



Corporate governance

The board of directors' report on corporate governance

Good corporate governance is important to ensure confidence in the company and value creation in the best interest of shareholders, employees and other stakeholders. Governance criteria are, together with Environmental and Social criteria (ESG), increasingly used to evaluate the performance of a company. This report, combined with the ESG report, annual report and website, document Elkem's group activities and results.

Elkem is subject to corporate governance reporting requirements according to section 3-3b of the Norwegian Accounting Act and the Continuing obligations of stock exchange listed companies at Oslo Stock Exchange. Further, Elkem's board of directors endorses "The Norwegian Code of Practice for Corporate Governance" (the "Code"), most recently revised on 14 October 2021 and issued by the Norwegian Corporate Governance Policy Board (NCGB). The Code of Practice is available at www.nues.no.

This report follows the system used in the Code, and forms part of the board of directors' report.

Elkem generally follows the recommendations set out in the Code, but has deviations in the following sections:

- Section 3. The board of directors' authorisation to increase the share capital corresponding to 10% of the current share capital can be used for several purposes, to ensure flexibility and ability to act quickly. Pursuant to the Code, such authorisation should be intended for a defined purpose.
- Section 6. Voting on members to the board of directors and the nomination committee takes place as a combined vote, reference to section 7. Pursuant to the Code the shareholders should be able to vote on each individual candidate nominated for election.

Due to unavailability of the chair, the board was represented by the presence of the vice chair at the annual general meeting in 2022.

- Section 7. The nomination committee justifies its proposals combined, and not separately for each board member pursuant to the Code. The nomination committee focuses on the combined qualifications and experience, as well as diversification on background and gender.

1. Implementation and reporting on corporate governance

Elkem's corporate governance policy is based on the Code, and as such designed to establish a basis for good corporate governance to support achievement of the company's core objectives, strategies, and risk profile on behalf of its shareholders, including the achievement of sustainable profitability.

Elkem believes good corporate governance involves openness and trustful cooperation between all parties involved in the group: the shareholders, the board of directors and executive management, employees, customers, suppliers, public authorities and society in general.

By pursuing the principles of corporate governance, the board of directors and management contributes

to achieving open communication, equal rights for all shareholders and good control and corporate governance mechanisms. The board of directors assesses and discusses Elkem's corporate governance policy, strategy, and risk profile on a yearly basis.

Elkem aspires to comply with the recommendations of the Code. If the Code is deviated from, the deviation is described and explained in the relevant section of this statement. A summary of the deviations is also provided above.

No deviations from the code.

2. Business

Elkem's mission is to provide advanced silicon-based materials shaping a better and more sustainable future. Elkem develops its business in support of the ambitions of the UN Sustainable Development Goals and the Paris agreement. Our strategy is focused on dual play growth, which means that growth should be balanced both geographically and across the value chain. Green leadership is a key part of Elkem's new strategy, with focus on low CO₂ emissions, and supplies to the green transition and creating green ventures. Operational excellence, a higher degree of specialisation, and securing sustainable low-cost positions are key strategic goals on divisional level.

Elkem's business scope is clearly described in section 3 of the articles of association:

- The object of the company is to develop and engage in industry, mining, trade and transportation as well as exploration and exploitation of natural resources. The company may also develop, acquire and exploit patents inventions and technical knowhow. The company may participate directly or indirectly or by other means in companies engaged in activities outlined above or activities that promote or support such objects.

With a strong track record since 1904, Elkem is one of the world's leading providers of advanced material solutions. The company is a fully integrated producer with operations throughout the silicon value chain and develops silicones, silicon products and carbon solutions by combining natural raw materials, renewable energy, and human ingenuity. Elkem helps its customers create and improve essential innovations like electric mobility, digital communications, health, and personal care as well as smarter and more sustainable cities.

Elkem is operating in capital intensive and cyclical industries and has 30 production sites and an extensive network of sales offices around the world. While this gives competitive strengths, it also gives exposure to a range

of risk factors. The board of directors has defined goals and strategies for the business and has a clear focus on risk profiles and risk management to create value for the company's shareholders. In the past two years several incidents have caused significant market disruptions, for example the Covid-pandemic, the war in Ukraine, shortages of semi-conductors and power disruptions. Elkem has independent and fully integrated value chains both in the East and West and has managed well through these challenging conditions. More details on the main risks and risk management principles are presented in the annual report. See also section 10 below.

In 2022, the board has revised Elkem's strategy and set out dual play growth and green leadership as the main strategic priorities. Dual play growth means that Elkem will target balanced growth between geographic regions (East and West), and balanced growth across the value chain (upstream and downstream). Green leadership means that Elkem will work to strengthening the position as best in the industry on low CO₂ and growing supplies to green transition and creating green ventures. Focus on a higher degree of product specialisation through R&D and selected acquisitions is a key strategic measure to improve and stabilise the group's profitability through the business cycle. To support its strategic goals, Elkem will focus on operational excellence, digitalisation, people development and ESG (Environmental, Social and Governance). In addition, Elkem's divisions will focus on developing and maintain sustainable low-cost positions. Together these initiatives comprise the group's strategic and operational goals to secure profitable and sustainable growth.

Risk management and internal control systems are in place to manage operational risks. The company aims to maintain a strong financial profile with a robust capital structure. The target, based on earnings over the business cycle, is to have a leverage ratio of 1.0x - 2.0x, defined as net interest-bearing debt to EBITDA.

Sustainability is central in Elkem's business strategy. Elkem defines sustainability work as continuous efforts to maximise the positive impact on the environment and societies, as well as to minimise any negative impact. Elkem is a signatory to the UN Global Compact and applies sustainability in line with the principles of the UN Global Compact. Elkem is committed to develop its business in support of the ambitions of the Paris climate agreement and the UN Sustainable Development Goals (SDGs). Elkem is also committed to follow the United Nations Guiding Principles on Human Rights and Business. Elkem's Silicones division is a member of the Responsible Care Global Charter which is the chemical industry's global initiative to drive continuous improvement in environment, health, safety and security.

Elkem has implemented guidelines and procedures in accordance with section 3-3c of the Accounting Act, including code of conduct, policy on anti-corruption and CSR policies. Elkem's ESG report is included in the annual report for 2022.

Elkem's objectives, strategy, risk profile and financial targets are evaluated by the board of directors on an annual basis. The board also reviews the group's performance in ESG and evaluates the climate risks and opportunities and makes regular assessments to ensure compliance and high-quality standards.

No deviations from the Code.

3. Equity and dividends

As at 31 December 2022, the group's equity was NOK 28,773 million, which is equivalent to 55% of total assets. The total issued share capital of Elkem amounted to NOK 3,197,206,890 divided into 639,441,378 shares, each with a nominal value of NOK 5.

Elkem aims to maintain an investment grade profile and targets a leverage ratio, defined as net interest bearing debt to EBITDA, in the level of 1.0 - 2.0x, based on earnings over the business cycle. As at 31 December 2022, the leverage ratio was 0.2x. The leverage ratio has further strengthened compared to 31. December 2021 as a result of higher EBITDA and lower net interest-bearing debt, as Elkem has benefitted from a strong business model and attractive market positions. Adjusted for the proposed dividend payment for 2022, the leverage as at 31 December 2022 would have been 0.5x. The board of director's target is to ensure a leverage ratio in line with policy over the business cycle. In addition, Elkem aims to keep a robust liquidity reserve and a smooth maturity profile on its loan portfolio to mitigate financing and liquidity risk. As at 31 December 2022, available cash amounted to NOK 9,255 million providing a strong liquidity position. In addition, Elkem has undrawn credit facilities amounting to NOK 6,342 million.



In 2022, Elkem signed a new credit facilities agreement of EUR 1,000 million with its bank group. The credit facilities agreement consists of a revolving credit facility in the amount of EUR 500 million and a term loan facility in the amount of EUR 500 million. The facilities agreement also includes certain sustainability performance targets linked to health and safety and reduction of the group's carbon footprint. In addition, Elkem placed a series of floating rate loans amounting to EUR 200 million in the Schuldschein market. These transactions provide a solid financing position for the group. The board of directors considers Elkem's capital structure, including equity and debt structure, to be appropriate to the company's objective, strategy and risk profile.

The company's dividend policy is to aim for dividends distributions to reflect the underlying earnings and cash flow of the group and targets a dividend pay-out ratio of 30-50% of the group's profit for the year.

The proposed dividend pay-out for the financial year ended 31 December 2022 is NOK 3,813 million, which corresponds to NOK 6.00 per share. The proposed dividend represents 40% of the group's profit for 2022. The board of directors has not been granted any authorisation to approve distribution of dividends.

At the annual general meeting on 27 April 2022, the board of directors was granted the following authorisations:

- In order to give the board of directors financial flexibility and enable quick access to the market in the event of an acquisition in return of shares or for general corporate purposes, the board of directors was granted an authorisation to increase the share capital with an amount up to NOK 319,720,689 corresponding to 10% of the current share capital. The authorisation covers share capital increases against contribution in kind and share capital increase in connections with mergers. The shareholders' preferential rights to new shares may be deviated from. The authorisation is valid until the annual general meeting in 2023, but no longer than to and including 30 June 2023. This authorisation was not utilised in the financial year ended 31 December 2022.
- The board of directors was granted an authorisation to increase the share capital up to NOK 40,000,000 to be used in connection with the issuance of new shares under the company's share incentive scheme. The authorisation is valid until the annual general meeting in 2023, but no longer than to and including 30 June 2023. This authorisation was not utilised in the financial year ended 31 December 2022.



- In order to allow the board of directors to utilise the mechanisms permitted by the Norwegian Public Limited Liability Companies Act to acquire own shares, the board of directors was granted an authorisation to acquire own shares with a total nominal value of up to NOK 319,720,689 corresponding to 10% of the current share capital. The maximum amount that can be paid for each share is NOK 150 and the minimum is NOK 1. The authorisation is valid until the annual general meeting in 2023, but no longer than to and including 30 June 2023. Under this authorisation the board of directors announced the acquisition of 5,000,000 own shares on 21 July 2022. The average purchase price per share was NOK 38.46. Parts of the own shares acquired have been sold under the share incentive programme and as at 31 December 2022 Elkem holds 4,964,393 own shares.

Deviations from the Code: The board of directors' authorisation to increase the share capital with an amount up to NOK 319,720,689, corresponding to 10% of the current share capital can be used for several purposes. Elkem believes that this authorisation is important in order to allow the board of directors, in the interest of time, to act quickly in connection with a transaction or other corporate events where it is in the shareholders and Elkem's interest to increase the share capital.

4. Equal treatment of shareholders

All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Elkem has carried out transactions in its own shares during 2022. These transactions were carried out through the stock exchange and ensured equal treatment of all shareholders. Elkem announced the acquisition of 5,000,000 own shares on 21 July 2022. The average purchase price per share was NOK 38.46. Elkem engaged a third party to carry out the share buybacks on behalf of the company and the third party managed the programme and made its trading decisions independently of Elkem.

No deviations from the Code.

5. Freely negotiable shares

The shares in Elkem are freely negotiable and there are no restrictions on any party's ability to own, trade or vote for the share in the company. Elkem has only one class of shares. Each share grants the holder one vote and there are no structures granting disproportionate voting rights.

No deviations from the Code.

6. General meetings

The board of directors will ensure that the company's shareholders can participate in the general meetings.

The annual general meeting in 2022 was held as a hybrid meeting. Shareholders had the option to either attend the general meeting physically or digitally by following the live audiocast of the meeting, submit questions relating to the items on the agenda and cast their votes in real time. The digital meeting was organised by DNB Bank ASA, Elkem's registrar in the Central Security Depository, Verdipapirsentralen ASA (Euronext Securities Oslo), and its subcontractor.

The board of directors will further ensure that:

- notices for the general meetings are sent to all shareholders individually, or to their depository banks, at least 21 days in advance, that all matters to be considered by the meeting are specified and that relevant documents are made available on the company's website;
- the resolutions and any supporting documentation are sufficiently detailed, comprehensive and specific, allowing shareholders to understand and form a view on all matters to be considered at the general meeting;
- the CEO, the chair of the board of directors and the chair of the nomination committee attend the general meeting; and
- the general meeting is able to elect an independent chair for the general meeting.

The articles of association of Elkem does not provide for any deadline for the shareholders to give notice of their attendance at the general meeting. The board of directors may still encourage shareholders to give such notice within a set deadline.

Shareholders who are unable to participate in the general meeting will be given the opportunity to vote by proxy or through written voting in a period prior to the general meeting. The company will in this respect provide information on the procedure and prepare a proxy form/ written voting form. The Company will nominate a person to act as proxy.

All board members and members of the nomination committee are encouraged, but not obliged, to participate in the annual general meeting. The chair of board was represented by the presence of the vice chair at the annual general meeting in 2022, due to the unavailability of the chair.

Elkem has chosen not to follow the recommendation to vote separately on each candidate nominated for the board of directors and the nomination committee. The process of the nomination committee is focused on the

combined qualification and experience of the proposed members to the board of directors and the nomination committee, and the voting should therefore also be carried out as a combined vote.

Deviations from the code: Voting on members to the board of directors and the nomination committee takes place as a combined vote.

7. Nomination committee

According to section 7 of Elkem's articles of association, the company shall have a nomination committee consisting of two or three members in accordance with the decision of the general meeting. The members of the nomination committee are elected by the annual general meeting. The general meeting has also approved guidelines for the duties of the nomination committee, elected the chairperson and determined the remuneration of the members of the committee.

After the general meeting in 2022 the nomination committee comprises the following members:

- **Sverre S. Tysland** / Chair / Practicing lawyer / Independent / Re-elected in 2022 for a term of office of one (1) year until 2023;
- **Zhu Xiaolei** / Committee member representing the majority shareholder / Re-elected in 2022 for a term of office of one (1) years until 2023; and
- **Anne Kjølseth Ekerholdt** / Committee member / Practicing lawyer / Independent / Re-elected in 2022 for a term of office of one (1) year until 2023.

The members of the nomination committee have been elected to take into account the interests of shareholders in general and to consider and ensure compliance with the guidelines in section 9 of the Code regarding the composition and independence of the board of directors. The nomination committee does not include members of the board of directors or the executive management. The nomination committee shall make recommendations to the general meeting for the election of shareholder elected board members and members of the nomination committee, and the remuneration of the board of directors and the nomination committee. When nominating shareholder representatives to the board of directors, the nomination committee presents relevant information about the candidates, together with an evaluation of their independence.

In connection with the nomination committee's work with proposing candidates, and to ensure that the candidates represent a broad group of the company's shareholders,

the nomination committee is in contact with the board of directors, the CEO and major shareholders. The nomination committee will consider holding individual discussions with each member of the board of directors, and furthermore, ensure that the board of directors is composed to comply with legal requirements and the corporate governance code.

The nomination committee have justified its proposal for the board of directors. While the nomination committee presents relevant information about each candidate separately, the nomination committee focuses on the combined qualifications and experience of the proposed members of the board of directors when presenting its proposal to the general meeting. Information on how to propose candidates is available on Elkem's webpage.

Deviations from the Code: The nomination committee justifies its proposals combined and not separately for each board member.

8. Composition and independence of the board

As of 31 December 2022 the board of directors of Elkem comprises 11 members, of which eight members, including the chair, are shareholder elected. The remaining three members are elected by and among the company's employees.

As of 31 December 2022, the board of directors of Elkem comprise of the following persons:

- **Zhigang Hao** / Chair / Representing the majority shareholder / Re-elected in 2021 for a term of office of two (2) years until 2023;
- **Dag Jakob Opedal** / Vice chair / Independent / Re-elected in 2022 for a term of office of two (2) years until 2024;
- **Olivier Tillet de Clermont-Tonnerre** / Board member / Representing the majority shareholder / Re-elected in 2022 for a term of office of two (2) years until 2024;
- **Nathalie Brunelle** / Board member / Independent / Elected in 2022 as new board member for a term of two (2) years until 2024;
- **Yougen Ge** / Board member / Representing the majority shareholder / Re-elected in 2021 for a term of office of two (2) years until 2023;
- **Jingwan Wu** / Board member / Representing the majority shareholder / Elected in 2022 as new board member for a term of two (2) years until 2024;

→ **Grace Tang** / Board member / Independent / Elected in 2021 as new board member for a term of two (2) years until 2023;

→ **Marianne Elisabeth Johnsen** / Board member / Independent / Re-elected in 2021 for a term of office of two (2) years until 2023;

→ **Terje Andre Hanssen** / Board member / Employee representative / Elected for a term of office until the annual general meeting in 2024;

→ **Marianne Færøyvik** / Board member / Employee representative / Elected for a term of office until the annual general meeting in 2024 and;

→ **Thomas Eggan** / Board member / Employee representative / Elected for a term of office until the annual general meeting in 2024.

Anja-Isabel Dotzenrath did not seek re-election at the annual general meeting in 2022 and resigned from the board. Dotzenrath was replaced by Nathalie Brunelle. Jingwan Wu was elected new board member to fill the vacant position after Helge Aasen's resignation in 2021,

following which the board comprised 10 members. In addition, Thomas Eggan has replaced Knut Sande as employee representative.

The composition of the board of directors is considered to attend to the common interests of all shareholders and meet the company's need for expertise, capacity and diversity. Four of the board members are women, and none of the members of the company's executive management are members of the board of directors.

The board of directors is composed so that it can act independently of any special interests. The majority of the shareholder elected board members are independent of the executive management and material business connections of the company.

Further, four out of the current eight shareholder elected board members are independent of the company's majority shareholder. Further information on each of the board members is presented at www.elkem.com and information on their record of attendance at board meetings can be found in the board of directors' report on salary and other remuneration for leading personnel for 2022.



Members of the board of directors are encouraged to own shares in the company, however, with caution not to let this encourage a short-term approach which is not in the best interests of the company and its shareholders over the longer term. As of 31 December 2022, the following board members owned shares in the company: Olivier Tillette de Clermont-Tonnerre (15,517 shares), Dag Jakob Opedal (40,000 shares), and Marianne Færøyvik (4,950 shares).

No deviations from the Code.

9. The work of the board of directors

The board of directors' work follows an annual plan, with a particular focus on objectives, strategy and implementation. The plan is evaluated and approved around the beginning of each calendar year. The board of directors also annually evaluates its performance and expertise, the evaluation is presented to the nomination committee.

The board of directors has implemented instructions for the board of directors and the executive management, which are focused on determining allocation of internal responsibilities and duties. The objectives, responsibilities and functions of the board of directors and the CEO are in compliance with rules and standards applicable to the group and are described in the company's annual report. The board of directors have also implemented procedures to ensure that members of the board of directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors. The board of directors will also be chaired by some other member of the board if the board is to consider matters of a material character in which the chair of the board is, or has been, personally involved.

The board of directors held seven board meetings in 2022. Two board members were absent from one meeting. Except for that, all board members attended all board meetings in 2022.

The instructions for the board of directors states how agreements with related parties shall be handled. In the event of a not immaterial transaction between the company and its shareholders, a shareholder's parent company, members of the board, executive management or closely related parties of any such parties, the board will arrange for a valuation to be obtained from an independent third party. Agreements with related parties will be disclosed in the directors' annual report.

The board of directors has established an audit committee and a remuneration committee.

No deviations from the Code.

The audit committee

The board of directors has established an audit committee which is a working committee for the board of directors, preparing matters and acting in an advisory capacity. The audit committee is responsible for overseeing financial reporting and disclosure and assist the board of directors with assessments of the integrity of the company's financial statements, financial reporting processes and internal controls, risk management and performance of the external auditor. In 2022, the audit committee also assumed responsibility for preparatory work and supervision related to the board's management of sustainability and non-financial reporting, internal control over sustainability and non-financial reporting, and sustainability-related risk management.

The board of directors has issued instructions for the work of the audit committee, and the duties and composition of the committee are in compliance with the Norwegian Public Limited Liability Companies Act. The members of the audit committee are elected by and amongst the members of the board of directors for a term of up to two years and comprised the following persons as of 31 December 2022:

- **Dag Jakob Opedal** / Chair/ Independent
- **Grace Tang** / Member / Independent
- **Jingwan Wu** / Member / Representing the majority shareholder

The committee members have the overall competence required to fulfil their duties based on the organisation and operations of the group, at least one member of the audit committee is competent in respect of finance and audit. The majority of the members are independent of the business.

The remuneration committee

The board of directors has appointed a remuneration committee which comprised the following persons as of 31 December 2022:

- **Zhigang Hao** / Chairperson / Representing the majority shareholder
- **Olivier Tillette de Clermont-Tonnerre** / Member / Representing the majority shareholder
- **Marianne Elisabeth Johnsen** / Member / Independent

The remuneration committee is a preparatory and advisory committee for the board of directors in questions relating to the company's compensation of the executive management. The purpose of the remuneration committee is to ensure thorough and independent

preparation of matters relating to compensation to the executive personnel. The remuneration committee puts forth a recommendation for the board of directors' guidelines for remuneration to senior executives in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act.

The members of the remuneration committee are elected by and amongst the members of the board of directors for a term of up to two years and are independent of the company's executive management.

The board of directors has issued instructions for the work of the remuneration committee.

No deviations from the Code.

10. Risk management and internal control

It is ultimately the responsibility of the board of directors to ensure that the company has sound and appropriate internal control systems and risk management systems reflecting the extent and nature of the company's activities. Sound risk management is an important tool to create trust, ensure a good environment, health and safety standards and enhance value creation. Evaluation of climate related risks and opportunities have become an increasingly important part of Elkem's overall risk management processes. As part of this work Elkem has presented a global climate roadmap in 2021 and also reported on climate risks and opportunities according to Task Force on Climate-related Financial Disclosures (TCFD) reporting recommendations. The TCFD framework has been implemented as an integrated part of Elkem's yearly risk assessment.

Elkem complies with all laws and regulations that apply to the group's business activities. The group's code of conduct sets out the overall ethical guidelines, which apply to all Elkem employees, members of the board of directors as well as those acting on Elkem's behalf. The company has a comprehensive set of relevant corporate manuals and procedures, which provide detailed descriptions of procedures covering all aspects of managing the operational business. The procedures and manuals are continuously revised to reflect best practice derived from experience or adopted through regulations. In 2022, Elkem has made an extensive review and update of its governing documents.

The board of directors conducts annual reviews of the company's most important areas of exposure to risk and such areas' internal control arrangements. A summary of the main risks is presented in the annual report. The focus on climate related risk has increased and is an integrated part of this assessment.

The board of directors describes the main features of the company's internal control and risk management systems connected to the company's financial reporting in the company's annual report. This covers the culture of control, risk assessment, controlling activities and information, communication and follow-up. The board of directors is obligated to ensure that it is updated on the company's financial situation, and to continuously evaluate whether the company's equity and liquidity are adequate in terms of the risk from, and the scope of, the company's activities, and shall immediately take necessary actions if it is demonstrated at any time that the company's capital or liquidity is inadequate. The company focuses on frequent and relevant management reporting to the board of directors. The reports contain matters related to health and safety, market development, operations and financial performance. The purpose is to ensure that the board of directors has sufficient information for decision-making and is able to respond quickly to changing conditions or important incidents. Board meetings are held regularly, and management reports are provided to the board on a monthly basis.

No deviations from the Code.

11. Remuneration of the board of directors

The remuneration to the board of directors is determined by the shareholders at the annual general meeting based on a proposal from the nomination committee. The level of remuneration to the board of directors is considered to reflect an international level and the board of directors' responsibility, expertise, the complexity of the company and its business, as well as time spent and the level of activity in both the board of directors and any board committees.

The remuneration of the board of directors is not linked to the company's performance and Elkem does not grant share options to its members of the board of directors.

The board members, or companies associated with board members, have not been engaged in specific assignments for the company in addition to their appointments as members of the board of directors. The remunerations for the period from May 2022 until the annual general meeting in 2023 are as follows:

Board of directors:

- Chair: NOK 819,000
- Vice chair: NOK 614,250
- Board members: NOK 409,500
- Observers: NOK 204,750

Audit committee:

- Leader: NOK 147,420
- Member: NOK 98,280

Remuneration committee:

→ Leader: NOK 147,420
 → Members: NOK 98,280

The total compensation to members of the board of directors is disclosed in the board of directors' report on salary and other remuneration for leading personnel for 2022.

No deviations from the Code.

12. Remuneration of executive personnel

The board of directors prepares guidelines for the remuneration of executive management. These guidelines include the main principles for the company's remuneration policy and contributes to Elkem's commercial strategy, long-term interests and financial viability, which align the interests of the shareholders and the executive management. The guidelines are communicated to the annual general meeting and presented in a separate appendix to the agenda for the general meeting. A report on the salary and other remuneration to the executive management will be prepared in accordance with the rules of the Norwegian Public Companies Act and relevant regulations.

Performance-related remuneration of the executive management in the form of share options, bonus programmes or similar are linked to value creation for shareholders or the company's profit over time. Such performance related remuneration is subject to an absolute limit.

No deviations from the Code.

13. Information and communications

Elkem is under an obligation to continuously provide its shareholders, Oslo Stock Exchange and the financial markets in general with timely and precise information about the company and its operations. Relevant information is given in the form of annual reports, quarterly reports, press releases, notices to the stock exchange and investor presentations in accordance with what is deemed appropriate from time to time. Elkem maintains an open and proactive policy for investor relations and has given regular presentations in connection with annual and quarterly results. The goal is that Elkem's information work shall be in accordance with best practice at all times and all communications with shareholders shall be in compliance with the provisions of applicable laws and regulations and in consideration of the principle of equal treatment of the company's shareholders.

Investor contact/investor relations (IR) activities are conducted in accordance with the IR policy and by the IR team only. The IR team comprises the CEO, the CFO and the VP Finance and Investor relations.

The company publishes an annual, electronic financial calendar with an overview of dates for important events, such as the annual general meeting, interim financial reports, public presentations and payment of dividends, if applicable.

In addition to the board of directors' dialogue with the company's shareholders at general meetings, the board of directors promotes suitable arrangements for shareholders to communicate with the company at other times. The board of directors have delegated this task to the IR team. Elkem has held regular investor meetings in connection with each of the quarterly presentations in 2022 and attended several investor conferences. In addition, Elkem arranged a Capital Markets Update in 2022 in connection with the company's results presentation for the third quarter. The IR team has conducted physical and electronic meetings with both domestic and international investors from for example Great Britain, United States, Germany, France and Switzerland. The plan is to arrange regular investor meetings and capital market updates when it is considered expedient in order to keep the market up to date about the company's development, goals and strategies.

No deviations from the Code.

14. Take-overs

Elkem has one major shareholder controlling 52.9% of the shares as of 31 December 2022. Elkem has not been subject to any takeover bids in 2022.

In the event of a takeover bid, the board of directors and executive management each have an individual responsibility to ensure that the company's shareholders are treated equally and that there are no unnecessary interruptions to the company's business activities. The board of directors has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer. In the event of a take-over process, the board of directors shall abide by the principles of the Code, and also ensure that the following take place:

- the board of directors will not seek to hinder or obstruct any takeover offer for the company's operations or shares unless they have valid and particular reasons for doing so;

- the board of directors shall not exercise mandates or pass any resolutions with the intention of obstructing the takeover offer unless this is approved by the general meeting following announcement of the offer;
- the board of directors shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company;
- the board of directors shall not enter into an agreement with any offeror that limits the company's ability to arrange other offers for the company's shares, unless it is self-evident that such an agreement is in the common interest of the company and its shareholders;
- the board of directors and executive management shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the board of directors must be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over offer, the board of directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code. This includes obtaining a valuation from an independent expert. On this basis, the board of directors will make a recommendation as to whether or not the shareholders should accept the offer.

A takeover process gives rise to a particular duty of care to disclose information, where openness is an important tool for the board of directors to ensure equal treatment of all shareholders. The board of directors shall strive to ensure that neither inside information about the company, nor any other information that must be assumed to be relevant for shareholders in a bidding process, remains unpublished.

There are no other written guidelines for procedures to be followed in the event of a takeover offer. The company has not found it appropriate to draw up any explicit basic principles for Elkem's conduct in the event of a take-over offer, other than the actions described above. The board of directors otherwise concurs with what is stated in the Code regarding this issue.

No deviations from the Code.



15. Auditor

The board of directors is responsible for ensuring that the board and the audit committee are provided with sufficient insight into the work of the auditor. In this regard, the board of directors ensured that the auditor submitted the main features of the plan for the audit of the company to the audit committee in 2022. Further, the board of directors invited the auditor to participate in the board meeting that dealt with the annual accounts. At these meetings, the auditor (i) reports on any material changes in the company's accounting principles and key aspects of the audit, (ii) comments on any material estimated accounting figures, and (iii) reports all material matters on which there has been disagreement between the auditor and the executive management of the company.

Once a year, the board of directors reviews the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement. In this regard, a review of the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement, was carried out by the board of directors in 2022.

In order to ensure the auditor's independence of the company's executive management, the board of directors has established guidelines in respect of the use of the auditor by the management for services other than the audit.

No deviations from the Code.

The board of directors of Elkem ASA
Oslo, 8 March 2023


Zhigang Hao
Chair of the Board


Dag Jakob Opedal
Vice chair


**Olivier Tillette de
Clermont-Tonnerre**
Board member


Yougen Ge
Board member


Jingwan Wu
Board member


Grace Tang
Board member


Nathalie Brunelle
Board member


Marianne Elisabeth Johnsen
Board member


Terje Andre Hanssen
Board member


Marianne Færøyvik
Board member


Thomas Eggan
Board member


Helge Aasen,
CEO, Elkem ASA

