

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



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1.0 Introduction and scope

These guidelines (the "Guidelines") have been prepared in accordance with the provisions of Section 6-16a of the Norwegian Public Limited Liability Companies Act [7](#), supplemented by the Regulations for guidelines and reports on remuneration for leading personnel [7](#).

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

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

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

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

Being a world leader in environmentally responsible manufacturing of metals and materials, Elkem aims to contribute to a sustainable future by providing advanced silicon, silicones and carbon solutions that add value to our stakeholders globally. The ability to continue our transition into a sustainable, specialty chemicals company is key to support Elkem's mission: Shaping a better and more sustainable future, adding value to stakeholders globally. To achieve this, Elkem pursues a strategy based on two main building blocks: dual-play growth balanced between geographic regions and across the value chain, and green leadership by continuous focus on CO2 reduction and growing supplies to green transition and creating green ventures.

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

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

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

1.2 The Company's leading personnel

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

In 2023 the corporate management of Elkem consists of:

- CEO
- CFO
- SVP HR
- SVP Business Development
- SVP Innovation
- SVP Technology
- SVP Green Ventures and Digital
- SVP Silicones
- SVP Silicon Products
- SVP Carbon Solutions

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

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

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



2 Fixed remuneration

2.1 The Company's fixed remuneration

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

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

2.2 Pension and insurance schemes

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

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

2.2.1 Pension scheme in Norway

Elkem has a defined contribution plan for all employees in the Norwegian entities. The contribution is 5% of the annual base salary up to 7.1G and 15% of the annual base salary between 7.1-12G. the G refers to the Norwegian national insurance scheme's basic amount.

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

For employees with an annual salary above 12G, there is a pension plan where the corporate management and all employees with salaries above 12G participate. The deposit is equal to 15% of the annual base salary that exceeds 12G.

In addition, a Norwegian multi-employer early retirement scheme called AFP is available for all employees, including the corporate management, if they fulfill the criteria related to length of employment in Elkem or another company with an AFP. The annual pension premium is 2.6% (2022) of the employees' salary between 1 and 7.1G per annum, until the calendar year the employee turns 62 years of age. The pension premium varies slightly from year to year.

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

2.2.2 Insurance schemes in Norway

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

The insurance schemes include:

- Occupational illness/ occupational injury insurance
- Leisure accident
- Group life insurance
- One-off payment in the event of the death of a spouse/ partner
- Business travel insurance

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

2.2.3 Pension scheme in France

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

French state pension

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

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



Compulsory supplementary pension

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

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

Voluntary private pensions, supplementary pension scheme

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

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

- Defined benefit plan (until 31/12/2019)
Due to legal change in France this system can no longer accommodate new members, nor generate new rights as of 1 January 2020. Acquired rights are lost in the event of departure from the Company before retirement age.
- Defined contribution plan (since 2020)
As per French law, under this system, the contribution (and the pension level) remains the same as the previous one, but rights are now acquired even in the event of departure from the Company before retirement age.

2.2.4 Insurance schemes in France

Health and Life Insurance

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

Business Travel Insurance

All employees incl. the corporate management are covered when on work-related travels.

2.2.5 Social security system in China

China's social security system constitutes five different mandatory types of insurance; (i) pension insurance (ii) medical insurance (iii) unemployment insurance (iv) maternity insurance (v) industrial injury insurance. These five insurance schemes are all available in Elkem.

The corporate management have the same social security schemes as all employees in China.

Premiums and tax

The employers and employees share the different %-contribution of the insurances according to the local government regulations and any compensation paid from insurance is tax-free. All employees are included in the social security system from their first date of employment, and it is mandatory by law.

Pension insurance

The pension insurance constitutes the foundation of the Chinese retirement system and requires employers and employees to contribute. It comprises of arrangements whereby Company makes monthly contribution to the collective local pension fund and employees make monthly contributions to their individual pension account through the withholding and remit by Company. Retirees must at least have 15 years' worth of contributions of pension insurance to claim a pension in China. China's statutory minimum retirement age is 60 for a man while is 55 for a woman at the Cadre identity and 50 for a woman at the Worker identity.

Medical insurance

Both employees and employers are required to make contributions to the basic medical insurance system on the monthly basis. The medical insurance covers a portion of the cost to treat illnesses or non-work-related injuries.

Unemployment insurance

Unemployment insurance provides monetary benefits to unemployed individuals, up to 24 months. If an employee contributes to the fund for more than 12 months, the employee will be eligible for unemployment benefits for a maximum of 12 to 24 months, based on their situation.

Industrial injury insurance

This insurance cover a compensation is for a work-related injury or illness treatment as well as permanent inability to work intended to cover loss of future income.

Housing fund

To ensure that employees save to purchase housing, a housing fund in China is paid by employers and the employees. The Housing Fund Management Regulations rate of contribution depends on the local government, and it should not be less than 5% of the average salary of the company.

Business Travel Insurance

All employees incl. the corporate management are covered when on work-related travels.

2.3 Payment in kind

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

3 Variable remuneration

3.1 Bonus / short-term incentive scheme (STI)

The corporate management participate in an annual bonus scheme linked to achievement of financial targets. The weight of the financial targets is 60% of the maximum bonus. Currently the financial targets are EBITDA, net profit and working capital. Strategic and operational targets weigh 40%. The strategic targets are focused on strategic project execution, growth projects and executing the specialisation strategy. Operational targets focus on environment, health and safety such as 0 high severity incidents and 0 major environmental case, compliance and sustainability such as completion of mandatory training and zero substantiated misconduct cases.

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

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

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

3.2 Project related bonus

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



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

The Annual General Meeting of 2022 approved the discontinuation of the share option program initiated in 2018. No new share options were thus granted in 2022. The number of remaining share options is reported in the annual board of directors' report on salary and other remuneration for leading personnel.

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

To further improve the focus on value creation and employee retention and to simplify the administration of the long-term incentives, a long-term bonus scheme (LTBS) is offered for the corporate management and selected other key employees.

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

The LTBS will contribute to simple and predictable accounting treatment and financial reporting as well as stronger retention than the share option program.

3.5 Loan and guarantees

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

3.6 Claw back

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

4 Duration of agreements that provide leading personnel remuneration from Elkem

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

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

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

5 Process, changes to and deviation from the guidelines

5.1 Decision making process

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

The remuneration committee is a sub-committee of the board of directors and its objective is to act as a preparatory and advisory body in relation to the Company's remuneration of the executive management. The purpose of the remuneration committee is to ensure thorough and independent preparation of matters relating to compensation to the executive personnel. See "Instructions for the Remuneration Committee" in the Corporate Governance Policy of Elkem.

5.2 Deviating from the guidelines

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

5.3 Changing the guidelines

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

The board of directors of Elkem ASA
Oslo, 8 March 2023

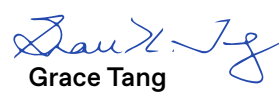

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