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1. Purpose

Elkem's governance framework set forth the standard for how all business activities in the Elkem Group shall be governed. This Governance Policy identifies the governing bodies in Elkem, describes the roles and responsibilities of the governing bodies, as well as establishes the framework for requirements for the business with regards to governing processes and documents.

Elkem's Board of Directors (the Board) believes that sound corporate governance is pivotal to ensure sustainable long-term success. As Elkem consistently move towards becoming a more integrated global company through changes in our structure, processes, and culture, maintaining a high standard of corporate governance across Elkem is crucial for the Group's business integrity and performance.

The Board is responsible for the management of the Elkem Group and has the responsibility for making sure that Elkem adheres to generally accepted principles for ensuring effective control and governance of the Group activities, moreover, to provide instructions for the activities and the corporate management. The Group Chief Executive Officer (CEO) is responsible for the day-to-day management with regards to the implementation of the Group governance framework. The Senior Vice Presidents (SVPs) of each corporate Function and Division within Elkem has the overall responsibility for carrying out activities, monitoring, and reporting in line with the requirements set out in Elkem's Group governing documents. As part of the corporate management team, the SVPs shall report to the Group CEO who in turn reports to the Board.

Elkem has implemented charters and instructions for the governing committees within the company, and rules of procedure for the Board. These documents are attachments to the Governance Policy.

Elkem's Group governing documents define principles for how the Group's business should be conducted. The foundation for Elkem's corporate governing documents is the Code of Conduct and this Governance Policy. Elkem's Group governing document framework differentiate between governing policies, Group policies, procedures, and supporting documents. Group policies define the principles and commitments for the governing processes within Elkem as well as roles and responsibilities of the Group's functions. Group policies are established to provide direction about common objectives, commitment, and behavior. The Group governing documents contain requirements that are mandatory for all Elkem Group companies and operational units, regardless of Division and geography. The Group requirements may be operationalized locally by Division and / or geography.

Elkem’s requirements and expectations for our Divisions, corporate Functions and individual employees are described in the Group governing documents. The Group governing documents set the framework for Group entities and subsidiaries scope of action.

Elkem shall maintain a common document management system containing all approved and valid Group governing documents.

Each Group policy with supporting documents shall be owned, maintained, and supported by the respective corporate Function. The Code of Conduct and the Governance Policy are approved by

Elkem’s Board. Group policies are approved by the Compliance Committee.

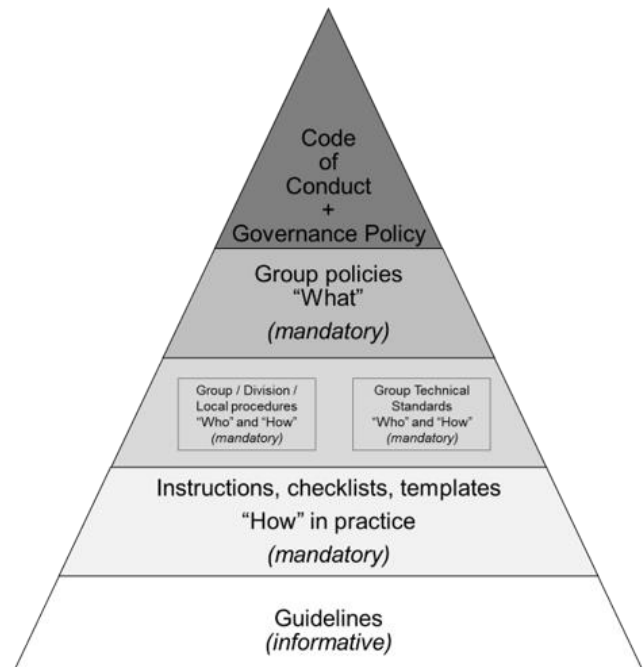


Figure 1 Elkem governing document framework

1.1 Scope

This Governance Policy applies to all employees (including temporary personnel) and directors in Elkem ASA and subsidiaries, corporate affiliates, and joint ventures that are majority owned or controlled by Elkem (individually and collectively), commonly referred to as “Elkem” or “Group”.

Elkem’s activities are organized in a business structure consisting of Divisions, Functions and specific units. Each Division is organized in plants, sales offices and other units reporting directly or indirectly to the respective Division management. For the purposes of this policy, these organizational units will be commonly referred to as “Units”. The same term will be used to refer to units organized in and / or reporting to a Function.



2. Applicable rules and regulations on corporate governance

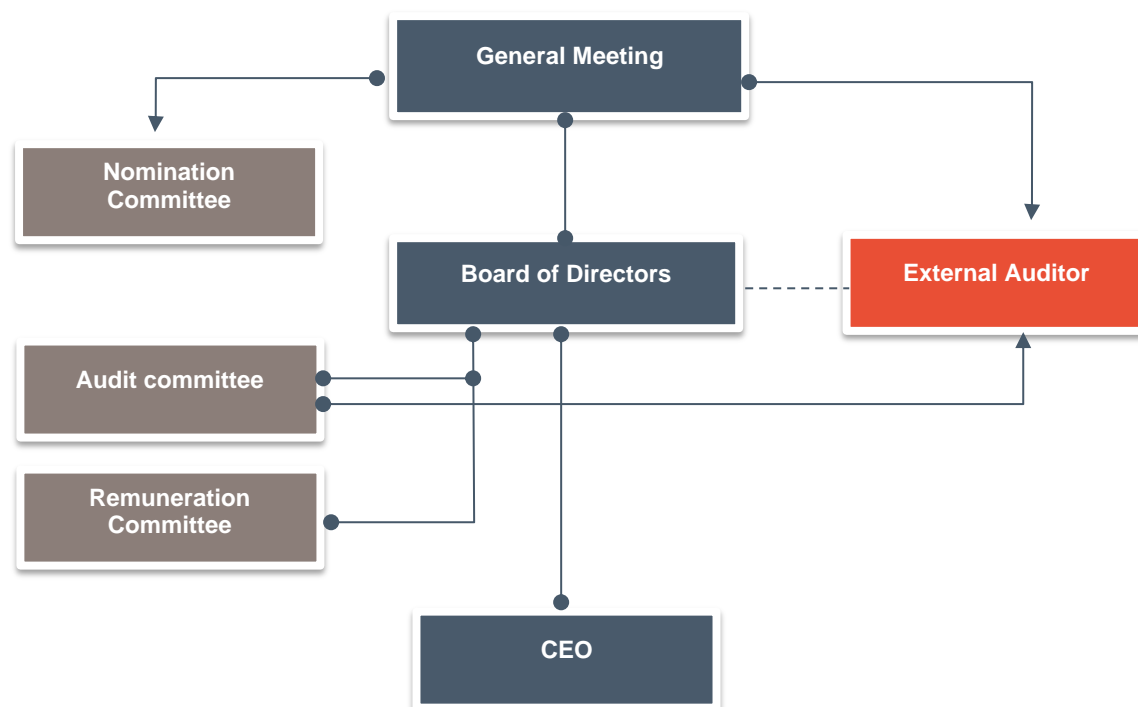
This governance policy is based on the Norwegian Code of Practice for Corporate Governance (the "Code") issued by the Norwegian Corporate Governance Board, which is endorsed by Elkem. The principal purpose of the Code is to:

- i) ensure that listed companies implement corporate governance that clarifies the respective roles of shareholders, the Board and senior management more comprehensively than what is required by legalization,
- ii) and effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interest of companies, shareholders, employees, and other parties concerned.

The Board shall, in accordance with the Code, ensure that Elkem implements sound corporate governance. Elkem is subject to reporting requirements for corporate governance under the Norwegian Accounting Act section 3-3b as well as Oslo Stock Exchange's "Continuing obligations of stock exchange listed companies" section 7 (as of October 2020).

The Board will include a report on Elkem's corporate governance in the annual report, including an explanation of any deviations from the Code. The corporate governance framework of Elkem is subject to annual reviews and discussions by the Board.

Elkem will conduct its business with a solid management and control model, a clear division of responsibility and roles between owners, represented by the shareholders in the General Meeting and the nomination committee, the Board including board-appointed committees, and the Group's management.



3. Main principles for corporate governance in Elkem

Elkem's corporate governance is designed to support achievement of Elkem's core objectives on behalf of our shareholders.

Elkem believes good corporate governance involves openness and trustful cooperation between all parties involved in the Group: the shareholders, the Board and Corporate Management, employees, customers, suppliers, public authorities, and society in general.

Elkem's main principles for corporate governance are:

- **Openness.** Communication with the stakeholders of Elkem shall be based on openness regarding both Elkem's business, which is important for assessing Elkem's development, and the Group's financial position.



- **Independence.** The relationship between the Board, the Corporate Management team and the shareholders shall be based on independence. Independence will ensure that decisions are made on an unbiased and neutral basis.
- **Equality.** All shareholders have equal rights and shall receive equal treatment.
- **Governance and control.** Solid control and corporate governance mechanisms will contribute to achieving predictability and reducing the level of risk for owners and other stakeholders.

4. Elkem's vision, objectives, and values

4.1 Vision

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 the 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, specialization and value chain optimization and organic growth and acquisitions.

4.2 Objectives

Elkem's main objectives are to add value to our stakeholders through continuous improvement and growth with safe, productive, and socially responsible value chains.

Elkem is committed to do our business in support of the UN Sustainable Development Goals and the Paris Agreement, and our approach to corporate sustainability is based on the ten principles of the UN Global Compact. Our performance within Environmental, Social and Governance (ESG) is increasingly important to our internal and external stakeholders as tangible metrics to assess our commitment to operate sustainably.

Elkem is committed to comply with all applicable EHS laws and regulations. Elkem strives to be an environmentally conscious company, with a safe and healthy working environment. Our EHS efforts are based on a zero-harm philosophy. A zero-harm philosophy implies protecting the health and safety of all people working at all Elkem locations.

These objectives are achieved through the active use of the Elkem Business System (EBS), which is a set of basic principles, methods, and tools. EBS gives guidance on how tasks are to be performed



throughout the value chain, and how the value chain is to be developed and managed. The main principles of EBS are:

- All processes under control
- Produce according to customer's needs
- Empowered people as a driving force
- Eliminating waste

Fulfilling Elkem's main objectives involves a strong focus on our customers, employees, business partners and the community around us. This is enabled by conducting Elkem's activities in line with our values.

4.3 Values

Elkem's values form the foundation for the way we do business. Our dedicated employees base their work on involvement, respect, precision, and continuous improvement.

Involvement commits people. Elkem knows that only people can identify problems and opportunities and find solutions. By involving colleagues, customers, and other stakeholders, and by being transparent and committed to teamwork, Elkem increases our ability to learn and develop new solutions.

Elkem **respects** the law, the environment, our employees, colleagues, customers, suppliers, owners, local communities, and different cultures. Respect is about being fair, open, and honest, trusting your colleagues and partners and appreciating diversity.

Commitment to **precision** expresses us through Elkem's work to develop and follow standards of best practice and safe and stable production. By establishing work and safety standards, Elkem can measure and continuously improve our performance.

Elkem knows that the value chain can always be **improved**. This is done through experimenting, using new technology and looking for ways to eliminating waste. Continuous improvement means that Elkem is always looking for improvement potential, keeping an open mind and always ready to learn and share our knowledge.



5. Elkem's Business

The operations of the Group shall be in compliance with the business objective set forth in Elkem's articles of association, which shall be stated in Elkem's annual report. The business activity in which Elkem is engaged is set out in the Articles of Association for Elkem ASA, Clause 3, and reads as follows: "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".

Elkem's Board defines the Group's goals, strategies and risk profiles in a way that creates value for shareholders in a sustainable manner. The Board shall therefore consider financial, social, and environmental circumstances. The Board evaluates these objectives, strategies, and risk profiles at least yearly.

6. Governing bodies, their functions and authority

Elkem's governance framework is based on both a formal structure, determined by legislation, and a business structure that reflects how Elkem's management chooses to organize the Group's activities within the framework established by legislation. The formal and the business governance structures form an integrated whole.

The Group's highest governing body is the General Meeting. The General Meeting elects the Board, which in turn appoints the General Manager commonly referred to as the Chief Executive Officer (CEO).

6.1 General Meeting

6.1.1 Exercising rights

The Board will ensure that as many of Elkem's shareholders as possible are able to exercise their voting rights in Elkem's General Meetings, and that the General Meetings are an effective forum for shareholders and the Board. The Board endorse the principles of transparency and equal treatment of all shareholders, which shall be facilitated through the following:



- The notice to the General Meeting and any supporting documents, including the recommendation by the nomination committee, as well as information on the resolutions to be considered in the General Meeting shall be available on Elkem's website no later than 21 days prior to the date of the General Meeting.
- Elkem only has one class of shares. The Articles of Association have no restrictions on voting rights. All shareholders have the same rights and shall be treated on an equal basis unless there is a just cause for treating them differently.
- The resolutions and any supporting documentation shall be sufficiently detailed and comprehensive allowing shareholders to understand and form a view on all matters to be considered at the General Meeting.
- Deadlines for shareholders to give notice of their attendance at the General Meeting shall be set as close to the date of the General Meeting as practically possible.
- The Board and the Chair of the General Meeting shall ensure that the shareholders are able to consider the proposal for election of members to Elkem's Board or other corporate bodies in a combined vote, alternatively to vote separately on each candidate nominated if applicable.
- The Chair and the CEO shall be present at General Meetings, while other members of the Board are encouraged to be present at General Meetings. Members of the nomination committee, the remuneration committee, and the Audit committee, as well as the auditor should be present at General Meetings where matters of relevance for such committees/persons are on the agenda; and
- The Board shall make arrangements to ensure an independent chair for the General Meeting.

6.1.2 Participation without being present

For shareholders who are not able to be present at the General Meeting, Elkem will facilitate for online participation through video conference.

Shareholders who are unable to be present at the General Meeting will be given the opportunity to vote by proxy. Elkem shall in this respect:

- Provide information on the procedure for attending by proxy.
- Nominate a person who will be available to vote on behalf of shareholders as their proxy; and
- Prepare a proxy form, which shall, insofar as this is possible, be set up so that it is possible to vote on each of the items on the agenda and candidates that are nominated for election.

6.2 Elkem ASA Board of directors



The composition of the Board should consider expertise, capacity, and diversity appropriate to attend to Elkem's goals, main challenges, and the common interests of all shareholders. Further, individual members of the Board should be willing and able to work as a team, resulting in the Board working effectively as a collegiate body.

6.2.1 Composition and independence

In accordance with Elkem's Articles of Association, the Board will be composed of up to eight shareholder-elected members so that it can act independently of any special interests. A majority of the shareholder-elected members of the Board should be independent of the Corporate Management Team and material business connections of Elkem. Further, four of the members of the Board will be independent of Elkem's major shareholder(s). For the purposes of this corporate governance policy, a major shareholder shall mean a shareholder that owns or controls 10% or more of Elkem's shares or votes, and independence shall entail that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question.

The General Meeting will appoint the members of the Board based on a proposal from the nomination committee. The Board constitutes itself and organizes its own work, including electing its chair and vice chair.

No member of Elkem's Corporate Management will be members of the Board.

At least half of the members of the Board must reside in Norway or be citizens of and reside in another EEA country unless the Ministry of Trade, Industry and Fisheries grants a specific exemption from the statutory residency requirement. Both genders shall be represented at the Board in accordance with the legal requirements set out in the Norwegian Public Limited Companies Act. Pursuant to the provisions of the Norwegian Companies Act, employees have three representatives and two observers on the board of Elkem ASA. The employee representatives and observers are elected by the company's employees.

The term of office for members of the Board shall not be longer than two year at a time. Members of the Board may be re-elected. Elections are made by rotation; half the numbers of board members are up for election the first year, the remaining numbers of board members are up for election the subsequent year.

Elkem's annual report will provide information regarding the expertise of the members of the Board, as well as information on their history of attendance at board meetings. Further, the annual report will identify the members of the Board that are considered to be independent.



Members of the Board are encouraged to own shares in Elkem. However, caution should be taken not to let this encourage a short-term approach which is not in the best interests of Elkem and other shareholders over the longer term.

6.2.2 The work of the Board of directors

The Board will produce an annual plan for its work, with particular focus on objectives, strategy, and implementation. The Board will implement instructions for the Board and the Corporate Management, focusing on determining allocation of internal responsibilities and duties. The objectives, responsibilities and functions of the Board and the CEO shall be in compliance with rules and standards applicable to the Group and are described in Appendix A "Rules of procedure for the Board of directors".

6.2.3. Annual evaluations

The Board will annually evaluate its performance and expertise in the previous year. This evaluation shall include the composition of the Board and the way its members functions, both individually and as a group, in relation to the objectives set out for its work. The report shall be made available to the nomination committee.

6.3 Board appointed committees

6.3.1 Nomination committee

To comply with the Code, Elkem shall have a nomination committee, cf. Elkem's Articles of Association section 7. Elkem's General Meeting provide guidelines for the duties of the nomination committee and elects the members and the Chair of the nomination committee and determines the committee's remuneration.

The nomination committee shall recommend candidates for the election of members, candidates for the election of members and Chair of the nomination committee, and remuneration of the Board and the nomination committee.

The majority of the members of the nomination committee shall be independent of the Board and Corporate Management. Elkem's CEO and other Corporate Management shall not be members of the nomination committee. The nomination committee's recommendation of candidates to the nomination committee shall ensure that they represent a broad group of Elkem's shareholders. Elkem shall provide information regarding the members of the nomination committee and deadlines for submitting proposals to the nomination committee.



The objectives, responsibilities and functions of the committees shall be in compliance with rules and standards applicable to the Group and are described in Appendix B "Instructions for the nomination committee".

6.3.2 Audit committee

The duties and composition of the Audit committee shall be in compliance with the Norwegian Public Limited Companies Act. The Audit committee is a working committee for the Board, preparing matters and acting in an advisory capacity.

The members of the Audit committee are elected by, and amongst, the members of the Board for a term of up to two years. The committee members must have the overall competence required to fulfil their duties based on the organization and operations of the Group. The entire Board will not act as Elkem's Audit committee. At least one member of the Audit committee should be competent in respect of finance and audit and be independent of Elkem.

The Audit committee shall hold a meeting with the statutory auditor at least once a year at which no representative of the Corporate Management is present.

The Audit committee is responsible for assessing and monitoring business, financial and IT security risks and overseeing the implemented risk mitigated actions.

The objectives, responsibilities and functions of the committees shall be in compliance with rules and standards applicable to the Group and are described in Appendix C "Instructions for the Audit committee".

6.3.3. Remuneration Committee

The remuneration committee is a preparatory and advisory committee for the Board in questions relating to Elkem's compensation of the Corporate 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's guidelines for remuneration to senior executives in accordance with Section 6-16a of the Norwegian Public Limited Companies Act.

The members of the remuneration committee are elected by and amongst the members of the Board for a term of up to two years and shall be independent of Elkem's Corporate Management.



The objectives, responsibilities and functions of the committees shall be in compliance with rules and standards applicable to the Group and are described in Appendix D "Instructions for the remuneration committee".

6.3.3.1 Remuneration of the Board of directors

The remuneration of the Board is determined by the shareholders at the annual general meeting of Elkem based on the proposal from the nomination committee. The level of remuneration of the Board should reflect the Boards' responsibility, expertise, the complexity of Elkem and the business, as well as time spent and the level of activity in both the Board and any Board's committees.

The remuneration of the Board shall not be linked to Elkem's performance and share options shall not be granted to members of the Board.

Board members, or companies associated with board members, shall not engage in specific assignments for Elkem in addition to their appointments as members of the Board. If they, nonetheless, do take on such assignments the entire Board must be informed and the consideration for such additional duties is subject to approved by the Board.

Any consideration paid to members of the Board in addition to their board remuneration shall be specifically identified in the annual report. For further information on the responsibilities of the remuneration committee, please see appendix D "Instructions for the remuneration committee".

6.3.3.2 Remuneration of Corporate Management

Elkem's guidelines for determining remunerations to the CEO and other members of Elkem's management team must, always, contribute to the Elkem's commercial strategy, long-term interests, and financial viability. The Board provides guidelines to the CEO for remuneration to Corporate Management. The terms are determined by the CEO in consultation with the Chairman of the Board. The guidelines are communicated to the Annual General Meeting.

The salary and other remuneration of the CEO shall be decided by the Board.

The remunerations consist of fixed annual compensation that includes annual base salary and other possible benefits (such as pension plan). The total possible compensation also includes a short-term incentive scheme (STI) and a long-term incentive scheme (LTI).

Performance-related remuneration should be subject to an absolute limit.



More information about salary and other remuneration for Corporate Management can be found in the People Policy, "Instructions for the remuneration committee" and "The board of directors' guideline for salary and other remuneration to leading personnel in Elkem ASA".

6.4 Elkem ASA Chief Executive Officer

The CEO of Elkem is responsible for the day-to-day management of the Group. The CEO shall nevertheless comply with all formal instructions given by the Board.

The day-to-day management shall not include matters which by Elkem's own standards are unusual in nature or of major importance. However, the CEO may decide on such matters with the authorization of the Board in individual cases or where it is not possible to wait for a decision by the Board without significant risk or loss to Elkem. In such cases the Board shall be informed as soon as possible about the decision.

The Board shall regularly, normally once each year, review the CEO's powers of attorney. The CEO shall ensure that Elkem's accounts comply with applicable rules and regulations, and that the management of the assets is organized properly.

In each board meeting the CEO shall give the Board a report about Elkem's activities, standing and financial development. The Board may any time request that the CEO shall render a report about specific matters. Such report may also be requested by any member of the Board.

In general, the CEO is bound by the regulations and procedures for the day-to-day management pursuant to Elkem's corporate governance framework as it stands from time to time. The Board may pursuant to § 6-13(2) of the Public Limited Liability Companies Act in addition to these instructions lay down specific instructions for the day-to-day management.

The CEO assumes the overall responsibility for enterprise risk management and reports the enterprise risk status to the Board on a regular basis.

6.5 Management appointed committees

6.5.1 Internal control and internal Audit committee

The Internal control and internal audit committee's tasks include reviewing Elkem's internal control system and, unless expressly addressed by the Audit committee, reviewing Elkem's governance and risk management systems. To do this, it utilizes the skills and expertise of members of the committee, agreeing the scope of its work, its priorities, and resources.



The objectives, responsibilities and functions of the committee shall be in compliance with rules and standards applicable to the Group and are described in Appendix E "Internal Control and Internal Audit committee Charter".

6.5.2 Compliance committee

The Compliance committee is a standing committee responsible for ensuring that the Group continues to conduct its operations and activities ethically, with the highest level of integrity, and in compliance with relevant regulatory requirements and Elkem corporate policies and procedures.

The Compliance committee oversees the development, maintenance, and monitoring of the Group's Compliance Program which is risk based and designed to ensure compliance with laws, regulations, and corporate policies and procedures.

The Compliance committee serve as an advisory body to the Compliance function and shall contribute to foster a culture of ethics and compliance with laws, regulations, industry standards and Group policies. The Compliance committee shall discuss processes and business activities that might impact the Group's risk profile within the area of compliance. Further the Compliance committee shall discuss and agree on acceptable conduct and practices in relation to the interpretation of external and internal rules.

The full responsibilities of the Compliance committee are outlined in Appendix F "Compliance Committee Charter".

6.6 Statutory Auditor

Elkem's auditor shall annually present the main features of the plan for work with the audit of Elkem to the Audit committee.

The auditor shall also provide the Audit committee with the following:

- an annual written confirmation of its independence;
- information on services other than statutory audit provided to Elkem during the financial year; and
- information about any threats to the auditor's independence and provide evidentiary documentation of the measures implemented to combat such threats.

The auditor shall participate in meeting(s) of the Board where any of the following is on the agenda: the annual accounts, accounting principles, assessment of any important accounting estimates and



matters of importance on which there has been disagreement between the auditor and Elkem's Corporate Management and/or the Audit committee.

The Board should at least once a year review Elkem's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

The auditor shall also at least once a year present to the Audit committee a review of Elkem's internal control procedures, including identification of weaknesses and proposals for improvement.

The auditor shall attend the General Meeting if the matters to be dealt with are of such nature that the auditor's presence is deemed necessary. However, the auditor is in any case entitled to participate in the General Meeting.

7. Strategy, M&A, business plan and budget review

Elkem's corporate strategy comprises Elkem's common mission statement, goals, strategic pillars, core values and business strategy. The strategy sets the direction for Elkem's activities and priorities and is intended to help Elkem Divisions, Functions and other units work together as a unified team.

7.1 The budget and strategy process

Strategy development plays an important role in setting a direction for Elkem as a group and ensuring competitiveness and healthy growth in each Division. The strategy development process is annual, comprehensive, and driven by specific issues and challenges.

Elkem's strategy process spans a 5-year period. A new plan is revised and adjusted every year which sets the strategic direction and defines goals for the Group, Divisions, and individual Units. Regularly (minimum once per year) a report on status in relation to the adopted strategy will be drawn up, and relevant strategic topics will be discussed. The strategy establishes the framework for the budget of the Group, Divisions, and Units for the coming years.

The strategy process is an integral part of the Boards' annual operational plan; see chapter 6.2.2.

An annual budget process is carried out. KPIs are used in management's monitoring of the financial, strategic, and operational goals adopted in the budget process.



7.2 Purchase and sale of companies

Elkem's general strategy, as determined by Elkem's Board and the CEO, establishes the framework for the strategy and budget of the Divisions, Functions and other units. All the Divisions and Units are expected to define priorities for structural growth and other key elements as part of their strategy. Decisions regarding the purchase and sale of companies are subject to the authority matrix for the Group.

Elkem's Business Development department shall be involved in every purchase or sale of companies at an early stage. For all projects requiring Board approval, a steering group shall be established with representatives from the Corporate Management Team, the Business Development department, Legal department, and the Division concerned.

8. Governance of Elkem's Divisions, units and subsidiaries

8.1 Governance of Elkem's subsidiaries and

Subsidiaries shall be governed in accordance with Appendix G "Instructions for the Boards of Elkem's subsidiaries". Other units may be made subject to the same or similar requirements as defined by the "Instructions for the Boards of Elkem's subsidiaries".

8.2 Management Business Review

The purpose of Management Business Review (MBR) meetings is to ensure that the CEO has insight into and can monitor the Divisions' performance, priorities and action plans and initiatives to deal with non-conformances. MBRs shall be held monthly, whereof an extended meeting agenda every quarter. MBR meetings shall:

- Contribute to increased understanding of short and long-term challenges and possibilities and anchoring of strategic priorities and goals
- Ensure common understanding of actual status of the Division
- Ensure prioritizing and implementation of strategic plan and budget
- Contribute to clarifications and insights between Group and Division level



The Division SVP prepares the meeting agenda in collaboration with the Group CEO. Regular participants in MBRs are CEO, CFO, SVP HR, SVP Business Development, VP Financial Planning and Accounting and VP Finance and Investor Relations. In addition, other members of the Group and Division management attend meetings when necessary. The standard template for MRB meetings represents the minimum reporting requirements, see appendix H. A record of actions and follow-ups shall be kept of decisions taken at MBR meetings.

A similar review structure for monitoring performance and activities at Division level shall be organized by the respective Division management.

9. Risk management and internal controls

It is ultimately the responsibility of the Board to ensure that Elkem has sound and appropriate internal control- and risk management reflecting the extent and nature of Elkem's activities. Sound risk management is an important tool to create trust and enhance value creation. Internal control should ensure effective operations and prudent management of significant risks that could prevent the Group from attaining its targets. Internal controls will also cover Elkem's corporate values, ethical guidelines, and principles of corporate social responsibility.

9.1 Risk management

The Group's enterprise risk management aggregates risks from the business units and Divisions, analyses other risks across Elkem Group and presents Elkem's risks and risk processes to the Corporate Management team, the Audit committee and ultimately to the Board. Each unit and Division is responsible for updating their company level risk overview on a regular basis. Furthermore, units and Divisions are required to align risk management processes closely with existing business and management processes locally. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes.

Elkem shall focus on frequent and relevant management reporting to the Board of both operational and financial matters and risks with the purpose of ensuring that the Board has sufficient information for decision-making and is able to respond quickly to changing conditions. Board meetings shall be held frequently, and management reports shall be provided to the Board as a minimum monthly. Financial performance shall be reported on a quarterly basis.



It is the Board's responsibility to oversee that the accumulated risks that could influence the achievement of Elkem's strategic and key operational objectives are being consistently and effectively identified and managed. The Board is obligated to ensure that the Board is updated on Elkem's financial situation, and continuously evaluate whether Elkem's equity and liquidity are adequate in terms of the risk from, and scope of, Elkem's activities, and shall immediately take the necessary action if it is demonstrated at any time that Elkem's capital or liquidity is inadequate.

9.2 Internal control

Internal control is the process of ensuring system integrity and compliance with public regulations, corporate policy, and corporate standards. The Group shall have in place policies and procedures and an effective system for internal control which is based on COSO 2017 (Committee of Sponsoring Organisations of the Treadway Commission).

Internal control covers all areas included in the risk management process, and focuses on:

- Compliance with applicable public regulations
- Compliance with internal corporate policies and standards
- Business and production performance

The Audit committee provides direction, advice, and recommendations to the Board on financial reporting, internal control, and audit matters. The Audit committee is the formal reporting body for internal control with regard to financial reporting and reviews the year-end testing report.

The process for internal control is supervised by the Internal control and internal audit committee and comprises an annual process that includes risk assessment, evaluation of whether existing controls are designed and operating as intended, review and testing of the controls' implementation and operational effectiveness, reporting and continuous performance monitoring.

The Corporate Internal Control function support corporate management and the Internal control and internal audit committee in their responsibilities related to design of an adequate internal control system and compliance to internal regulations, described and deployed through Group governing documents. The function shall provide regular reports to owners of Group governing documents on identified weaknesses and potential improvements in design, implementation and functioning of the internal control system for the Group, and give recommendations for corrective actions.



As for day-to-day operations, responsibilities for internal controls are delegated to the different levels via job descriptions in the organization to ensure ownership for own activities and efficient internal control throughout the Group.

It is each units responsibility to establish robust routines in line with corporate values, ethical guidelines, and principles of corporate social responsibility. The entities are also responsible for establishing internal and external reporting in accordance with IFRS / local GAAP, enabling the entity to provide good quality financial reports within given deadlines.

More information can be found in the Enterprise risk management procedure, the Internal control over financial reporting procedure, and the Monitoring, evaluation and reporting of internal controls procedure.

10. Compliance with reporting requirements

Elkem shall continuously provide our shareholders, Oslo Stock Exchange and the financial markets in general with timely and precise information about Elkem and the operations. Relevant information will be 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 shall maintain an open and proactive policy for investor relations, a website designed to incorporate "sound practices", and shall give regular presentations in connection with annual and quarterly results. Elkem's reporting guidelines are based on openness and take under consideration equal treatment of all participants in the securities market.

Elkem shall publish 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.

Unless exceptions apply and are invoked, Elkem shall promptly disclose all inside information (as defined by article 7 of The Regulation (EU) 596/2014 on market abuse, "MAR"). In all circumstances, Elkem will provide information about certain events, e.g., by the Board and the General Meeting concerning dividends, amalgamations, mergers/demergers or changes to the share capital, the issuing of subscription rights, convertible loans and all agreements of major importance that are entered into by Elkem and Closely Associated Persons.

Rules for handling of inside information are elaborated in the Insider trade and insider information procedure.



10.1 Information to shareholders

In addition to the Boards' dialogue with Elkem's shareholders in the General Meeting, the Board should make suitable arrangements for shareholders to communicate with Elkem at other times to enable the Board to develop an understanding of the matters affecting Elkem from time to time that are of particular concern to our shareholders. Communications with the shareholders should always be in compliance with the provisions of applicable laws and regulations and in consideration of the principle of equal treatment of Elkem's shareholders.

Information to Elkem's shareholders will be published on our website simultaneous with being sent to the shareholders.

11. Takeovers

The Board shall have set out the main principles for its actions in the event of a takeover offer.

In a takeover process, the Board and Corporate Management each have an individual responsibility to ensure that Elkem's shareholders are treated equally and that there are no unnecessary interruptions to Elkem's business activities. The Board has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

11.1 Main principles for action in the event of a takeover offer

In the event of a takeover process, the Board shall comply by the principles of the Code, and ensure that the following take place:

- The Board will not seek to hinder or obstruct any takeover offer for Elkem's operations or shares unless they have valid and reasons for doing so.
- The Board 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 shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or Elkem.
- The Board shall not enter an agreement with any offer or that limits Elkem's ability to arrange other offers for Elkem's shares, unless it is self-evident that such an agreement is in the common interest of Elkem and our shareholders.



- The Board and Corporate 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 must be aware of the duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a takeover offer, the Board 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 will make a recommendation as to whether 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 to ensure equal treatment of all shareholders. The Board shall strive to ensure that neither inside information about Elkem, 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. Elkem has not found it appropriate to draw up any explicit basic principles for Elkem's conduct in the event of a takeover offer, other than the actions described above. The Board otherwise concurs with what is stated in the Code regarding this issue.

12. Equity and dividends

12.1 Capital adequacy

The Board is responsible for ensuring that the Group is adequately capitalized relative to the risk and scope of operations and that the capital requirements set forth in laws and regulations are met. The Board will continuously monitor the Group's capital situation and immediately take adequate steps should it be apparent at any time that Elkem's equity or liquidity is less than adequate.

12.2 Dividend policy

The Board will ensure that Elkem, at all times, have a clear and predictable dividend policy which forms the basis for the Board's proposals on dividend payments to Elkem's General Meeting. Elkem's dividend policy will be disclosed.

12.3 Authorizations to the Board of Directors



When the General Meeting is to pass resolutions on authorizations to the Board for the increase of share capital for different purposes, each such authorisation shall be considered and resolved separately by the General Meeting. Authorisations granted to the Board to increase the share capital or purchase treasury shares shall be limited in time and shall in no event last longer than until Elkem's next annual General Meeting.

13. Equal treatment of shareholders and transactions with Closely Associated Parties

13.1 Basic principles

Elkem has only one class of shares. Each share in Elkem carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis unless there is just cause for treating them differently.

13.2 Share issues without pre-emption rights for existing shareholders

In the event of an increase in share capital through the issue of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares shall be justified. Where the Board resolves to issue shares and waive the pre-emptive rights of existing shareholders pursuant to an authorization granted to the Board by the General Meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share's issuance.

13.3 Transactions in treasury shares

Any transactions carried out by Elkem involving the company's treasury shares shall be carried out through Oslo Stock Exchange, and in any case to prevailing stock exchange prices. If there is limited liquidity in Elkem's shares, Elkem will consider other ways to cater for equal treatment of shareholders.

13.4 Approval of agreements with shareholders and other close associates

In the event of transactions that are considered to be not immaterial between Elkem and its shareholders, a shareholder's parent company, members of the Board, Corporate Management, or close associates to any such party, the Board shall arrange for an independent third-party valuation.



This will, however, not apply to transactions that are subject to the approval of the General Meeting pursuant to the provisions in the Norwegian Public Limited Companies Act. Independent valuations shall also be procured for transactions between companies within the Group if any of the companies involved have minority shareholders.

Members of the Board and Corporate Management must notify the Board when such members have any significant, direct, or indirect, interest in a transaction carried out by Elkem.

14. Freely negotiable shares

Elkem does not limit any party's ability to own, trade or vote for shares in the company. The shares of Elkem are freely negotiable.

15. Definitions and abbreviations

Term	Definition / Abbreviation
BR	Business review
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Closely Associated Persons / Parties	Defined in "Rules for Primary Insiders and their Closely Associated Persons"
CM	Corporate Manual
Corporate Management team	Team that consists of: Chief Executive Officer; Chief Financial Officer; Senior Vice President Human Resources; Senior Vice President Strategy and Business development; Senior Vice President Technology; SVP Green Ventures and Digital; Senior Vice President Innovation and R&D; Senior Vice President Silicones; Senior Vice President Silicon Products; Senior Vice President Carbon Solutions.
COSO	Committee of Sponsoring Organizations of the Treadway Commission
Division	Silicones, Silicon Products and Carbon Solutions
EBS	Elkem Business System
EEA	European Economic Area

Elkem	Elkem ASA and subsidiaries, corporate affiliates, and joint ventures that are majority owned or controlled by Elkem (individually and collectively). Also referred to as “Group”.
Elkem's Articles of Association	Articles of Association for Elkem ASA.
Executive management / executive personnel / senior executives	Highest level of management in an organization
GAAP	Generally Accepted Accounting Principles
Group	Elkem ASA and subsidiaries, corporate affiliates, and joint ventures that are majority owned or controlled by Elkem (individually and collectively). Also referred to as “Elkem”.
HR	Human Resources
IFRS	International Financial Reporting Standards
IR	Investor Relations
IT	Information technology
KPI	Key Performance Indicators
LTI	Long-term incentive scheme
MAR	Regulation (EU) 596/2014 on market abuse
MBR	Management Business Review
Ministry of Trade, Industry and Fisheries (Norwegian: Nærings- og fiskeridepartementet)	Norwegian Ministry that is responsible for the trade, industry, and ocean policy.
Norwegian Accounting Act (Norwegian: “Regnskapsloven”)	The Accounting Act of 17.07.1997 defines types of entities that must prepare full set of financial statements and provides exemptions for small entities that fall below certain size and turnover thresholds. Norway has adopted the European IAS Regulation that requires Norwegian listed companies to prepare consolidated accounts according to IFRS.
Norwegian Companies Act (Norwegian “Aksjeloven”)	Regulates establishment, governance and organization of joint stock companies.
Norwegian Public Limited Companies Act (Norwegian: “Allmennaksjeloven”)	The public limited liability companies are regulated by the Norwegian Public Limited Liability Companies Act, based on the Companies Act of 1976 and the Securities Trading Act of 1997. A public limited liability is a company with limited liability of the shareholders on the company’s debts, according to the law.

P&L	Profit and Loss Statement
R&D	Research and Development
STI	Short-term incentive scheme
SVP	Senior Vice President
The Board	Board of Directors
The Chair	Chair of the Board of Directors
The Code	Norwegian Code of Practice for Corporate Governance
VP	Vice President

16. Appendices and references

16.1 Appendices

Document number	Document name
GRP-GOV-POL-00-01	Appendix A Rules of procedure for the Board of directors
GRP-GOV-POL-00-02	Appendix B Instructions for the Nomination Committee
GRP-GOV-POL-00-03	Appendix C Instructions for the Audit committee
GRP-GOV-POL-00-04	Appendix D Instructions for the Remuneration Committee
GRP-GOV-POL-00-05	Appendix E Internal control and internal Audit committee charter
GRP-GOV-POL-00-06	Appendix F Compliance Committee charter
GRP-GOV-POL-00-07	Appendix G Instructions for the Boards of Elkem's subsidiaries
GRP-GOV-POL-00-08	Appendix H Template for Management Business Review meetings

16.2 References

Document number	Document name
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GRP-PPL-POL-00	People Policy
	Instructions for the internal control function
	Enterprise risk management procedure
	Internal control over financial reporting procedure
	Monitoring, evaluation and reporting of internal controls procedure
	Insider trade and insider information procedure
	The Board of directors guideline for salary and other remuneration to leading personnel in Elkem ASA

17. Policy maintenance

To ensure that its content remains current and relevant, this policy will be subject to the following maintenance activities:

- The policy owner is responsible for reviewing the content of this policy yearly
- The policy owner will circulate final amended policy to Corporate Compliance for review and alignment with Group standards.
- Upon review Corporate Compliance will arrange for the amended policy to be approved by the Board.
- The Board will review and (re-)approve amendments to the policy on an interim basis, as they occur.
- Attachments to this policy may be approved by the policy owner, without the need for formal re-approval of the policy.
- Non-material / editorial changes to this policy may be approved by the CEO.

18. Audit log

Rev nr	Date	Changes	Changed by	Approved by
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01	30.06.2022	Full review of documents previously published as “ <i>ECM-EC-PO-0001 Corporate Governance Policy Elkem ASA</i> ”. Updates based on external specialist review and best practice, reviewed by function owners and subject matter experts.	Tor Ukkelberg / Siri Simenstad	Board of directors Elkem ASA
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