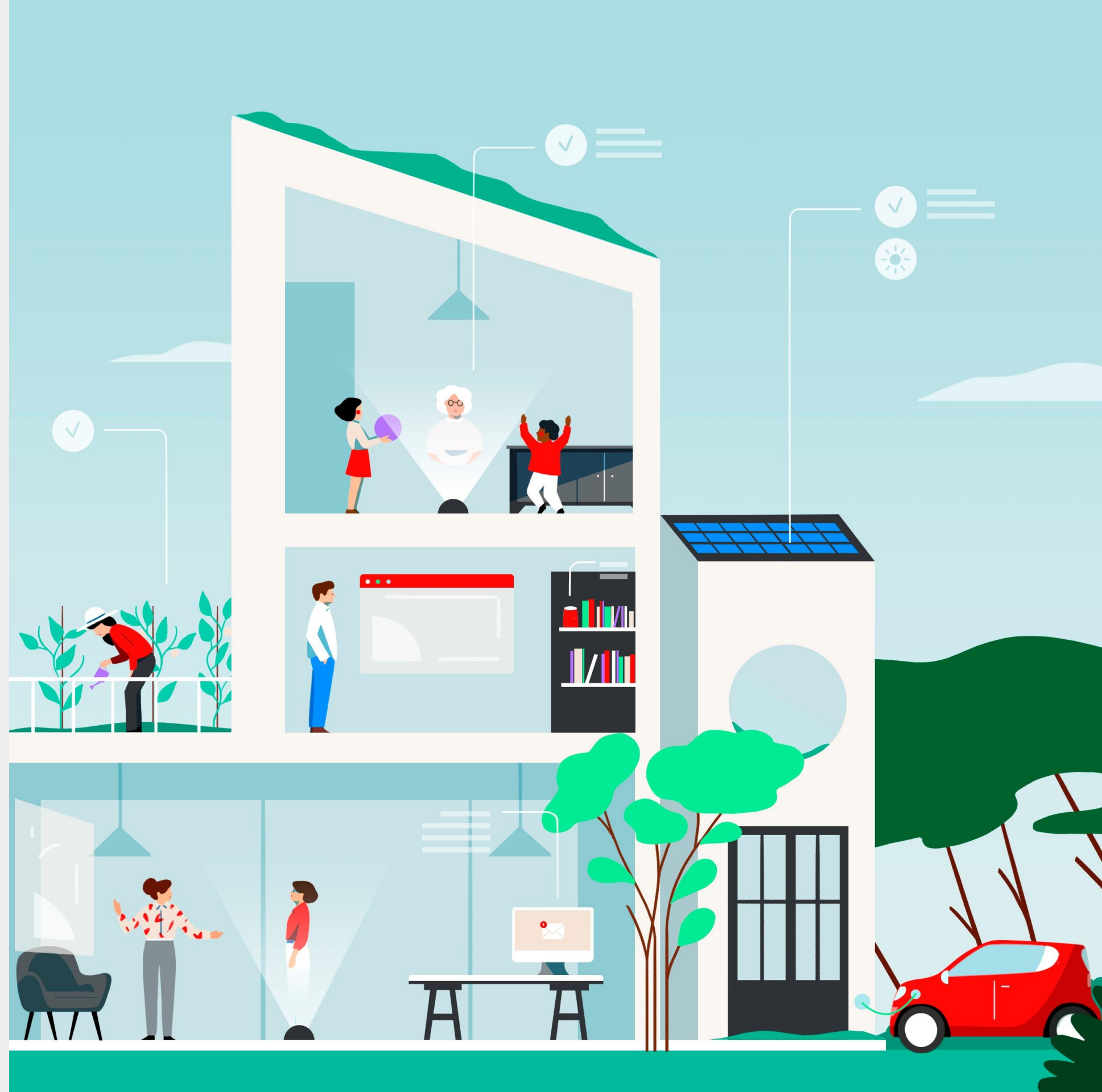


ESG performance report

March 2022



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* Areas in italic are not material, but we still report on the topics



We are Elkem

Introduction

Environmental, social and governance (ESG)

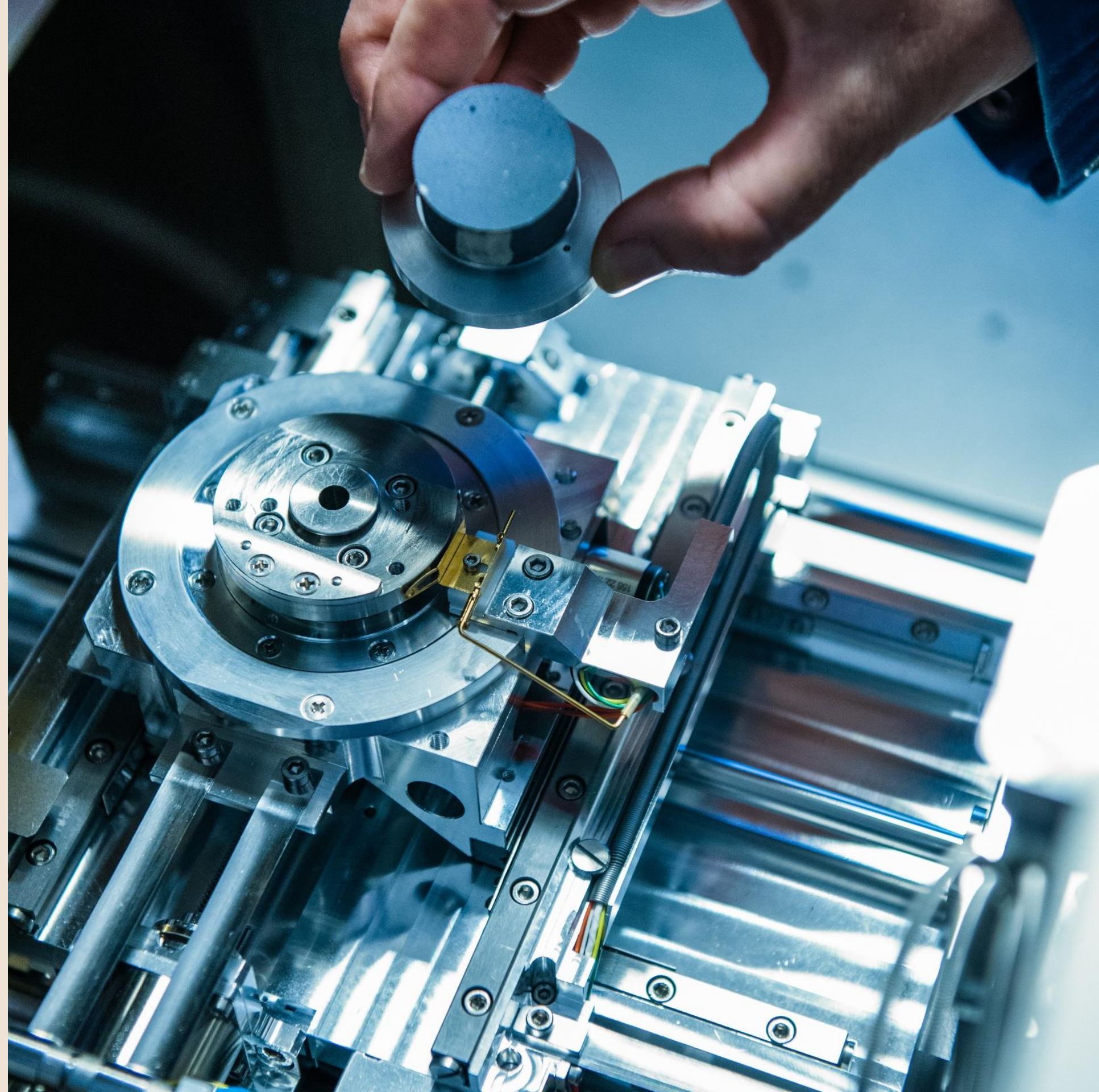
Elkem aims to contribute to shaping a sustainable future, and key stakeholders put increasing demands on ESG strategies and performance. Elkem's products are critical input factors to a vast number of applications that are necessary in sustainable solutions such as renewable energy, energy storage, mobility solutions, infrastructure improvements, digitalisation and health care.

The increasing demand for low-carbon technologies will drive the demand for several of Elkem's product segment within silicones, silicon and ferro-alloys. We believe that we are well-positioned to benefit and to be part of the solution to combat climate change.

We are simultaneously engaging actively to reduce the environmental impact from our own production processes to create the materials necessary to enable a sustainable future. An important milestone was the announcement of a global climate roadmap in 2021, where we commit to reduce our own emissions, supplying the green transition and enable more circular economies.

At the core of Elkem is people and safe sustainable operations conducted responsibly and with excellence. The corona virus (Covid-19) also continued throughout 2021, but that has not hampered the company's efforts and commitment to sustainability. The accelerating need to understand the risks, opportunities and challenges, in non-financial reporting has influenced Elkem's sustainability work, improvement focus and reporting the last years.

The ESG performance report highlights the way sustainability is integrated in the company, as it covers the most material and business core topics to the company. [The full report is available online.](#)

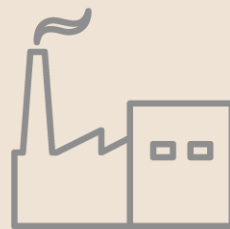


We are Elkem

We combine natural raw materials, renewable energy and human ingenuity



~ 7,000 employees



30 plants worldwide
Headquarters in
Norway



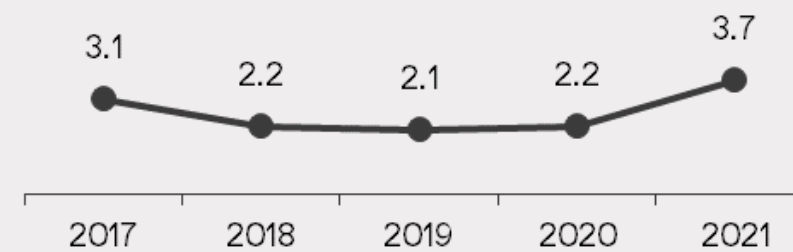
> 500 R&D employees



Revenue in 2021:
NOK 33.7 bn.

Safety

Ambition: Zero injuries



Environmental

>80% of electrical
consumption from renewable
energy

Scope 1+2 CO₂ emissions: **3.42**
million tonnes

Social

Female share: **25 %**

Annual development discussions:
78%

Governance

Code of Conduct signed by **96%**
of employees

Code of conduct signed by new
business partners: **83%**

We are Elkem

Our mission, commitments and achievements

Provide advanced material solutions shaping a better and more sustainable future, adding value to our stakeholders globally.



WE SUPPORT



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 accordance with the UN Sustainable Development Goals and the Paris agreement.



Elkem has been recognised for transparency and actions on climate change, rated **A-**.



Elkem received a **platinum** rating for the first time from Ecovadis, the world's most trusted business sustainability ratings, ranking at top 1%.



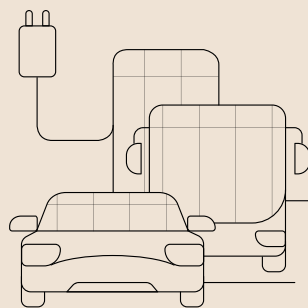
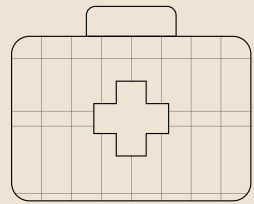
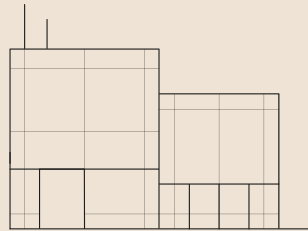
Elkem is certified as a Nasdaq ESG Transparency Partner.



The chemical industry's global initiative for improvement in environment, health, safety and security performance.

ESG material topics

Based on a materiality assessment aligned with the Global Reporting Initiative*



- CO2 emissions and mitigation
- Other emissions to air
- Water management
- Waste management and circularity
- Health and safety
- Human rights, incl. labour rights
- Product governance, incl. chemical safety
- Responsible supply chain
- Supplying the green transition


In addition, Elkem reports on measures and progress on

- Energy management
- Diversity, equality and inclusion
- Compliance



Sustainability agenda and progress:

Develop our business in accordance with UN SDGs and Paris agreement

Sustainability agenda		Material topics	Indicators*	2021	2020	2019	Targets
	Environmental: Minimise negative environmental impact throughout the value chain	CO2 emissions and mitigation (incl. energy management)	Scope 1 (direct) GHG emissions	2.52 mill tonnes	2.39 mill tonnes	2.18 mill tonnes	Reduce absolute scope 1+2 emissions with 28% by 2031
			Scope 2 (indirect) GHG emissions	901 000 tonnes	906 000 tonnes	872 000 tonnes	
			Renewable share of direct emissions (bio)	22%	20%	18%	20% replacement of renewable by 2021, 50% by 2031
			Scope 3 (indirect) GHG emissions	8.54 mill tonnes	7 mill tonnes	-	Reduce the carbon footprint by 39% by 2031
			Energy consumption	6,536 GWh	6,228 GWh	6,010 GWh	Energy recovery increase year on year
			Energy recovery rate	14%	11%	12%	
			Electrical consumption from renewable energy	84%	83%	83%	
		Other emissions to air	NOx	8,932 tonnes	6,228 tonnes	6,010 tonnes	
			SO2	7,281 tonnes	6,880 tonnes	7,284 tonnes	Reduction of 3000 tonnes
			Dust	1,379 tonnes	1,270 tonnes	1,200	30% reduction by 2025
		Waste management and circularity	Waste generated	397 247 tonnes	356,156 tonnes	-	
			Process waste reused or recycled	70%	67%	-	
		Water management	Total freshwater withdrawal	85 654 megalitres	86 900 megalitres	-	Full water discharge permit compliance
	Total water consumption		25 709 megalitres	30 000 megalitres	-		
	Social: Increase positive social impact throughout the value chain	Health and safety, including EHS in supply chain	Total recordable injury rate – employees	3.7	2.3	2.2	Zero injuries
			Total recordable injury rate - contractors	3.5	4.7	4.6	
		Human rights, incl. labour rights	Reported incidents of child/forced labour in organisation	0	0	0	
			Collective bargaining agreements	39%	64%	61%	
	Governance: Ensure compliance and alignment of company objectives	Supply chain management	Confirmed incidents of corruption and misconduct reported	13	11	-	
			New business partners that have signed the code of conduct	83%	90%	-	100% of all new suppliers has signed the code of conduct
Adverse human rights concerns in supply chain reported			1	0	0		
Employees with confirmed commitment to the code of conduct			96%	98%	100%	100% of all employees signed the code of conduct	
Supplying the green transition		Products that supply the green transition	26%	22%	-		

Environmental topics

Key highlights 2021:

- Launch of a new global climate roadmap
- Full mapping of scope 3 emissions
- Energy recovery facility at Salten went live, recovering about 30% of the used energy, equal to more than 15,000 Norwegian households

Key KPIs:

22% biocarbon share in production

>80% electricity based on renewable energy

70% of process waste was either recycled or re-used



CO₂ emissions and mitigation

Indicator	Unit	2021	% change	2020	2019
Scope 1+2	Million tonnes	3.42	Up 4%	3.29	3.02
Scope 1: Direct GHG emissions					
Total scope 1 CO ₂ equivalents, incl. methane and diesel	Million tonnes	2.52	Up 5.5%	2.39	2.18
Share of renewable carbon sources, in Norwegian smelters	%	21%	Up 1%	20%	18%
Share of renewable carbon sources, the group	%	22%	Up 3%	19%	17%
Scope 2: Indirect GHG emissions					
Total scope 2 location based emissions	Thousand tonnes	901	Down 0.5%	906	872
Total scope 2 market based emissions				2.7	2.24
Scope 3: Indirect GHG emissions					
Scope 1: Biogenic emissions	Thousand tonnes	550	Up 0.5%	547	448
Emission (GHG) intensity					
GHG intensity, revenue	Tonnes/ MNOK	79		99	98

Target	Status
20% replacement of direct fossil CO₂ emissions for Norwegian smelters by 2021, 40% by 2030.	Target reached in 2021, with 21% share of biocarbon. The global share was 22%. New target was announced in 2021 – increasing the share to 50% by 2031.
Full understanding of indirect CO₂ emissions.	Mapping of scope 3/indirect emissions started in 2020. A comprehensive report on scope 3 was disclosed in the CDP report 2021.
Reduce absolute emissions in scope 1+2 with 28% by 2031.	The emissions increased with 4% in 2021.
Reduce the product carbon footprint by 39% by 2031	We will start reporting on carbon footprint in 2022.

Key events 2021:

- Elkem launched a climate roadmap in 2021, updating targets and ambitions for the company.
- Elkem published the first climate risk report in 2021, in accordance with the recommendations of the TCFD framework.

Climate change affects us all, and Elkem is committed to take a leading position in reducing the impacts of climate change. Elkem's ambition is to reduce the company's fossil CO₂ footprint by increasing renewable carbon sources and developing innovative production processes.

Commitment:

Committed to do business in accordance with the Paris agreement, to limit global warming to well below 2°C and the long-term commitment to be net-zero by 2050. Elkem will do so by reducing own emissions, growing its market share in the green transition, and enabling more circular economies.

Key risks:

- × Carbon pricing / regulator disharmony
- × Market demand for less carbon-intensive products
- × Restrictions in the use of biobased sources

Key opportunities:

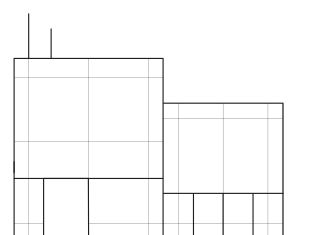
- Offer products with a low carbon footprint
- Resource efficiency
- New market access and growing green demand

A more comprehensive overview of the climate risks and opportunities can be found in [the TCFD 2021 report](#).

Other emissions to air

Indicator	Unit	2021	% change	2020	2019
NOx – Total	Tonnes	8,932	Up 35%	6,610	6,718
NOx – Norway	Tonnes	4,332	Down 3%	4,450	5,462
SO ₂	Tonnes	7,280	Up 6%	6,880	7,284
Dust	Tonnes	1,379	Up 8.5%	1,270	1,200
COD	Kg	201,779	Down 23%	262,715	324,665

Target	Status
SO₂ emissions: Reduction of 3000 tonnes	Emissions of SO ₂ saw an overall increase in 2021. The increase was mainly due to low availability of low sulphur coal and coke.
Dust: 30% reduction by 2025	Baseline year is 2015, when dust emissions was 1,970 tonnes. Major reductions have been done since, but there has been an increase the last years.



The NOx emissions in Norway has steadily decreased the last years, due to implementation of technology.

Elkem's main emissions to air are NOx, SO₂ and dust, in addition to CO₂. These emissions are mainly generated during the carbon calcining process, the silicon/ ferrosilicon smelting process and the upstream silicone-based product process. Emission to air are inherent to many of Elkem's main production processes and are closely monitored to ensure compliance with public permits.

Commitment:

Elkem is committed to controlling and reducing the environmental impact of our production activities to ensure a responsible environmental footprint.

Key risks:

- × Increase in emissions
- × Changes in regulatory conditions
- × No technology development to support cuts in emissions

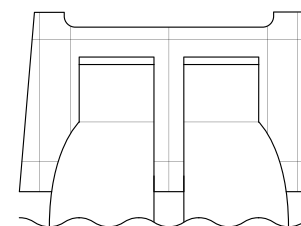
Key opportunities:

- Research and development to reduce emissions
- Strong environmental reporting and management of deviations

Energy management

Indicator	Unit	2021	% change	2020	2019
Energy consumption	GWh	6,536	Up 2%	6,400	6,010
Consumption of purchased or acquired electricity, renewable	GWh	5,488	Up 6.5%	5,153	4,847
Consumption of purchased or acquired electricity, non-renewable	GWh	1,047	Down 16%	1,246	1,163
Energy recovery	GWh	909	Up 28%	711	698
Energy recovery rate	%	14%	Up 3%	11%	12%
Consumption of purchased or required steam, non-renewable	MWh	58,750	Up 9%	54,000	48,936
Energy intensity, revenue	GWh/MNOK	0,19		0,27	0,27
Share of total gross electricity based on renewable energy production	%	84%	Up 3.5%	80.5%	83%

Target	Status
Energy recovery increase year on year.	Increased by 198 GWh in 2021, up 28%.
Energy recovery project in Salten on track.	Went live in 2021.



More than 80% of total gross electricity consumption is based on renewable energy production

Energy efficiency and sustainable sourcing of energy is of utmost importance to ensure security of supply, while at the same time reducing Elkem's global greenhouse gas footprint. Parts of Elkem's value chain are highly energy intensive, with silicon, ferrosilicon and foundry alloys being produced in high temperature electric arc furnaces. Elkem consumes around 6.5 TWh of electricity per year.

Elkem's three main targets for energy are improving the energy efficiency of existing facilities and equipment, reducing the energy intensity of main products and increasing energy recovery from processes that generate surplus heat.

Commitment:

Contributing to the green transition by providing products with low carbon footprint, achieved by reducing energy consumption and increasing share of renewable power.

Key risks:

× Changing regulatory framework, permits and requirements

Key opportunities:

- High percentage (more than 80%) of renewable energy use
- Public grants for implementation of some energy efficiency measures
- Continued roll out of renewable energy in China and Europe

Waste management

Indicator	Unit	2021	% change	2020	Comment
Type of waste and treatment					
Total waste generated	Tonnes	397,247	Up 12%	356,156	Includes both onsite and offsite landfills
Non-hazardous waste to landfill	Tonnes	58,465	Up 22%	48,077	Delivered to approved sites
Hazardous waste to landfill	Tonnes	5,200	Down 14%	6,031	Includes incineration both with and without energy recovery
Non-hazardous waste to destruction	Tonnes	15,660	**	2,399	Includes incineration both with and without energy recovery
Hazardous waste to destruction	Tonnes	38,791	Down 37%	62,004	Includes incineration both with and without energy recovery
Total waste directed to disposal	Tonnes	118,116	Down 0.3%	118,511	30% of total process waste generated
By-product to recycling/sales, ex. microsilica	Tonnes	137,998	Up 46%	94,690	Raw materials, slag and production fines
Oils and chemicals to recycling	Tonnes	69	**	1,945	
Scrap, packaging etc. to recycling	Tonnes	4,491	Down 4%	4,687	
Microsilica	Tonnes	136,573	Minor change	136,322	Off-gas fume processed to sales product
Total waste diverted from disposal	Tonnes	279,131	Up 17%	237,645	70% of total waste generated
Mining activities*	Tonnes	320,687	Up 4%	308,263	Tailings and crushing residue (natural rock without chemical processing) from mining
Waste intensity, revenue	Tonnes/ MNOK	11.78		14.82	

References

*All of the waste in the mining activities was returned to the mining sites for further use in mining activities or as part of our programme to refurbish mining site for return to farming or to their natural state.

** The major changes in number is due to changes in classification as the reporting structure in Elkem is improving. We continue to work internally to improve the quality of the data.

An in-depth understanding of process flows and waste streams, including waste in shipment and hazard classification can be found on page 40 in ESG report.

Policies and management approach:

<https://www.elkem.com/about-elkem/environment-health-and-safety/ehs-management-systems/>

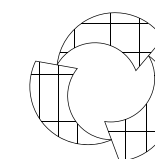
Circular economy information: page 16 in ESG report.

Elkem's environmental policy is to minimise the environmental impact of its production. As the production requires vast quantities of virgin raw materials transported over long distances it is of the utmost importance to fully utilise and not waste any of these materials. In addition, Elkem's business system builds on a zero-waste philosophy focusing on the reduction of all kinds of waste throughout the value chain with a high focus on the efficient utilisation of all resources, reduction of waste generation, and on reuse, recycling or sales of residual waste.

Commitments:

All physical waste streams have value, and it is our goal to realise that value and avoid disposal or destruction.

To enable circular economies, in our operations and with partners.



70% of process waste was reused or recycled.

Key risks:

- × Cost risk: Increased cost of hazardous waste handling storage and disposal with tightening local legislation
- × Restrictions in use of biobased sources

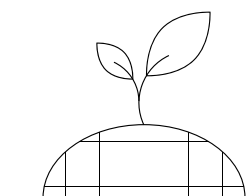
Key opportunities:

- Cost / profit opportunity with less raw material cost and more sellable products
- Climate opportunity with less raw material transportation and increased circularity

Water management

Indicator	Unit	2021	2020
Total water consumption	Megalitres	25,709	30,000
Withdrawal			
Total freshwater withdrawal	Megalitres	85,654	86,900
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Megalitres	46,698	46,644
Groundwater – renewable	Megalitres	581	613
Third party sources	Megalitres	38,391	39,913
Discharge			
Total water discharge	Megalitres	59,945	75,500
Discharge of cooling water	Megalitres	52,925	59,000
Discharge of process wastewater discharge	Megalitres	7,020	16,500
Fresh surface water	Megalitres	4,936	5,000
Brackish surface water/sea water	Megalitres	54,883	43,000
COD flow	Thousand Kg	202	263
COD flow, emissions to revenue	Kg/MNOK	10.94	10.94
Freshwater use, revenue	m3/MNOK	3618.7	3618.7

Target	Status
Full water discharge permit compliance.	No significant spills to water.
Zero spills of D4/D5	Zero spills of significant environmental impact.
Disclose to CDP Water framework	Received a B- score in 2021.



What is Elkem's position and management strategy of D4/D5?
Read more under our [“Policy positions and statements”](#)

Water represents a critical input in many of Elkem's main production processes. Elkem is also indirectly dependent on water as more of 80% of its electricity is hydro-power. It is therefore of the utmost importance to ensure that our water footprint is sustainable. Water related challenges vary strongly across Elkem's value chain and are mainly centered around preventing hazardous discharge.

Comment:

Elkem is committed to efficient and strong management of water resources, focusing on sustainable production and emission and discharge control. In addition, Elkem is committed to full regulatory compliance in all areas we operate.

Key risks:

- × Water availability
- × Water quality (contamination and discharge)
- × Water-related regulatory framework and permits
- × Stakeholder conflict
- × Biodiversity and ecosystems

Key opportunities:

- Strong environmental management systems
- Improvements of water handling particularly the production expansion project at the Xinghou plant in China

Social topics

Key highlights 2021:

- Launch of the Elkem people policy
- Launch of human rights eLearning course
- No high consequence injuries

Key KPIs:

3.7 total recordable injury rate

78% had development discussions

25% female share



Health and safety

Indicator	2021		2020		2019	
	Number	Rate	Number	Rate	Number	Rate
Work-related injuries						
Employees						
Fatalities	0	0	0	0	1	0.1
High-consequence work-related injuries	0	0	1	0.1	1	0.1
Lost workday injuries	21	1.5	10	0.8	14	1.1
Other recordable injuries	30	2.2	19	1.5	14	1.1
Total recordable injury (TRIs and TRIR)	51	3.7	29	2.3	28	2.2
Hours worked - million	13,71		13,10		13,05	
Contractors						
Fatalities	0	0	0	0	0	0
High-consequence work-related injuries	0	0	0	0	0	0
Lost workday injuries	7	1.5	6	2.2	7	2.0
Other recordable injuries	10	2.1	7	2.5	9	2.6
Total recordable injury (TRIs and TRIR)	17	3.5	13	4.7	16	4.6
Hours worked - million	4.80		3,95		3,51	

Target	Status
Total Recordable Injury Rate (including fatalities): Zero	<ul style="list-style-type: none"> • No high-consequence work-related injury (fingertip amputation) for both employees and contractors. • A total of 51 recordable injuries, up from 29 in 2020. Injuries include lost workday, medical treatment, and restricted work injuries, where main types of injuries were lacerations, bone fractures, burns and sprains/strains.
Work related illnesses: Zero	
First aid injury rate: Ensure reporting of all first aid injuries	A total of 190 high-potential work-related incidents (high risk incident) were identified at Elkem sites in 2021, up from 147 in 2020.
High Risk Incidents (HRI): Ensure reporting of all HRIs	All recordable injuries and high-potential incidents are fully investigated, and measures are implemented to prevent similar incidents from happening in the future.

Our EHS efforts are based on a zero-harm philosophy and our EHS management system is implemented to systematically work towards this goal. [Policies and EHS management system are available online.](#)

A strong health and safety culture is the essence of our licence to operate. Elkem takes full responsibility for all activities on Elkem property and is committed to ensure that employees and contractors working at Elkem sites can do so without harm.

Elkem's global commitment is shown by:

- Having clearly defined responsibilities and accepting accountability for EHS at all levels of the organisation.
- Always prioritising individual health and safety when choices have to be made.
- Setting ambitious goals and striving for continuous improvement in EHS.
- Using the same EHS systems, tools and methods, and having the same expectations to EHS performance wherever we operate around the world.

Key risks:

Major risks related to Elkem's production and processes include fire, explosion, toxic chemical exposure, and contact with heavy industrial vehicles and equipment.

Comprehensive risk assessment and mitigation is done for all processes and work operations throughout Elkem with broad participation of employees at all levels. Management of Change and routine review of assessments and measures are an integrated part of Elkem's risk management.

Human rights, incl. labour rights

Indicator	Unit	2021	% change	2020	2019
Labour rights indicators					
Employees covered by bargaining agreements	%	39%	*	64%	61%
Turnover rate	%	8.4%	Up 2.4%	6%	8%
Reported confirmed cases of child or forced labour	Number	0	No change	0	0
Reported incidents of discrimination	%	0	No change	0	1
Annual employee development discussions	%	78%	Down 7%	85%	65%

*In 2021 the reported number of employees that are part of collective bargaining agreements are 39%, down from 64%. As this is a major gap, we are looking into the reported data accuracy of previous years and continuously develop and understand the definitions and reporting frames of this topic.

Target	Status
Zero tolerance of behaviour that conflict with basic human rights.	Human Rights e-Learning tool was launched in 2021.
Annual development discussion with closes leader for all employees.	Some setbacks (85% of employees) in 2020, due to Covid-19 and the integration of new units in the company.
Human rights impact assessment to identify operations and suppliers at significant risk for incidents of child and forced labour.	In 2022, Elkem will conduct a company-wide human rights risk and impact assessment with support from external experts

Relevant policy commitments, such as the Elkem Code of conduct, Code of conduct for business partners and the Human Rights policy are available online

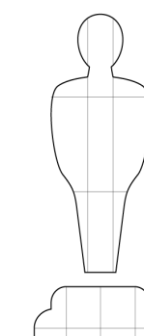
Elkem believes that companies that act responsibly and create value by securing sustainable economic growth will be successful in the long term. A safe and healthy working environment and promotion of labour rights are key priorities. In addition to the growing general acceptance of business' duty to respect human rights, there has been a rise in countries considering and passing human rights laws that regulate business activities

Comment:

Elkem is committed to the UN Declaration and International Conventions on Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, ILO's core conventions and relevant local legislations in the countries where we operate. We are a member of the United Nations Global Compact and follow the United Nations Guiding Principles on Business and Human Rights.

Key risks and opportunities:

The 2022 risk assessment will provide an updated overview of the human rights and labour rights risk picture of Elkem. This will be presented in the ESG report 2022.



Diversity, equality and inclusion

Indicator	Unit	2021	% change	2020	2019
Female share					
Total female share	%	25%	No change	25%	25%
Women in management teams	%	30%	Up 6%	24%	23%
Women in corporate management team	Number	1 of 9	No change	1 of 9	1 of 10
Female share of board of directors	%	36%	No change	36%	36%
Female share in leadership programme	%	N/A*		19%	32%
Female leaders overall	%	24%	Down 1%	25%	-
Female share in trainee programme	%	43%	Down 15%	58%	-
Female share of part time workers	%	45%	Down 15%	60%	-
Female share of temporary employees	%	29%	Up 11%	18%	-
Female share – operators / blue-collar	%	17%	Down 4%	21%	18%
Female share – staff / white-collar	%	36%	Up 2%	34%	34%
Age distribution					
<30 years	%	16%		14%	16%
30-50 years	%	56%		60%	59%
>50% years	%	28%		26%	25%

Target	Status
Kick-off DEI strategy implementation with the corporate management	All targets were set in 2021 and Elkem will report progress on the targets from 2022.
Launch awareness training for all employees	
Develop inclusive leadership assessment	
Review of all HR policies and processes in light of DEI	

For a more comprehensive introduction to Elkem's DEI work, you can find the equality statement from 2021 online.

*leadership programme was not organised due to Covid-19 travel restrictions in 2021

At Elkem, we believe that our people are our most valuable asset. The collective sum of the individual differences, life experiences, knowledge, inventiveness, self-expression, unique capabilities, and talent that our employees invest in their work not only represents a significant part of our culture, but also our reputation and company's achievements. By embracing equal opportunities, and a diverse and inclusive company culture, Elkem aims to increase our capabilities within innovation, customer centricity, cultural awareness, and compliance.

Commitment:

Elkem is committed to creating equal opportunities for all employees working in a diverse and inclusive environment. We appreciate that every individual is unique and valuable and should be respected for their individual abilities. We have zero tolerance for any form of harassment or discrimination. Our responsibility to our people, customers, stakeholders, and communities is to accelerate equality for all.

Key risks:

- × Legal challenges as a result of noncompliance
- × Poor attraction & retention of top talent
- × Impact of low inclusion on continuous improvement and innovation

Key opportunities:

- Attract and retain diverse talent
- Reduce employee turnover costs
- Tap into diverse perspectives leading to better continuous improvement and innovation

Governance topics

Key highlights 2021:

- Implementation of the climate risk framework TCFD and publishing the first TCFD report
- Significantly strengthening internal compliance function
- An internal product governance project was launched, aiming to coordinate initiatives and set new targets

Key KPIs:

92% of new suppliers subject to assessment and pre-qualification screening

28 min average compliance training

96% of employees have signed the code of conduct



Supply chain management

Indicator	Unit	2021	% change	2020	2019
Share of new raw materials suppliers subjected to assessment and pre-qualification screening	%	92%	Down 8%	100%	100%
Share of new raw material suppliers subjected to supplier audits	%	19%	*	>90%	100%
Share of new suppliers who have signed Elkem's code of conduct for business partners	%	83%	Down 7%	90%	-
Adverse human rights events in supply chain reported	Number	1	-	0	0

Target	Status
Share of new raw materials suppliers subjected to assessment and pre-qualification screening	Some set back in 2021.
All new raw material suppliers subject to supplier audits	*The last two years, it has been hard to conduct audits due to Covid-19.
All new suppliers to sign Elkem's Code of conduct for business partners	The new CRM system implemented in 2021 requires mandatory signing of the code of conduct for business partners.
Updated process and system for supplier management	Project implemented in 2021.

Elkem's code of conduct for business partners

Responsible sourcing is a strategic priority for Elkem. Elkem's total global procurement spend is approximately NOK 16 billion per year, covering supplies of raw materials, energy, goods, services and logistics. The active supply base consists of about 18,000 suppliers globally. The number of raw material suppliers is relatively low while the number of suppliers of other goods and services are high.

Commitment

Elkem is committed to consider ethics, labour rights, social and environmental issues when sourcing products and services across all procurement categories and across all operations.

Key risks:

- × Violations of human rights in the supply chain, mainly child labour and forced labour
- × Carbon material (coal) required for smelting processes
- × Limited availability of sustainable biocarbon
- × Unsustainable land use for quartz mining and biocarbon production, and biodiversity loss

Key opportunities:

- Increase share of biocarbon and biochemicals
- Professional partner with stronger environmental and social standards

Product governance, incl. chemical safety

Product stewardship is the responsible and proactive management of health, safety, and environmental aspects of a product throughout its lifecycle. Elkem is in a unique position where it covers the entire value chain from the raw material quartz via metallurgical silicon to specialty silicones. Hence, all aspects of product stewardship apply to the various production steps. Below you can find some key aspects of product governance in Elkem.

Commitment:

Proactive management of use of chemicals and the protection of the environment and the human health are fundamental pre-requisites for conducting our business and securing our license to operate.

Target	Status
Full compliance with product governance	No serious spills or fines regarding environmental deviations in 2021.
Identify areas of key priority and set valid KPIs. The KPIs will be developed in 2022.	Project ongoing and on schedule.

Product governance topics that are important to Elkem are:

- Renewable raw materials and bio-based products
- Mining activities and biodiversity
- Transport safety
- Hazardous substances management
- Product safety program
- Chemical safety
- Animal testing policy
- Policy on emerging technologies

You can find out how we work on these topics in the [ESG report](#).

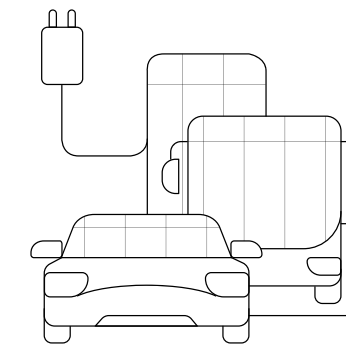
In 2021 Elkem launched a product governance project to coordinate and communicate the cross-divisional initiatives within the product governance and stewardship.

We will report on the progress of the project in the 2022 report.

Supplying the green transition

Indicator	Unit	2021	% change	2020
Revenue from	Share			
Silicone and silicones to solar panels	%	1.1%	Down 0.4%	1.5%
Foundry products to wind turbines	%	0.9%	Down 0.1%	1%
Silicones to EV	%	2.5%	Up 2.2%	0.3%
Silicones to constructions	%	15%	Up 12%	3%
Carbon to aluminium	%	1.7%	Up 0.4%	1.3%
Silicon to aluminium to cars	%	3.1%	Down 0.6%	3.7%
Carbon to silicon ending up in positive environmental impact	%	0.4%	Up 0.3%	0.1%
Microsilica to construction	%	1.2%	-	1.2%
Share of total revenue to green transition	%	26%	Up 14%	12%

Target	Status
Supplying the green transition	26% of Elkem's products serves markets that abating or reduces emissions, enhances energy efficiency or other applications that enables the green transition.
EU taxonomy	In 2022, we will run a project on eligible and aligned activities Elkem has, according with the criteria for the EU Taxonomy.



All the known technological solutions for the green transition requires advanced materials, and silicones, silicon and carbon solutions are critical enablers. This is one of the most significant ways for Elkem to have an impact; by supplying the green transition towards a low carbon future. Therefore, one of the three pillars of the Elkem climate roadmap is to grow the market share in the green transition.

The demand for Elkem's products is driven by global megatrends such as sustainability and clean energy demand growth, e.g. solutions for the electrification of transportation, increased energy storage and batteries, reducing emissions and energy consumption, and the replacement of oil-based materials.

Enabling the electrical mobility:

Vianode is a new company that Elkem established in 2021. The company is dedicated to strategic growth opportunities for advanced battery materials. It aims to become a leading provider of anode materials' solutions to the fast-growing battery industry with the production of synthetic graphite.

The synthetic graphite business case: Reducing emissions by ~94% to near zero and making better battery materials with:

- Highly innovative clean processing technology and renewable power mix
- Advancing research on silicon-graphite composites for higher energy density
- Collaborative efforts to develop effective and efficient battery materials recycling.

[More information about Vianode, visit the website.](#)

Compliance

Indicator	Unit	2021	2020	2019
Total number of misconduct reports	Number	13	11	-
Number of confirmed cases of corruption and fraud	Number	0	3	-
Number of confirmed incidents in which employees were dismissed or disciplined for corruption	Number	0	2	-
Average compliance training per employee	Minutes	28	-	-
Confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	Number	0	0	-
Public legal cases regarding corruption brought against the organisation or its employees	Number	0	0	-
Total number of cases reported through the grievance mechanism	Number	2	-	-
Employees with confirmed commitment to the code of conduct	%	96%	98%	100%
Employees with confirmed commitment to anti-bribery and anti-corruption policy	%	78%	51%	100%
Employees with confirmed commitment to competition law policy	%	89%	74%	100%

In this context, corruption is defined as in GRI 205 and includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. It can also include practices such as embezzlement, trading in influence, abuse of function, illicit enrichment, concealment, and obstructing justice.

Target	Status
Adhere to the Norwegian Code of Practice for Corporate Governance (NUES)	The board's report on corporate governance can be found in the annual report, on page 37 .
Fully implement a TPRM solution for screening of intermediaries, customers, and suppliers	Will be implemented in 2022.
Strengthen our compliance capacity in China and France	Will continue the efforts in 2022.
Deliver and implement a new set of group policies, procedures, and internal control	Will be implemented in 2022.
All employees with confirmed commitment to the code of conduct	96% of employees have signed the code of conduct.

Governing documents and tools The speak up channel

Elkem considers good corporate governance a prerequisite to build trust and value creation. The regulatory requirements and stakeholder expectations to establish effective compliance programmes continuously increase and require organisations to have a positive culture and good internal procedures to prevent non-compliance, misconduct, corruption, and fraud.

Commitment:

Elkem bases its activities on the principles of honesty and respect for other people. We will meet the same ethical standards, respecting the laws, cultures, dignity, and rights of individuals everywhere we operate. We have a zero-tolerance policy towards any form of corruption and conduct our business in accordance with applicable anti-money laundering and antitrust laws.

Key risks:

- × High-risk markets
- × High-value investments
- × Government interactions
- × Licenses and permits
- × Business partners

Key opportunities:

- To empower employees and partners through targeted training and awareness activities
- To reduce financial and reputational risk through effective implementation of a compliance program
- To build stakeholder trust through transparent disclosure of compliance performance

Resources

- Full 2021 ESG report: [esg-annual-report-elkem-web-24032022.pdf](#)
- GRI index 2021: [2021-gri-index-final.pdf \(elkem.com\)](#)
- ESG library – reports and policies:
<https://www.elkem.com/sustainability/policies-and-statements/>
- Statements and positions:
<https://www.elkem.com/sustainability/sustainability-reports/statements-and-positions/>
- Annual report 2021:
<https://mb.cision.com/Main/16930/3524390/1548919.pdf>

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Delivering your potential