



The board of directors' report on corporate governance

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.

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.

No deviations from the code.

2. Business

Elkem's mission is to provide advanced material solutions shaping a better and more sustainable future, adding value to our stakeholders globally. Elkem develops its business in support of the ambitions of the UN Sustainable Development Goals and the Paris agreement. Our strategy is to drive growth through operational excellence and increased specialisation.

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. More details on the main risks and risk management principles are presented in the annual report. See also section 10 below.

The board has set out specialisation and continued growth as the main strategic priorities. Focus on further product specialisation through R&D and selected acquisitions is a key strategic measure to improve and stabilise the group's profitability. The target is also to grow Elkem's business both organically and through acquisitions to secure and strengthen the group's attractive positions in growth markets driven by global mega-trends. To support its strategic goals, Elkem will focus on operational excellence, digitalisation, people development and ESG (Environmental, Social and Governance). These initiatives are seen as crucial parts of the group's strategy 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 apply 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 2021.

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 make regular assessments to ensure compliance and high-quality standards.

No deviations from the Code.

3. Equity and dividends

As at 31 December 2021, the group's equity was NOK 19,874 million, which is equivalent to 47% 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 2021, the leverage ratio was 0.6x, which is in line with the group's target. The leverage ratio has improved compared to 31. December 2020 as a result of higher EBITDA and lower net interest-bearing debt, as Elkem has benefitted from a strong business model and improved market conditions, as well as the capital injection of NOK 1,891 million in April 2021. 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 2021, available cash

amounted to NOK 7,040 million providing a strong liquidity position. In addition, Elkem has undrawn credit facilities amounting to NOK 3,144 million.

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 2021 is NOK 1,918 million, which corresponds to NOK 3.00 per share. The proposed dividend represents 41% of the group's profit for 2021.

The board of directors has not been granted any authorisation to approve distribution of dividends.

At the annual general meeting on 27 April 2021, 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 291,492,672 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 2022, but no longer than to and including 30 June 2022. Under this authorisation, Elkem has raised new capital on 26 April 2021 by

issuing 56,456,034 new shares through a private placement amounting to 9.7% of the share capital. The gross proceeds from the private placement amounted to approx. NOK 1,891 million. The preferential rights to new shares were deviated from.

→ 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 2022, but no longer than to and including 30 June 2022. Under this authorisation

the board of directors resolved to issue 1,675,000 new shares on 11 February 2021, amounting to 0.3% of the share capital. The subscription price was NOK 23.53 per share.

→ 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 291,492,672 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 2022, but no longer than to and including 30 June 2022. Under this authorisation the board of directors announced acquisition of 1,000,000 own shares on 16 March 2021 and 10,000,000 own shares on 20 July 2021. The average purchase price per share was NOK 36.2892 and NOK 34.0629 respectively. Parts of the own shares acquired have been sold under the share incentive programme and as at 31 December 2021 Elkem holds 6,403,772 own shares.

Deviations from the Code: The board of directors' authorisation to increase the share capital with an amount up to NOK 291,492,672, 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 increased the share capital on 26 April 2021 through the issue of 56,456,034 new shares at a price of NOK 33.50 per share. The decision to waive the existing shareholders' pre-emptive rights was publicly disclosed in a stock exchange announcement issued in connection with the share issuance. The board was of the opinion that there were sufficient grounds to deviate from the pre-emptive rights and that the private placement was in compliance with the equal treatment requirements as the structuring of the transaction as a private placement enabled Elkem to raise capital in an efficient manner, with a lower discount to the current trading price and with significantly lower completion risks compared to a rights issue. Further, the number of new shares that were issued in connection with the

private placement implied a limited dilution of existing shareholders. The board also noted that the company's majority shareholder was supportive to the transaction and the transaction structure. Elkem decided not to conduct a subsequent repair offering.

Elkem has carried out transactions in its own shares during 2021. These transactions were carried out through the stock exchange and ensured equal treatment of all shareholders. Elkem announced the acquisition of 1,000,000 own shares on 16 March 2021 and 10,000,000 own shares on 20 July 2021. The average purchase price per share was NOK 36.2892 and NOK 34.0629 respectively. 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 meeting either through physical or electronic presence. However, in 2021 physical presence was not permitted due to the Covid-19 pandemic. The general meeting in 2021 was held as an electronic meeting organised by DNB Bank ASA, Elkem's registrar in the Central Security Depository, Verdepapirsentralen ASA (Euronext Securities Oslo), and its subcontractor. Investors could then attend the general meeting from their electronic devices and follow the live audiocast of the meeting and presentation, submit questions relating to the items on the agenda and cast their votes in real time.

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 attend 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 be present at the annual general meeting. 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 combined.

Deviations from the code: Voting on members to the board of directors and the nomination committee takes place as a combined vote. Pursuant to the Code, the board of directors should ensure that all board members attend the general meeting. Elkem does not require all board members to attend. The chair of board was represented by the presence of the vice chair at the annual general meeting in 2021, due to unavailability of the chair.

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 2021 the nomination committee comprises the following members:

- **Sverre S. Tysland / Chair** / Practicing lawyer / Independent / Re-elected in 2021 for a term of office of one (1) year until 2022;
- **Zhu Xiaolei** / Committee member representing the majority shareholder / Elected in 2020 for a term of office of two (2) years until 2022; and
- **Anne Kjølseth Ekerholdt** / Committee member / Practicing lawyer / Independent / Re-elected in 2021 for a term of office of one (1) year until 2022.

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 2021 the board of directors of Elkem comprises 10 members, of which seven of the board members, including the chair, are shareholder elected. The remaining three board members are elected by the company's employees.

As of 31 December 2021, the board of directors of Elkem comprise 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 / Remaining term of office of one (1) year 2022;
- **Olivier Tillette de Clermont-Tonnerre** / Board member / Representing the majority shareholder / Remaining term of office of one (1) year until 2022;
- **Yougen Ge** / Board member / Representing the majority shareholder / Re-elected in 2021 for a term of office of two (2) years until 2023;
- **Anja-Isabel Dotzenrath** / Board member / Independent / Re-elected in 2021 for a term of office of one (1) year until 2022;
- **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 / Remaining term of office of one (1) year until the annual general meeting in 2022;

- **Marianne Færøyvik** / Board member / Employee representative / Remaining term of office of one (1) year until the annual general meeting in 2022 and;
- **Knut Sande** / Board member / Employee representative / Remaining term of office of one (1) year until the annual general meeting in 2022.

Helge Aasen was re-elected as board member for a term of office of one year at the general meeting in 2021, but temporarily resigned from the board with effect from 1 July 2021 to act as Elkem's interim CEO. Helge Aasen was appointed permanent CEO on 18 October 2021 and subsequently resigned from the board with permanent effect. Following Helge Aasen's resignation as board member, the board of directors has comprised 10 members.

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 seven 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 2021. [↗](#)

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 2021, the following board members owned shares in the company: Olivier Tillette de Clermont-Tonnerre (15,517 shares), Dag Jakob Opedal (40,000 shares), Marianne Elisabeth Johnsen (15,000 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 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 2021. One of the board members was absent from two board meetings and one board member was absent from one meeting. Except for that, all board members attended all board meetings in 2021.

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 annual directors' 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 assists 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.

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 2021:

- **Dag Jakob Opedal** / Chair/ Independent
- **Grace Tang** / Member / Independent
- **Olivier Tillet de Clermont-Tonnerre** / Member / Representing the majority shareholder

Marianne Elisabeth Johnsen was member of the audit committee until 26 October 2021 when she was replaced by Grace Tang.

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 2021:

- **Zhigang Hao** / Chairperson / Representing the majority shareholder
- **Anja-Isabel Dotzenrath** / Member / Independent
- **Marianne Elisabeth Johnsen** / Member / Independent

Helge Aasen was member of the remuneration committee until his resignation from the board of directors 1 July 2021. Upon his permanent resignation, Helge Aasen was replaced by Marianne Elisabeth Johnsen with effect from 26 October 2021.

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 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.

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.

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 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 2021 until the annual general meeting in 2022 are as follows:

Board of directors:

- Chair: NOK 787,500
- Vice chair: NOK 590,625
- Board members: NOK 393,750
- Observers: NOK 196,875

Audit committee:

- Leader: NOK 141,750
- Member: NOK 94,500

Remuneration committee:

- Leader: NOK 141,750
- Members: NOK 94,500

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 2021. [↗](#)

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. As at 31 December 2021, 20,479,772 options were outstanding to members of the manage-

ment and certain other key employees, of which 4,650,000 were granted in 2018, 2,967,500 were granted in 2019, 5,411,272 were granted in 2020 and 7,451,000 were granted in 2021. Each option granted in 2018 gives the option holder the right to subscribe or purchase one share in Elkem ASA at an exercise price of NOK 38.52, which is equal to the share price at closing on 13 September 2018. Each option granted in 2019 gives the option holder the right to subscribe or purchase one share in Elkem ASA at an exercise price of NOK 23.53, which is equal to the average of the share price at closing on the first 20 trading days in July 2019. Each option granted in 2020 gives the option



holder the right to subscribe or purchase one share in Elkem ASA at an exercise price of NOK 19.10, which is equal to the average of the share price at closing on the first 20 trading days in July 2020. Each option granted in 2021 gives the option holder the right to subscribe or purchase one share in Elkem ASA at an exercise price of NOK 31.20, which is equal to the average of the share price at closing on the first 20 trading days in July 2021. The options will vest over a period of three years from grant with one-third vesting each year. Participants may not in any calendar year realise a total gain on exercise of options which is in excess of two times (four times for the CEO) the employee's base salary.

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 electronic investor meetings in connection with each of the quarterly presentations in 2021 and attended

several digital investor conferences. The IR team has conducted electronic meetings with both domestic and international investors e.g. from Great Britain, United States, Germany, Sweden, Switzerland etc. 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 at 31 December 2021. Elkem has not been subject to any takeover bids in 2021.

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 2021. 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 2021.

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 2022


Zhigang Hao
Chair of the Board


Dag Jakob Opedal
Vice chair


Grace Tang
Board member



Anja-Isabel Dotzenrath
Board member


Yougen Ge
Board member


Terje Andre Hanssen
Board member


Olivier Tillette de Clermont-Tonnerre
Board member


Marianne Færøyvik
Board member


Marianne Elisabeth Johnsen
Board member


Knut Sande
Board member


Helge Aasen,
CEO, Elkem ASA