

To the 2019 Annual General Meeting of Elkem ASA

## **NOMINATION FOR THE ELECTION OF BOARD MEMBERS, CHAIRMAN OF THE BOARD, 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 25 February 2019, 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 shareholder-elected as well as employees-elected 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 another large shareholder.

By the understanding of the principal shareholder China National Bluestar (Group) Co. Ltd. ("**Bluestar**"), Zhigang Hao is nominated as a new board member. Therefore, he has not participated in the work of the nomination committee. In connection with the nomination, the committee has consisted of Sverre S. Tysland (leader) and Anne Kjølseth Ekerholt.

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 MEMBERS TO THE BOARD OF DIRECTORS**

In the company's general meeting on 23 February 2018, the following board members were elected with a term of office of one (1) year:

Michael Koenig – Chairman of the board  
Olivier Tillette de Clermont-Tonnerre – board member  
Guihua Pei – board member

In the same general meeting, the following members were elected for one (1) year effective from the day of public listing:

Anja Isabel Dotzenrath – board member  
Caroline Gregoire Sainte Marie – board member  
Dag Jakob Opedal – board member

From the meetings and conversations the nomination committee has held, as described in the introduction, we are of the 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. Bluestar, as the principal shareholder, has expressed a wish to expand the board with an additional board member from Bluestar. The reason for this is to strengthen the board's competence within Elkem's focus on silicone and specialised silicone products. Based on this, it is the opinion of the nomination committee that the board should also be expanded with an additional board member independent of Bluestar. An expansion of the board with two shareholder-elected members requires an amendment of the articles of association in regard to the number of board members. This has been accounted for in the summons to the annual general meeting.

The nomination committee proposes the re-election of all board members except for Guihua Pei. Pei has requested to leave the board of directors. A short presentation of the new board members nominated for election, as well as the chairman of the board, follows below. In the general meeting of 23 February 2018, all board members were elected with a term of office of one (1) year and all board members are therefore up for re-election. To balance between replacements and continuity, the nomination committee suggests that half of the board members are elected for one (1) and two (2) years respectively, as set out below.

The committee's nomination is as follows:

- (i) Michael Koenig, Chairman of the Board for a period of two (2) years;  
Michael Koenig is the Chief Executive Officer of Bluestar, which is the company's principal shareholder with approx. 58 % of the shares in the company.
- (ii) Zhigang Hao, board member for a period of two (2) years;  
Zhigang Hao is Chairman of the Board and Party Secretary of Bluestar and has extensive experience from several areas in Bluestar. Zhigang Hao has a Ph.D. in Chemistry.
- (iii) Yougen Ge, board member for a period of one (1) year;  
Yougen Ge is Associate Vice President and Director of the Planning Department of Bluestar and has a university degree in Chemistry.
- (iv) Marianne E. Johnsen, board member for a period of two (2) years;  
Marianne E. Johnsen has a degree in law and also has an MBA in economy. Marianne E. Johnsen has extensive experience from positions on boards of a number of listed companies and has management experience nationally and internationally, inter alia from several years of employment at Elkem.
- (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 Jakob Opedal, board member for a period of one (1) year.

The committee's nomination is unanimous.

## **2. AGENDA ITEM 10 - ELECTION OF MEMBERS OF THE NOMINATION COMMITTEE**

In addition to presenting nominations for the election of the board members and the chairman of the board, the company's nomination committee shall propose members to the nomination committee. Elkem's nomination committee consists of Sverre S. Tysland, Zhigang Hao and Anne Kjølseth Ekerholt. They have all been elected for a period of one (1) year and are therefore all up for re-election. The nomination committee has been in contact with the principal shareholder in connection with the election of the members 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. In order to achieve adequate rotation of the composition of the nomination committee, the committee suggests that Olivier Tillette de Clermont-Tonnerre replaces Zhigang Hao. Further, the nomination committee's leader and member are proposed re-elected.

A joint committee submits the following nomination:

- (i) Sverre S. Tysland, leader of the nomination committee for a period of one (1) year;
- (ii) Olivier Tillette de Clermont-Tonnerre, member of the nomination committee for a period of two (2) years; and
- (iii) Anne Kjølseth Ekerholt, member of the nomination committee for a period of two (2) years.

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 11 – DETERMINATION OF REMUNERATION PAYABLE TO MEMBERS OF THE BOARD OF DIRECTORS**

The nomination committee suggests the director's fees of the company to increase somewhat more than the ordinary wage development in order to be a little closer to an international level. For 2019, this calls for an increase in the range of 6-8 %. Bluestar-associated board members including the chairman are renouncing their fees in line with practice and guidelines for Bluestar. This is not ordinary practice in a public listed company, however it is not a legal requirement that board remuneration must be paid to all board members. Employee-elected board members shall receive the same remuneration as the shareholder-elected members.

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

- Board members independent of Bluestar (shareholder-elected and employee-elected) NOK 375,000
- Observers NOK 90,000

The nomination committee suggests an equivalent increase in the additional remuneration to the members of the board's committees:

- Leader NOK 135,000
- Member NOK 90,000

The proposals are unanimous.

#### **4. AGENDA ITEM 12 – DETERMINATION OF REMUNERATION FOR THE NOMINATION COMMITTEE**

The nomination committee shall also propose the remuneration of the members of the nomination committee and we propose as follows:

- Leader NOK 135,000
- Member NOK 85,000

The proposal is unanimous.



Sverre S. Tysland

Oslo, 4 April 2019



Anne Kjørseth Ekerholt