

To the 2020 Annual General Meeting of Elkem ASA

## **NOMINATION FOR THE ELECTION OF BOARD MEMBERS AND MEMBERS FOR THE NOMINATION COMMITTEE AND DETERMINATION OF REMUNERATION**

The General Meeting of Elkem ASA resolved 23 February 2018 an instruction regarding the nomination committee's work pursuant to the company's articles of association section 7. The instruction includes the following main items:

- The board of directors should be composed in such a way as to maintain the interests of the shareholders and the Company's need for competence and diversity;
- The board of directors must function well as a collegiate body;
- Members should be independent of the executive management and any significant business associates; and
- At least two of the members should be independent of the Company's principal shareholders.

On 4 February 2020 the company made available on its website information concerning the work of the nomination committee and how the shareholders could submit suggestions to the nomination committee. Meetings and conversations have been held with the executive management, the chairman of the board and other board members in order to gain insight into the work of the board and the board's own evaluation. In addition to contact with the principal shareholder, the nomination committee has been in contact with other large shareholders.

The nomination committee has worked in line with the instruction and has in this respect particularly emphasised the following assessment criteria:

- (i) industry competence within Elkem's business areas;
- (ii) financial competence;
- (iii) market knowledge and networks globally and nationally;
- (iv) independency of the company's executive management; and
- (v) diversity.

### **1. AGENDA ITEM 9 – ELECTION OF BOARD MEMBERS**

In the company's general meeting 30 April 2019, the following board members were elected with a term as indicated below:

- (i) Michael Koenig, chairman of the board for a period of two (2) years;
- (ii) Zhigang Hao, board member for a period of two (2) years;
- (iii) Yougen Ge, board member for a period of one (1) year;
- (iv) Marianne E. Johnsen, board member for a period of two (2) years;
- (v) Olivier Tillette de-Clermont Tonnerre, board member for a period of one (1) year;
- (vi) Anja Dotzenrath, board member for a period of two (2) years;
- (vii) Caroline Gregoire Sainte Marie, board member for a period of one (1) year; and
- (viii) Dag J. Opedal, board member for a period of one (1) year.

Following an extraordinary general meeting held on 15 November 2019 the following by election was made;

- (i) Helge Aasen, board member for a period of two (2) years, substituting Michael Koenig.

On 26 September 2019 the board of directors elected Mr. Zhigang Hao as chairman of the board effective as of 1 December 2019 and Dag J. Opedal as vice chairman of the board effective of 1 December 2019.

From the meetings and conversations the nomination committee has held, as described in the introduction, it is our continued opinion that the board is well-functioning. The board has broad collective competence within the company's core areas, as well as knowledge and networks within financial markets nationally and internationally. Further, the board has strengthened its industrial competence through the election of Helge Aasen. The board has a good attendance in their board meetings. There is no indication that the number of board of directors is inadequate for the well-functioning of the board of Elkem. Size of the board, however, is now and then a topic for consideration. The board of directors have recently obtained an independent board review performed by Egon Zender and the nomination committee has been granted insight into the review. This has given the nomination committee valuable insight into the board of directors' interaction and collective strengths.

The nomination committee proposes the re-election of all board members. For presentations of the board members we refer to the nomination committee's recommendation for 2019 Annual General Meeting dated 4 April 2019 and the recommendation for by election dated 21 October 2019. Although any member may be subject for replacement when elections take place, two members are proposed elected for one (1) year and two members two (2) years, as set-out below. This is implying that a larger number of members are up for election next year. Re-elections and possible replacements next year are nevertheless for the nomination committee to review next year. It is the opinion of the election committee that continuity should be emphasized this year.

The committee's nomination is as follows:

- (i) Yougen Ge, board member for a period of one (1) year;
- (ii) Olivier Tillette de-Clermont Tonnerre, board member for a period of two (2) years;
- (iii) Caroline Gregoire Sainte Marie, board member for a period of one (1) year; and
- (iv) Dag J. Opedal, board member for a period of two (2) years.

Zhigang Hao, Marianne E. Johnsen, Anja Dotzenrath and Helge Aasen are not up for election.

The committee's nomination is unanimous.

## **2. AGENDA ITEM 9 – ELECTION OF MEMBERS OF THE NOMINATION COMMITTEE**

In addition to presenting nominations for the election of the board members, the company's nomination committee shall propose members to the nomination committee. Elkem's nomination committee consists of Sverre S. Tysland, Olivier Tillette de Clermont Tonnerre and Anne Kjøseth Ekerholt. Sverre S. Tysland has been elected for a period of one (1) year and is therefore up for re-election. The nomination committee has been in contact with the principal shareholder in connection with the election of a new member of the nomination committee. Information on how the shareholders may give suggestions to members of the nomination committee has been made available

on the company's website. The nomination committee has not received any opinions on the composition. Olivier Tillette de Clermont Tonnerre has asked to be relieved from his position in the nomination committee. It is therefore suggested that Zhu Xiaolei, who is HR Vice President in Bluestar, will replace Olivier Tillette de Clermont Tonnerre. Further, it is suggested that Sverre S. Tysland is re-elected for one (1) year. A joint committee submits the following nomination:

- (i) Sverre S. Tysland, leader of the nomination committee for a period of one (1) year; and
- (ii) Zhu Xiaolei, member of the nomination committee for a period of two (2) years.

Anne Kjølsest Ekerholt is not up for election.

The committee's assessment is that the nomination fulfils The Norwegian Code of Practice for Corporate Governance section 7: *The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the board of directors and the executive personnel.*

### **3. AGENDA ITEM 10 – DIRECTORS' REMUNERATION**

The nomination committee had concluded on proposing the director's fees to increase somewhat more than the ordinary wage development in order to take the remuneration a little closer to an international level. For 2020, this would call for an increase in the range of 10 %. However, the accelerating global suffering from the covid-19 pandemic and the expected impact on the slowdown of the overall economy are creating more uncertainties and therefore additional pressure on cost control for any international company including Elkem. Hence, after considering the current unexpected situation, the nomination committee on this point recommends a freeze in the board fees for this term.

In addition, the nomination committee is aware of the Bluestar guidelines in line with Chinese practice which implies that the fees honoured to the Bluestar-associated chairman of the board Zhigang Hao and board member Yougen Ge will be comprised in their Bluestar salaries. The chairman of the board is customary proposed to be remunerated twice the fee of a member and the vice chairman 150 % of a member's fee. Employees' elected board members shall receive the same remuneration as the shareholders' elected members irrespective of their employment salaries. Employees' elected observers shall according to union agreement receive 50 % of a member's fee.

Pursuant to this, the nomination committee suggests the following fees to the members and the observers of the board:

Chairman of the board	NOK	750 000
Vice chairman of the board	NOK	562 500
Board members	NOK	375 000 (shareholders elected and employees elected)
Observers	NOK	187 500

Accordingly, the nomination committee suggests the additional remuneration to the members of the board's committees to be unchanged as follows:

Leader	NOK	135 000
Member	NOK	90 000

The proposals are unanimous.

#### **4. AGENDA ITEM 11 – REMUNERATION OF THE NOMINATION COMMITTEE**

The nomination committee proposes the remuneration of the members of the nomination committee to be as invoiced in agreement with the company due to the variations in the amount of work from year to year.

The proposal is unanimous.

Oslo, 15 April 2020



Sverre S. Tysland



Olivier Tillette de-Clermont Tonnerre



Anne Kjølse Ekerholt