and principles for social responsibility in Elkem.
- Overall responsibility for the organisation's conformance with public regulations and requirements outlined in this document.
- Responsible for external communication of information regarding any serious discrepancies.

CSR Steering Committee

- Defining the policy and principles for social responsibility in Elkem and coordinating work with the documentation of social responsibility.
- Overall follow-up of the group's and locations' work with social responsibility.
- Overall coordination of the group's supplier follow-up through the auditing of corporate social responsibility.
- The mandate of the CSR steering committee is described more in detail in the document "Mandate for the CSR steering committee" available in the corporate manual / corporate governance / governing documents.

Corporate help chain functions (HR, EHS, EBS, Legal department)

- Help chain for competence building and change management within the areas of ethics and social responsibility.
- Auditing of own business, suppliers, customers and partners.

Corporate and divisional procurement functions

- Mapping and basic monitoring of suppliers' corporate social responsibility in relation to Elkem's expectations.
- Collaboration with suppliers to improve identified discrepancies.
- Termination of relationships with suppliers when the improvement rate is not satisfactory.

Corporate and divisional sales functions

- Mapping and basic monitoring of the business functions (sales office, distributor, agent and customer) social responsibility in relation to Elkem's expectations.
- Collaboration with agents, distributors and customers to improve identified discrepancies.
- Termination of relationships with agents and customers when the improvement rate is not satisfactory.

Individual employees

- Follow Elkem's CSR policies.
- Report discrepancies to immediate supervisor or by using Elkem's function for whistle blowing and help investigate and correct discrepancies.

6 Working with Corporate Social Responsibility

6.1 Introduction

CSR is a relatively broad topic that reaches into most of our business and operational processes. As an international company, Elkem operates both as a producer and as a buyer of commodities and services, in a number of places where the issues are highly relevant. Our activities are therefore focused both internally on our own employees and externally towards our suppliers, partners and customers.

6.2 Principles of Social Responsibility

Elkem's definition of CSR is based on the UN Global Compact and focuses on four main principles:

- Ensuring human rights
- Workers' rights as employees
- Consideration for the environment and the sustainable use of natural resources
- Integrity in business

6.2.1 Ensure human rights:

This means that we:

- Are committed to conduct our business with respect for all internationally recognised human rights, and are dedicated to doing so consistently with the United Nations Guiding Principles on Business and Human Rights and the ten principles of the United Nations Global Compact.
- Work to ensure the individual's right to privacy and personal dignity.
- Promoting equality for all people and do not accept discrimination based on skin colour, race, nationality, social background, disability, sexual orientation, political or religious conviction, gender or age.
- Do not tolerate any form of harassment or physical/mental abuse in the form of words or actions.

6.2.2 Protect the workers' rights as employees:

This means that we:

- Refuse to hire, or force people to work against their will.
- Only employ people over 15 years of age (14 years in certain developing countries), and that we limit hazardous work or night work to persons over 18 years of age.
- Document all employment with written contracts that describe the conditions of employment in a language understood by the employee. The contract is signed by both parties.
- To the extent that it is legally possible, give all employees information about, and the ability to organise and collectively bargain with management.
- Comply with public working hour regulations and pay fair wages that minimum cover the local cost of living.

- Respect human rights described in section 6.2.1 in connection with employment, promotion, management and discipline.
- Take responsibility for employee health and safety through structured risk preventing EHS activities.

6.2.3 Consideration for the environment and the sustainable use of natural resources:

This means that we:

- Follow relevant national and international standards for environmental protection.
- Minimise negative impacts on the environment that may arise due to our manufacturing processes or procurement of raw materials.
- Do not destroy the resource and income base of marginalised population groups through the withdrawal of raw materials or manufacturing.

6.2.4 Business integrity:

This means having good corporate governance that ensures:

- Free and fair competition without corruption, bribery or money laundering.
- Transparent management of contracts and accounts.
- Compliance with all applicable local laws and regulations.

6.3 Suppliers, partners and customers

Exercise of Elkem's social responsibility includes, in addition to the responsibility for its own operations, also the responsibility to influence suppliers, partners and customers to the extent this is feasible.

This means that we:

- Communicate Elkem's principles for social responsibility.
- Verify that suppliers, partners and customers operate in accordance with these principles.
- Set requirements for improvement, and if necessary offer help to the improvement of identified discrepancies.
- Terminate relationships with suppliers and partners if they refuse to, or are unable to correct serious discrepancies within a reasonable amount of time.

6.4 Organisation

CSR is organised under the corporate EHS function. Policy, procedures, training material and activities are approved by a steering committee; lead by the SVP HR and with high-level representatives from legal-, communication-, EHS-, sales- and procurement departments. The steering committee meets minimum twice annually and as needed.

6.5 Internal efforts at own locations

Each location (production, sales / logistics and administrative locations) is responsible for conducting its business in accordance with this policy. This includes the preparation of their own programs (procedures and practices) and training of their own employees to ensure understanding of the content. It also means having systems for discrepancy management and auditing of compliance with corporate policy.

6.6 External efforts aimed at suppliers, partners and customers

6.6.1 New suppliers

The process of selecting new suppliers shall include an assessment of their social responsibility compared with this policy. Elkem's procurement functions are responsible for initiating new supplier agreements and are therefore responsible for reviewing and approving the supplier's social responsibility. Dedicated tools are available for initial filtering of suppliers, supplier self-assessment and supplier approval. Contracts shall include reference to the UN Global Compact and SA8000 as a framework for social responsibility and include acceptance from both parties to abide by these principles. A copy of Elkem's Principles of Social Responsibility is also to be attached to the contract (see attachment under section 14). When considering new suppliers, attention must also be given to their sub-suppliers.

6.6.2 Existing suppliers

Elkem's procurement function is responsible for routine evaluation of existing suppliers. Follow-up is based on the initial self-assessment and approval process. Suppliers with medium to high risk are routinely followed-up during supplier visits and special audit activities if deemed necessary. Further procurement from suppliers who refuse to

submit their self-assessment or cooperate with Elkem's follow-up activities is to be terminated as soon as possible.

6.6.3 Partners

Partners are defined as joint venture or long-term contract partners for the development/supply of products/services. Establishing cooperative agreements will create stronger links between Elkem and a supplier/partner, and thereby increase Elkem's exposure and responsibility for ensuring the supplier/partner's social responsibility. This becomes particularly challenging when Elkem does not manage the daily operations. Even where Elkem is not managing partner, agreements must contain clear obligations to comply with this policy and include provisions to follow this up through reporting and auditing. The contract shall also include provisions to terminate the collaboration if serious discrepancies are identified and not corrected within a reasonable amount of time.

6.6.4 Agents and distributors

Any agreement initiated between Elkem and a distributor or agent must include provisions to ensure that any business done by the distributor or agent with Elkem products is in accordance with this policy.

6.6.5 Customers

Activities aimed at Elkem's customers are currently limited to the sales process (business integrity and anti-corruption followed up through internal audit) and the seller's assessment of customers' reputations as socially responsible companies.

When Elkem as a supplier receives inquiries from customers about our social responsibility, locations shall provide necessary resources and information so that the customer receives a good picture of Elkem's work with social responsibility. Positive response is also to be given to requests for self-assessment and auditing.

7 Training and education

Training activities regarding CSR include details about all Elkem policies related to social responsibility and focus on understanding how culture and local customs can influence the perception of what is acceptable in different situations.

All employees shall have documented training in Elkem's Code of Conduct. Selected target group employees also shall have documented training in Elkem's Anti-corruption and Competition Law Compliance policy. Each location is responsible for its own implementation and documentation of training with support from the corporate HR and Legal department.

Agents doing business with Elkem's products shall also have Anti-corruption training.

Employees who conduct supplier audits shall have additional training in recognised international standards for social responsibility and the use of audit tools. The corporate HR function is responsible for implementing and documenting this type of training.

8 Auditing

8.1 Auditing of own activities

Social responsibility and ethics are included as topics in Elkem's internal audit program. Auditing of all production locations is done by corporate EHS minimum every other year. Auditing of administrative functions such as purchasing, sales, logistics and accounting is done by Elkem's internal audit function.

8.2 Auditing of suppliers, partners, agents and distributors

Elkem's procurement and technical service personnel will follow-up selected suppliers based on their self-assessment in connection with routine visits. The follow-up consists primarily of unofficial discussions and observations, but may also include a review of the supplier's self-assessment for clarification of questions/answers.

Questions about social responsibility are also included in the procurement function's own system for supplier audits where the main focus is quality and supply security. Follow-up of previously agreed improvement measures are also included as a natural part of a supplier visit. During routine visits and regular supplier audits, the need for more thorough audits will be identified. Corporate resources on behalf of the CSR Steering Committee carry out this type of audit. SA8000 standards for auditing are used as the basis for Elkem's audits.

9 Discrepancy Management

Observed/identified discrepancies/deviations shall always be documented, investigated and resolved with necessary actions within a reasonable amount of time. Implementation of action plans must also be followed up. Based on our own principles for social responsibility and continuous improvement we will give our own locations, suppliers and partners sufficient time to correct identified discrepancies as long as they show a willingness to change. We will also offer important suppliers, partners and agents improvement help (e.g. training, guidance, etc.) if necessary.

If suppliers, agents, distributors or partners are not willing to correct discrepancies, or not capable of doing this within a reasonable amount of time, collaboration is to be terminated as soon as obligations can be met in a satisfactory manner. In some cases, discrepancies are so severe that the collaboration must be terminated immediately, even if this leads to legal consequences and increased costs for Elkem. Corporate management shall always be involved in the decision-making process in this type of situation.

10 Social accountability

Elkem's Social responsibility is documented annually through the publication of a sustainability report containing information specified in the Global Reporting Initiative. The report is approved by the CSR steering committee and made publicly available through the Elkem website in addition to being sent directly to business partners, customers and other selected contacts.

In 21016 Elkem became a signatory to the UN Global Compact. Elkem is also committed to supporting the UN Sustainable Development Goals – SDGs, adopted in 2015. We will report progress on our efforts annually in accordance with Global Reporting Initiative.

11 Community support and sponsor agreements

Elkem's main form for community support is creating and maintaining a stable and safe working environment in the local communities where we operate. In addition, Elkem is positive to volunteer community work done by its employees and to giving financial support to local non-profit organisations as long as the support is given without any expectation or requirement for return service or preference.

Any financial support shall be given in a fully open and transparent manner in accordance with local legislation.

Sponsor agreements aimed at product or brand marketing are permitted, but must not be confused with, or combined with, community support.

12 Trade sanctions

Elkem complies with UN, EU and US trade sanctions as adopted by Norwegian authorities. Each location is responsible for complying with such sanctions. If in doubt, contact the Legal department.