The board of directors' guidelines on determination of salary and other remuneration for leading personnel

Passed by the board of directors of Elkem ASA on 8 March 2022, approved by the annual general meeting on 27 April 2022.

1 Introduction and scope

These guidelines (the "Guidelines") have been prepared in accordance with the provisions of Section 6-16a of the Norwegian Public Limited Liability Companies Act, supplemented by the Regulations for guidelines and reports on remuneration for leading personnel.

The Guidelines govern the determination of remuneration to leading personnel in Elkem ASA ("Elkem" or the "Company").

Remuneration to members of the Company's management is vital for harmonizing the Company's interests with the interests of the leading personnel. The main purpose of these guidelines is to allow shareholders to influence the parameters of the salary and other kinds of remuneration, creating a culture for remuneration that promotes the Company's long-term interests, business strategy while ensuring shareholders influence and the Company's financial sustainability.

The Guidelines are of a guiding nature for the board of directors. If the board of directors deviates from the Guidelines in an agreement, a justification shall be given in the relevant board meeting minutes. It is a prerequisite for this that the Guidelines set out the procedural conditions for deviating from the Guidelines and which parts of the Guidelines it is permissible for the board to deviate from.

1.1 Business strategy, long-term interests, and financial sustainability

Being a world leader in environmentally responsible manufacturing of metals and materials, Elkem aims to contribute to a sustainable future by providing advanced silicon, silicones and carbon solutions that add value to our stakeholders globally. The ability to continue our transition into a sustainable, specialty chemicals company is key to support Elkem's vision: Advanced materials shaping the future. To achieve this, Elkem pursues a strategy based on three main building blocks: operational efficiencies and synergies, specialisation and value chain optimisation and organic growth and acquisitions.

The Company's guidelines for determining remuneration to the CEO and other members of the Company's corporate management shall support prevailing strategy and values, and encourage a strong, sustainable and performance-based culture facilitating for continuous improvement. Performance-related remuneration of the corporate management in the form of share options, bonus programmes or similar shall be linked to value creation for shareholders or the Company's profit over time. Such arrangements shall incentivise performance and be based on factors that the leading personnel may influence.

Skilled and motivated employees are the key to deliver on the Company's business strategy, long-term interests and financial sustainability. In Elkem it is the responsibility of the leaders to organise for optimal strategy execution and enabling the employees to perform at their best. Adequate remuneration of leading personnel is a key factor to attract and retain competent leaders. These guidelines are set to ensure that Elkem has a strong ability to attract, retain and develop qualified people with adequate leadership and professional skills, in order to support and contribute to profitable growth and the creation of long-term shareholder value.

The fundamental principle in Elkem's determination of remuneration for its corporate management is that the terms are to be competitive, attractive and fair. Determination of remuneration also considers the breadth and complexity of Elkem's worldwide operations and reflects its objectives for sustainability and growth. Elkem seeks to offer a remuneration level on market terms, satisfying its need to recruit and retain highly qualified personnel in the corporate management.

1.2 The Company's leading personnel

Leading personnel in the scope of these guidelines is the corporate management of Elkem and three (3) employee representatives in the board of Elkem.

In 2022 the corporate management of Elkem consists of:

- CEO
- CFO
- SVP HR
- SVP Business Development
- SVP Innovation
- SVP Technology
- SVP Silicones
- SVP Silicon Products
- SVP Carbon Solutions

The composition of the corporate management team reflects the overall organisation of Elkem and may change in line with major organizational changes.

The remuneration policy to the board of directors is presented in the Corporate Governance Policy of Elkem.

In addition to the board remuneration, the three employee representatives receive market-based salaries for their ordinary employment in Elkem. The board of directors is not entitled to any severance pay, nor are they included in the long-term incentive scheme ("LTI"). There are no loans or guarantees provided to the board of directors.

2 Fixed remuneration

2.1 The Company's fixed remuneration

The fixed base salary of leading personnel will be based on the level of the position in the organisation, local labour market conditions, individual background and performance, budget and guidelines for annual salary review in line with general salary trends. The fixed compensation shall be reasonable and competitive and represent a significant component of the corporate management compensation.

Details of the annual base salary are reported annually in the board of directors' report on salary and other remuneration for leading personnel.

2.2 Pension and insurance schemes

The current corporate management has members residing in Norway and France. The pension and insurance schemes in these countries are therefore included in these guidelines.

The pension rules and regulations follow the national legislation. The premiums are adjusted according to national standards. It is not considered a deviation or change of this guideline that the above-mentioned factors are adjusted. Major structural changes to pension and insurance schemes initiated by the Company, shall be approved by the Remuneration Committee and the board of directors.

2.2.1 Pension scheme in Norway

The pension scheme in Norway is built on two types of compensation: (i) a defined contribution plan, and (ii) a defined benefit plan. Both pension schemes are available in Elkem.

The CEO and the corporate management have the same pension schemes as all employees in Norway.

Defined contribution plans

Defined contribution plans are the main pensions plan for Elkem's Norwegian entities, including leading personnel, where the contribution to each individual pension plan is 5% of annual salary up to 7.1G and 15% of annual salary between 7.1-12G. 1G refers to the Norwegian national insurance scheme's basic amount. Pension on salary above 12G is not supported by external service providers and is therefore handled as a separate plan and included under defined benefit plans.

Defined contribution plans comprise of arrangements whereby the Company makes monthly contributions to the employees' pension plans, and where the future pensions are determined by the amount of the contributions and the return on the individual pension plan asset. The contributions are expensed as incurred and there is no further obligation related to the contribution plans. Prepaid contributions are recognized as an asset.

In addition, a Norwegian multi-employer early retirement scheme called AFP, where sufficient information to calculate each participant's pension obligation is not available, is accounted for as it is a defined contribution plan in accordance with the Ministry of Finance's conclusion. The participants in the pension plan are jointly responsible for 2/3 of the plan's pension obligation, and the government is responsible for the remaining part. The annual pension premium is 2.6% of the employees' salary between 1 and 7.1G per annum, until the calendar year the employee turns 62 years of age.

Defined benefit plans

Defined benefit plans are pension plans where the group is responsible for paying pensions at a certain level, based on employees' salaries when retiring. The group has funded and unfunded benefit plans in Norway, France, Germany, UK, Canada, Japan and South Africa.

The Norwegian pension plans are unfunded and comprise pension on salaries above 12G, applicable for the CEO and the corporate management.

For this pension plan the cost is equal to 15% of annual base salary that exceeds 12G plus calculated interest on the savings, based on agreed saving profile.

2.2.2 Insurance schemes in Norway

General information

All employees aged over 18 who work at least 20% of a full-time position are included in the staff insurance schemes from their first day of employment, including the Norway-based members of the corporate management on the same terms and conditions.

Premiums and tax

The Company covers all costs of the insurances and any compensation paid from insurance is tax-free.

The employees are liable for tax on insurance premiums paid by the employer on their behalf, except for occupational injury insurance and business travel insurance. All employees are included in the workers compensation scheme/statutory occupational injury insurance from their first date of employment, and this is the only coverage which is mandatory by law. The Company will report the insurance premiums to the tax authorities. As Elkem offers a better coverage, the additional benefits are taxable.

Occupational Illness/injure insurance

Disability is divided in two (2) categories, medical and occupational. Medical disability is a permanent reduction in functional ability that reduces quality of life but does not necessarily affect the ability to work. The compensation is calculated based on the degree of disability and the age of the employee.

Compensation for permanent inability to work is intended to cover loss of future income. It is determined in relation to income, degree of disability and age.

Other collective insurance schemes

Non-occupational accident

All employees are also covered in case of accident non-related to their work. Injuries to the body caused by a sudden and unforeseen external event. The insurance does not cover injuries that have been suffered as a result of leisure or sports activities that are considered to be high-risk.

Group Life

If an employee dies before reaching an age of 70, a onetime payment will be made according to the age, salary level and family situation, taking into account any spouse/cohabitant and/or children under the age of 20.

Single payment on the death of the spouse/cohabiting partner

Compensation to the employee in the event of death of spouse/cohabitant.

Business Travel Insurance

All employees are covered when on work-related travels.

2.2.3 Pension scheme in France

French pension system has three pillars: (i) state pension, (ii) compulsory supplementary pensions, and potentially (iii) voluntary private pensions. The following applies to the corporate management residing in France.

French state pension

The first level of compulsory retirement, the basic retirement scheme constitutes the foundation of the French retirement system. Based on solidarity between generations, the basic schemes operate on the principle of a pay-as-you-go system. Employees contribute to pay the retirement pensions of their elders. In return, they have rights to an old age pension.

Since 2012, retirees must work for at least 42 years before claiming a full French state pension (or 40 if born before 1952). This will rise to 43 years by 2035 for those born from 1973 onwards. France's statutory minimum retirement age is 62 for those born on or after 1 January 1955.

Compulsory supplementary pension

The supplementary scheme constitutes level 2 and supplements the basic schemes.

Like the basic scheme, the supplementary pension is compulsory and operates according to the principle of distribution. Every month, the Company deducts a contribution from the employee's gross salary. The Company adds that to the employer's contribution and pays it to a supplementary pension fund. When the employee retires, the amount of this pension corresponds to the employee's number of retirement points multiplied by the at that time valid price of the point.

Contribution matrix (updated yearly)

	Contribution Rate	Employee	Employer	Base
French State Pension (Tr 1)	15,45%	6,90%	8,55%	Gross Salary < 3428€/month
French State Pension (Tr 2)	2,30%	0,40%	1,90%	Total Gross Salary
Compulsory supplementary pension (Tr 1)	7,87%	3,15%	4,72%	Gross Salary < 3428€/month
Compulsory supplementary pension (Tr 2)	21,59%	8,64%	12,95%	3428€/month < Gross Salary < 27 424€ / month

Voluntary private pensions, supplementary pension scheme

Supplementary retirement, based on a capitalization system, can be set up by a company or individually through savings products. This benefit is aiming at attracting & retaining Executives in the Company by compensating the retirement pension level coming out from the state & compulsory supplementary pensions that are capped to a level that would not allow high level salary retirees to maintain their standard of living when retiring.

The French members of the corporate management is covered by the following supplementary pension scheme:

Defined benefit plan (until 31/12/2019)

Due to legal change in France this system can no longer accommodate new members, nor generate new rights as of 1 January 2020. Acquired rights are lost in the event of departure from the Company before retirement age.

Defined contribution plan (since 2020)

As per French law, under this system, the contribution (and the pension level) remains the same as the previous one, but rights are now acquired even in the event of departure from the Company before retirement age.

2.2.4 Insurance schemes in France

Health and Life Insurance

The corporate management is covered by mandatory and executive complementary health insurance and executive life insurance.

Contribution Matrix (updated yearly)

From January to June 2022	Contribution Rate	Employee	Employer	Base
Health Insurance	4,56%	2,28%	2,28%	Gross Salary <3428€/month
Employee Complementary Health insurance	0,84%	0,84%	0%	PMSS = 3428€/month
Executive Complementary Health insurance	1,09%	0%	1,09%	PMSS = 3428€/month
Life Insurance	1,77%	0,71%	1,06%	Gross Salary
Executive Life Insurance	0,20%	0%	0,20%	Gross Salary

From July to December 2022	Contribution Rate	Employee	Employer	Base
Health Insurance	4,56%	2,74%	1,82%	Gross Salary <3428€/month
Employee Complementary Health insurance	0,84%	0,84%	0%	PMSS = 3428€/month
Executive Complementary Health insurance	1,09%	0%	1,09%	PMSS = 3428€/month
Life Insurance	1,77%	0,71%	1,06%	Gross Salary
Executive Life Insurance	0,20%	0%	0,20%	Gross Salary

Business Travel Insurance

All employees are covered when on work-related travels.

2.3 Payment in kind

The benefits of the leading personnel are determined considering market standards and the level of the position, including elements such as private use of mobile phone and portable PC, private access to Wi-Fi at home office and a car allowance. The sum of the value of such benefits is reported annually in the Annual Report.

3 Variable remuneration

3.1 Bonus / short-term incentive scheme (STI)

The corporate management participate in an annual bonus scheme linked to achievement of financial targets. The weight of the financial targets is 60% of the maximum bonus. Currently the financial targets are EBITDA, net profit and net cash flow. Strategic and operational targets, weighting 40%, include targets related to strategic project execution in line with investment approvals, productivity improvement such as cost saving projects, environment, health and safety such as 0 high severity incidents and 0 major environmental case, compliance and sustainability such as completion of mandatory training and zero substantiated misconduct cases.

The targets and their weight for the CEO are set and evaluated annually by the Remuneration Committee. The financial target achievement is calculated mathematically vs. the Company budget, and the qualitative targets are evaluated based on relevant facts and report and the Company overall and the CEO performance. The Remuneration Committee sets the targets to focus the CEO efforts and attention to the most important strategic priorities. Since the priorities will evolve in line with the changing conditions and strategy implementation, also the annual bonus targets will be different from year to year.

The corporate management targets are set and evaluated by the CEO, according to the above-described principles. The targets support the CEO targets, and all together support prevailing strategy of the Company.

The annual bonus is limited to 12 months' salary for the CEO and 6 months' salary for the corporate management.

3.2 Project related bonus

The corporate management and other key employees involved in significant strategic projects, such as but not limited to significant mergers and acquisitions, may also receive specific project related bonuses.

3.3 Share option program / Long-term incentives (LTI)

In March 2018 the annual general meeting of Elkem resolved to establish a long-term share incentive scheme for the corporate management and selected other key employees of Elkem. The share option program shall be part of the total compensation package of the target group employees to strengthen their commitment and ownership to the business value creation and to contribute to the retention of the corporate management and the key employees. The share option program will also ensure alignment of the financial interests of the senior management and key employees with the financial interest of the shareholders.

On the annual general meeting in 2018, the board of directors were authorized to approve the size and the terms and conditions of the share incentive scheme at its discretion.

In September 2018, the board of directors resolved to implement the 2018 share option program and since then the annual general meeting has annually resolved to continue the LTI-program by implementing additional share option programs with similar terms and conditions as the 2018 program.

The options are granted on an individual basis to Elkem corporate management and certain other key employees of Elkem and its subsidiaries, in total approximately 40 individuals located world-wide. The maximum number of options granted to each employee in each category per program is as follows:

- CEO: 500,000 options
- Other members of the corporate management: 300,000 options

The options will vest over a period of three years from the grant date, with one-third vesting each year. The options will expire two years after vesting. Each option gives the holder the right to subscribe or purchase one (1) share in Elkem.

Vested options may be exercised during the period of up to 5 Norwegian business days ending on the business day following the Company's release of its annual or quarterly results. The board may introduce additional Exercise Periods and may also cancel or shorten Exercise Periods. Should the employment of an option holder be terminated, unvested options shall lapse, and vested options must be exercised within certain deadlines. If the employment of the CEO is terminated by the Employee after he has turned 62 years of age, he shall retain his vested and unvested options in accordance with valid share option Grant Letters.

Elkem may honour options when exercised by the delivery of either new shares, treasury shares or settlement in cash, at its discretion. The exercise price shall be adjusted for extraordinary dividends and other factors relevant to the share capital of Elkem (changes in capitalization, rights issues etc.). 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.

Subject to approval from the Annual General Meeting, the board of directors intend to discontinue the share option program.

3.4 Long-term Bonus Scheme (LTBS) / Long-term incentives (LTI)

In order to further improve the focus on value creation and employee retention and to simplify the administration of the long-term incentives, the board of directors intend to replace the share option program with a long-term bonus scheme (LTBS) for the corporate management and selected other key employees.

The LTBS is based on company EBITDA and ROCE performance. The achieved bonus will be paid out in three installments, with one third each year, based on achieved results in the previous year. If the employee leaves the company, the unpaid bonus amount will not be paid to the employee.

The LTBS will contribute to simple and predictable accounting treatment and financial reporting as well as stronger retention than the share option program. The potential payout to the leading personnel will be slightly lower than the historical share option payout.

3.5 Loan and guarantees

There are no loans or guarantees provided to the corporate management.

3.6 Claw back

The Company has the option of reclaiming, in full or in part, granted short-term incentive (STI) remuneration in certain situations ("claw back"), including where incentive remuneration was awarded or paid out based on information subsequently proved to be incorrect. The Company also reserves the discretionary power to reclaim or claw back some or all the value of any incentives granted to the leading personnel in the event of a significant downward restatement of the Group's financial results. This claw back may be effected up to one year from the payment date of the incentive by reducing outstanding awards and payments or requiring the return to the Company of the net value of the incentives paid. Further, any variable components of remuneration under any incentive scheme – whether cash, share-based or otherwise – may lapse without compensation ("malus") and/or be subject to reclaim by the Company ("claw back"), if, during employment or after the termination of the employment while there remains any unvested or deferred grants under any incentive scheme, the member of Corporate Management i.e. leading personnel (i) violates non-competition and/or non-solicitation clauses or otherwise breaches the duty of loyalty towards the Group, (ii) discloses or otherwise misuses any confidential information, (iii) willfully violates the Group's compliance policies, (iv) willfully violates the Group's accounting and finance rules, or (v) engages in other conduct which results in significant losses or serious reputation damage to the Group.

4 Duration of agreements that provide leading personnel remuneration from Elkem

The corporate management employment agreements are permanent with termination clauses as described below.

The CEO has a 6-month period of notice from the last day of the month in which written notice is given, and a severance pay equal to 6 months' fixed base salary until he turns 62 years of age, after that the severance pay is equal to 3 months' fixed base salary.

The employment agreements for corporate management have a 6-month period of notice from the last day of the month in which written notice is given, and a termination payment equal to 12 months' fixed base salary if Elkem initiates the termination.

5 Process, changes to and deviation from the guidelines

5.1 Decision making process

These guidelines are prepared by the SVP HR in cooperation with the legal department of Elkem. The CEO and the Remuneration Committee have approved the guidelines before they were presented to the Elkem board for final review and approval.

The remuneration committee is a sub-committee of the board of directors and its objective is to act as a preparatory and advisory body in relation to the Company's remuneration 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. See "Instructions for the Remuneration Committee" in the Corporate Governance Policy of Elkem.

5.2 Deviating from the guidelines

In special circumstances to maintain the Company's long-term interests and financial performance and to ensure the Company's ability to operate, the board of directors may deviate all parts of these guidelines in an agreement. In such case the justification shall be given in the relevant board meeting minutes.

5.3 Changing the guidelines

In the event of any significant changes to the guidelines, the proposed changes shall be presented to the General Meeting and the changed guidelines shall describe and explain the shareholders' views on the guidelines, the Annual General Meeting's vote, and that the remuneration reports since the last vote on the guidelines, have been taken into account.

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