

## Chair's introduction to governance



The Board is focused on continuing to deepen its understanding of the business through interacting with its employees and embedding the Company Values and behaviours.

**John O'Higgins**  
Chair



### **DEAR SHAREHOLDERS,**

On behalf of the Board, I am pleased to introduce our Governance report for the year ended 31 December 2022. This report sets out our approach to effective corporate governance and outlines key areas of focus of the Board and the activities it undertook during the year, as we continue to drive long term value creation for all our stakeholders. I am grateful to my fellow Board members for their support during my first full year as Chair.

### **A REFRESHED PURPOSE**

As a Board, we are responsible for ensuring that the business is purpose-led and that our decisions are guided by the Company's core purpose. The Board reviewed the Company's strategy regularly throughout the year, and, as part of this, considered the increasing importance of embedding sustainability considerations in, and aligning the Company's culture and Values to, strategy and purpose. In 2022, the Board was delighted to approve the Company's refreshed purpose statement, which reflects our authentic and distinctive strengths, as well as how we uniquely serve our stakeholders.

### **OUR PURPOSE**

Unique Chemistry, Sustainable Solutions. At Elementis, we bring a unique combination of expertise, innovation and teamwork to every formulation challenge. We transform raw materials into high value specialty additives that enhance the performance of our customers' products and make a positive change in the world.

## BOARD SUCCESSION AND DIVERSITY

There have been a number of changes to your Board this year. In March, Geertrui (Trudy) Schoolenberg joined the Board, and then assumed the role of Senior Independent Director and in April, Christine Soden assumed the role of Chair of the Audit Committee, following the retirement of Anne Hyland from the Board at the 2022 Annual General Meeting (AGM). We are grateful to Anne for her valuable contribution. Following a thorough recruitment process, we were delighted that Clement Woon joined the Board in December 2022. For further information on the recruitment process, please refer to page 116-117. I can report that 37.5% of the current Board are women (there are five men and three women on our Board). We are aware of the target specified in recent updates to the Listing Rules (against which we are required to report from next year), and also referred to in the FTSE Women Leaders Review, for female representation on the Board to be at least 40%, and will ensure that the benefits of diversity are appropriately considered in the context of any future Board recruitment. The Board currently meets the target referred to in the new Listing Rules and in the FTSE Women Leaders Review for there to be at least one woman in a senior Board role (our Senior Independent Director). The Board also meets the target referred to in the new Listing Rules and in the Parker Review for there to be at least one individual on the Board from a minority ethnic background. Further information on Board diversity is set out in the Nomination Committee report on pages 117-118.

## WORKFORCE ENGAGEMENT

The Board recognises its obligation to engage with and consider the impact of the Board's decisions on all of our stakeholders, and the importance of interaction with employees as part of its wider engagement remit. The CEO, CHRO and other members of the ELT continued to provide regular updates on workforce matters, including health and safety, ongoing information about the impact of the pandemic on our employees, and diversity, equity and inclusion initiatives.

During 2022, the Board was delighted to be able to fully resume its programme of site visits and in-person meetings with employees for the first time since 2019. Christine Soden is designated as the Non-Executive Director with responsibility for employee engagement on behalf of the Board. Christine conducted in-person focus group discussions with employees in the US at our corporate offices and technology centre in New Jersey and at our manufacturing facility in Missouri, as well as in Finland at our processing plants in Vuonos and Sotkamo. The key themes arising from these discussions were considered by the Board and action plans developed where appropriate. Further information on the work of our Designated Non-Executive Director can be found on pages 106-108.

## CONTINUED FOCUS ON SUSTAINABILITY

Following the appointment of our first Sustainability Director in late 2021, we have set out our sustainability strategy in three pillars – Protecting the Environment, Supportive Culture and Responsible Business – to enable us to focus on the areas that are most material to deliver our strategic ambitions and to create value for our shareholders. We completed our first assessment of value chain (Scope 3) greenhouse gas emissions, to fully understand our carbon footprint and our opportunities to improve it, and we were proud to commit to reducing our greenhouse gas emissions in line with the Science-Based Targets initiative framework and the Paris Agreement. Further information can be found in the report on pages 36-38.

## BOARD EFFECTIVENESS

Having completed a full externally facilitated Board performance evaluation in 2021, our evaluation this year was conducted internally. I am pleased to report that the evaluation resulted in a positive assessment of the effectiveness of the operation of the

Board and its Committees, and concluded that the Board has overseen the business well through an external environment which continued to be challenging. Insights shared by those who had the most interaction with the Board and its Committees during the year reflected that the Board and its Committees were felt to be well prepared, asked relevant, challenging questions, and were supportive and accessible if needed. Details of the process followed and its outcomes are set out on page 113-114.

## REMUNERATION POLICY

Following consultation with top shareholders, our updated Remuneration Policy received almost 97% support from shareholders at our AGM in 2022. The Committee has continued its regular dialogue and engagement with shareholders, and during 2022, in response to shareholder views, introduced a post cessation of employment share ownership guideline. Further information can be found in the Directors' Remuneration report on pages 124-151.

## AGM

This year we will once again be holding a hybrid AGM, with the ability for shareholders to attend in-person or join virtually. Further information is set out in the Notice of Meeting, which is available on the Company's website.

**John O'Higgins**  
Chair

## How the Board is creating the right culture and living its purpose through its Values



### SAFETY

#### Our way of life

We are committed to providing a safe environment for all.



### SOLUTIONS

#### Creating value for our customers

We make a difference through our expertise, responsiveness and focus on quality.



### AMBITION

#### Passion for excellence

We are innovative, courageous and driven in everything we do.



### RESPECT

#### We do the right thing

We care for our colleagues, customers, communities and environment.



### TEAM

#### The power of collaboration

We work, grow and succeed together.

## Board of Directors

## The right skills to deliver our strategy



**JOHN O'HIGGINS**  
CHAIR

**TENURE**

John was appointed a Non-Executive Chair and Chair of the Nomination Committee on 1 September 2021. John joined the Board as a Non-Executive Director on 4 February 2020 and was appointed Senior Independent Director on 29 April 2020 prior to his appointment as Chair.

**INDEPENDENT**

Yes\*\*

**EXPERIENCE AND ROLE**

John served as chief executive of Spectris plc from January 2006 to September 2018, leading the business through a period of significant strategic transformation and development. Prior to Spectris plc, John spent 14 years at Honeywell International in a number of senior management roles including chairman of Honeywell Automation India and president of Automation & Control for Asia-Pacific. His early career was spent at Daimler Benz A.G. as a research and development engineer. Previous non-executive director roles include Exide Technologies, a US based supplier of battery technology to automotive and industrial users (from 2010 to 2015). John holds a master's degree in Mechanical Engineering from Purdue University (US) and an MBA from INSEAD.

**EXTERNAL APPOINTMENTS**

- Trustee of the Wincott Foundation
- Non-executive director of Oxford Nanopore Technologies plc and a member of the audit, risk, remuneration and nomination committees
- Senior independent director of Johnson Matthey plc and a member of the audit, nomination and remuneration committees
- Adviser to Envea Global, a market leader in environmental air and emissions measurement and majority owned by The Carlyle Group



**PAUL WATERMAN**  
CEO

**TENURE**

Paul was appointed CEO on 8 February 2016.

**INDEPENDENT**

No

**EXPERIENCE AND ROLE**

Paul has a proven track record in developing markets, products and opportunities for creating value, business optimisation and transformation. Paul's global experience provides the skill set required to deliver the Company's strategy and provide inspiring leadership. Prior to joining Elementis, Paul was global CEO of the BP Lubricants business in 2013 after having overseen the BP Australia/New Zealand downstream business. In 2010, Paul was country president of BP Australia. Prior to this he was CEO of BP's global aviation, industrial, marine and energy lubricants businesses (2009 to 2010) and CEO of BP Lubricants Americas (2007 to 2009). He joined BP after it acquired Burmah-Castrol in 2000, having joined the latter in 1994 after roles at Reckitt Benckiser and Kraft Foods. Paul holds a BSc degree in Packaging Engineering from Michigan State University and an MBA in Finance and International Business from New York University, Stern School of Business.

**EXTERNAL APPOINTMENTS**

None



**RALPH HEWINS**  
CFO

**TENURE**

Ralph was appointed CFO-Designate and Executive Director on 12 September 2016 and became the Elementis Group CFO on 1 November 2016.

**INDEPENDENT**

No

**EXPERIENCE AND ROLE**

Ralph is an accomplished CFO who has a strong track record in finance, strategy development and implementation, and M&A which enables him to provide effective financial leadership to underpin the delivery of the Company's strategy. Ralph had a 30 year career with BP, where he held a number of significant leadership positions, including roles in financial management, sales and marketing, corporate development, M&A, strategy and planning. In 2010, Ralph was CFO of BP Lubricants and served on the board of Castrol India Limited from 2010 until 2016. Ralph holds an MA degree in Modern History and Economics from the University of Oxford and an MBA from INSEAD.

**EXTERNAL APPOINTMENTS**

None



**TRUDY SCHOOLENBERG**  
SENIOR INDEPENDENT  
DIRECTOR

**TENURE**

Trudy was appointed Non-Executive Director on 15 March 2022 and become Senior Independent Director on 26 April 2022.

**INDEPENDENT**

Yes

**EXPERIENCE AND ROLE**

Trudy has over 30 years' experience of working in the chemicals, engineering and high performance product sectors. Having built her executive career with global organisations such as Shell, Wärtsilä and Akzo Nobel, she brings a strong international perspective and a proven track record for driving sustainability through innovation. In addition, Trudy has strong operational knowledge, gained during her time at Shell as production manager at the Pernis refinery in the Netherlands, the largest refinery in Europe and one of the largest in the world. Trudy currently serves as a non-executive director and senior independent director of Accsys Technologies plc (AIM listed sustainable building materials business), a supervisory board member of SPIE SA (a listed technical services business) and as a non-executive director and senior independent director of TI Fluid Systems plc (a listed global manufacturer of automotive systems). Trudy previously served as a board member of The Netherlands Petroleum Stockpiling Agency (COVA) (2011-2021), non-executive director and senior independent director at Spirax-Sarco Engineering plc (2012-2021), non-executive director and senior independent director of Low and Bonar plc (2013-2020) and as a supervisory board member of Avantium N.V. (2020-2022). Trudy has a Ph.D in Technical Physics from the Delft University of Technology (The Netherlands) and holds a master's degree in Industrial Engineering.

**EXTERNAL APPOINTMENTS**

- Non-executive director and senior independent director of Accsys Technologies plc (from April 2018)
- Independent director of SPIE SA (from November 2021)
- Senior independent director of TI Fluid Systems plc (from September 2022)

\*\* On appointment

**KEY TO COMMITTEE MEMBERSHIP**


Audit Committee



Nomination Committee



Remuneration Committee

\* Chair of the Committee


**DOROTHEE DEURING**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**TENURE**

Dorothee was appointed a Non-Executive Director on 1 March 2017.

**INDEPENDENT**

Yes

**EXPERIENCE AND ROLE**

Dorothee provides the Board with valuable insight into the wider European chemicals and Industrial sectors as well as sector specific acquisition expertise. Dorothee manages her own corporate advisory consultancy serving a number of European clients in the pharma/biotech sector. She is active in various industry bodies. Her previous executive roles included managing director and head of Corporate Advisory Group (Europe) at UBS in Zurich, head of M&A chemicals and healthcare at a private investment bank in Germany and as a senior executive in the corporate finance department at the Roche Group. Dorothee served as non-executive director of the supervisory board of Biffinger SE and member of the audit committee (May 2016-May 2021). Dorothee holds a master's degree in Chemistry from the Université Louis Pasteur, Strasbourg and an MBA from INSEAD.

**EXTERNAL APPOINTMENTS**

- Non-executive director of AXPO Holding AG (from March 2017)


**STEVE GOOD**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**TENURE**

Steve joined the Board as a Non-Executive Director on 20 October 2014 and became Chair of the Remuneration Committee on 25 April 2017. Steve was appointed interim Senior Independent Director between 1 September 2021 and 26 April 2022.

**INDEPENDENT**

Yes

**EXPERIENCE AND ROLE**

Steve has strong and relevant international experience in specialty chemicals businesses, manufacturing and diverse industrial markets which enables him to provide guidance and challenge to management. Steve's involvement with remuneration committees in other organisations enables him to provide judgement and demonstrate sound knowledge of topical remuneration matters in his capacity as Remuneration Committee Chair. Steve was chief executive of Low & Bonar plc between September 2009 and September 2014. Prior to that role, he was managing director of its technical textiles division (2006-2009), director of new business (2005-2006), and managing director of its plastics division (2004-2005). Prior to Low & Bonar, he spent ten years with BTP plc (now part of Clariant) in a variety of leadership positions managing international specialty chemicals businesses. Steve served as non-executive director and chairman of the remuneration committee of Cape plc (2015-2017), non-executive director of Anglian Water Services and member of the audit committee, nomination committee and remuneration committee (2015-2018) and non-executive director of Dialight plc (2018-2020). Steve holds a degree in Economics and Financial Management from Sheffield University. He is a chartered accountant.

**EXTERNAL APPOINTMENTS**

- Non-executive chairman of Zotefoams plc (non-executive director from October 2014 and chairman from April 2016) and chairman of the nomination committee and member of the remuneration committee
- Non-executive chairman of Devro plc (from June 2019) and chairman of the nomination committee


**CHRISTINE SODEN**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**TENURE**

Christine was appointed a Non-Executive Director on 1 November 2020 and is the Designated Non-Executive Director for workforce engagement and Chair of the Audit Committee.

**INDEPENDENT**

Yes

**EXPERIENCE AND ROLE**

Christine brings significant experience of innovation and the commercialisation of technology to the Board. Christine is an experienced CFO with a strong track record from leading a range of private and public companies rooted in innovation with a particular focus on biotechnology, life sciences and pharmaceutical products. Christine was CFO and company secretary of Acacia Pharma Group plc, a public quoted provider of pharmaceutical products designed to improve the outcomes and recovery for surgical patients (2015-2020). Prior to Acacia Pharma Group plc, Christine served as CFO and then non-executive director of AIM-listed Electrical Geodesics, Inc., which was acquired by Philips NV in 2017. Other CFO and finance leadership roles include Optos plc, BTG plc (former FTSE250 constituent), Oxagen Limited and Celltech Chiroscience Group plc, having started her life-sciences career as financial controller of Medeva plc. Christine has previously served as chair of the audit committee at e-therapeutics plc, an AIM listed technology based drug discovery platform (2017-2020) and at Provalis plc, a quoted healthcare business (2000-2005). She was also non-executive director of Futurenova Limited, a provider of anti-microbial cases for ipads and iphones from 2017 to 2021. Christine is a chartered accountant and holds a degree in Mathematics from the University of Durham.

**EXTERNAL APPOINTMENTS**

- Non-executive director of Vio Healthtech Limited (from January 2013)
- Non-executive director of Cell and Gene Therapy Catapult (from October 2020)
- Non-executive director of Arecor Therapeutics plc (from May 2021)


**CLEMENT WOON**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**TENURE**

Clement was appointed a Non-Executive Director on 1 December 2022.

**INDEPENDENT**

Yes

**EXPERIENCE AND ROLE**

Clement brings broad managerial experience in globally operating technology and consumer related industries. He has a strong track record of renewing traditional industries and revitalising growth through strategic interventions and in-depth experience and knowledge of markets within the Asia Pacific region. Clement was Group CEO of Saurer Intelligent Technology Co Ltd, a €1 billion textile machinery and components business listed on the Shanghai Stock Exchange, between August 2016 and March 2020. Clement continued to serve on the board of Saurer as non-executive director until August 2021. Between March 2021 and January 2023, Clement served as Chairman of PFI Foods Industries Pte Ltd. Between April 2014 and July 2016, Clement was Adviser and co-CEO of Jinsheng Industry Co. Ltd, an industrial company in China with diverse interests including biotech, automotive and textiles, between April 2014 to July 2016. Clement also previously held various senior positions at companies based in Switzerland and Singapore including Division CEO of Leica Geosystems AG, President & CEO of SATS Ltd, and CEO Textile Division of OC Oerlikon AG. Clement holds an MSc in Industrial Engineering and a BEng in Electrical Engineering from the National University of Singapore, as well as an MBA in Technology Management from Nanyang Technological University, Singapore.

**EXTERNAL APPOINTMENTS**

- Non-independent Non-Executive Director of PFI Foods Industries Pte. Ltd (since February 2023, Chair between 2015 and January 2023)
- Non-executive director of Morgan Advanced Materials plc (from May 2019)

## Executive Leadership team



**PAUL WATERMAN**  
CEO



Full biography can be found on page 98.



**RALPH HEWINS**  
CFO



Full biography can be found on page 98.



**LUC VAN RAVENSTEIN**  
SVP GLOBAL PERFORMANCE  
SPECIALTIES



### TENURE

Joined Elementis in 2012.

### EXPERIENCE AND ROLE

Luc is responsible for leading the Performance Specialties business, which combines the segments previously known as Global Coatings, Energy and Talc. Previously, he led the Global Coatings business through the transformation programme and drove the execution of its growth strategies.

Luc started his career with Elementis leading the Personal Care and Surfactants businesses following leadership positions at specialty chemicals company Croda.

Luc has an MSc degree in Chemistry and Chemical Engineering and a Professional Doctorate in Engineering from Eindhoven University of Technology.



**STIJN DEJONCKHEERE**  
SVP GLOBAL  
PERSONAL CARE



### TENURE

Joined Elementis in 2007 and was appointed SVP, Global Personal Care in May 2020.

### EXPERIENCE AND ROLE

Stijn is responsible for the leadership of the Personal Care business which includes Cosmetics and AP Actives businesses. He is an accomplished leader who has demonstrated an ability to build and lead high performing commercial teams.

Stijn spent many years developing his career at Elementis in various positions in our Personal Care and Coatings business, most recently as Director Global Sales Personal Care.

Prior to Elementis, he also held leading commercial roles at Capsugel, now Lonza, and Barentz. His leadership skills combined with strong commercial experience and focus on customer relationships will be key to ensuring successful execution of our strategy and the acceleration of growth in our Personal Care segment.

Stijn holds Master's degrees in Bio-Engineering from Ghent University and Agro-Management from Montpellier SupAgro and is a graduate of the Executive Development Program from the Wharton School.



**GREG BELLOTTI**  
CHIEF INFORMATION  
OFFICER



### TENURE

Joined Elementis in 2014 and was appointed CIO in January 2021.

### EXPERIENCE AND ROLE

As Chief Information Officer, Greg is responsible for global IT strategy, operations, service delivery, innovation and digital transformation.

Prior to joining Elementis, Greg held IT leadership roles at Allscripts (Summit Medical Group) (now) and Siemens. At Summit, he rebuilt a team and an infrastructure to support exponential growth across facility locations. During his tenure at Siemens, Greg was instrumental in the acquisition of HEAR US, the first B2C in Siemens' portfolio, and led project management, global service provision and the global PMO at various times.

Greg graduated from The College of New Jersey in 1992 with a Bachelor of Science degree in Law & Justice. Greg serves as a member of The College of New Jersey Beacon Society, is a board member for the Delaware Valley Chapter of The National Football Foundation and the College Hall of Fame, is engaged in multiple groups supporting opportunities for women and minorities, and supports various youth and military charitable initiatives.



**ANNA LAWRENCE**  
GROUP GENERAL COUNSEL  
& COMPANY SECRETARY



**TENURE**

Joined Elementis in March 2021.

**EXPERIENCE AND ROLE**

Anna has responsibility for all legal and compliance matters across the Group and is the Group Company Secretary. Anna also serves as the Group's Chief Compliance Officer and chairs the Ethics and Compliance Council.

She has extensive international experience gained through holding senior legal positions in companies across diverse sectors including Rolls-Royce plc, Johnson Matthey plc and Kingfisher plc.

Anna qualified as a solicitor at Allen & Overy LLP and holds a BA in Modern Languages from the University of Oxford, a Postgraduate Diploma in Law and Legal Practice, and is an Associate of the Chartered Governance Institute.



**JOE LUPIA**  
SVP GLOBAL TECHNOLOGY



**TENURE**

Joined Elementis in 2019.

**EXPERIENCE AND ROLE**

Joe joined in 2019 and is responsible for the leadership of the Global R&D and Product Stewardship functions. His former commercial experiences enable him to ensure our innovation pipeline is capable of delivering both technical and financial success.

Joe is responsible for collaborating with the business leaders to develop new technologies that enhance our customers' product performance as it pertains to the quality, sustainability and efficiency needs of our partners.

Joe has 30 years' experience in the chemicals industry and joined us from BASF, where he had many different technical and commercial roles over his 24 year tenure.

Joe has a Ph.D. in Organic Chemistry from Seton Hall University.



**CHRIS SHEPHERD**  
CHIEF HUMAN RESOURCES  
OFFICER



**TENURE**

Joined Elementis in 2017.

**EXPERIENCE AND ROLE**

Chris leads the Group Human Resources and Communications function and is responsible for talent, succession, HR operations, reward programmes and internal communications. His focus is on embedding the Company's culture and Values throughout the organisation, developing internal talent and standardising our global people processes. Chris is co-Chair of the Elementis Diversity, Equity and Inclusion Council.

Chris has over 20 years' experience of global human resources gained in a mix of privately held US and UK listed plcs with the first 12 years of his career in manufacturing and supply chain.

Chris holds an MEng in Mechanical Engineering from the University of Liverpool.

## The UK Corporate Governance Code

The UK Corporate Governance Code 2018 (the 'Code') sets standards of good practice in relation to all areas of corporate governance in the UK. The Code applies to the Company. In this Annual Report, we report on how we applied the main principles of the Code and complied with its relevant provisions.

The Company was not in compliance with Provision 38 (alignment of Executive Directors' pension contributions with those of the wider workforce) during the year; however, the Executive Directors

were on a phased glidepath reduction in pension towards the workforce rate (as noted in page 125 in the Directors' Remuneration report) and alignment completed on 1 December 2022.

Elementis has complied with all other relevant provisions throughout the year ended 31 December 2022 and from that date up to the date of approval of this Annual Report. The Code is currently available [www.frc.org.uk](http://www.frc.org.uk)

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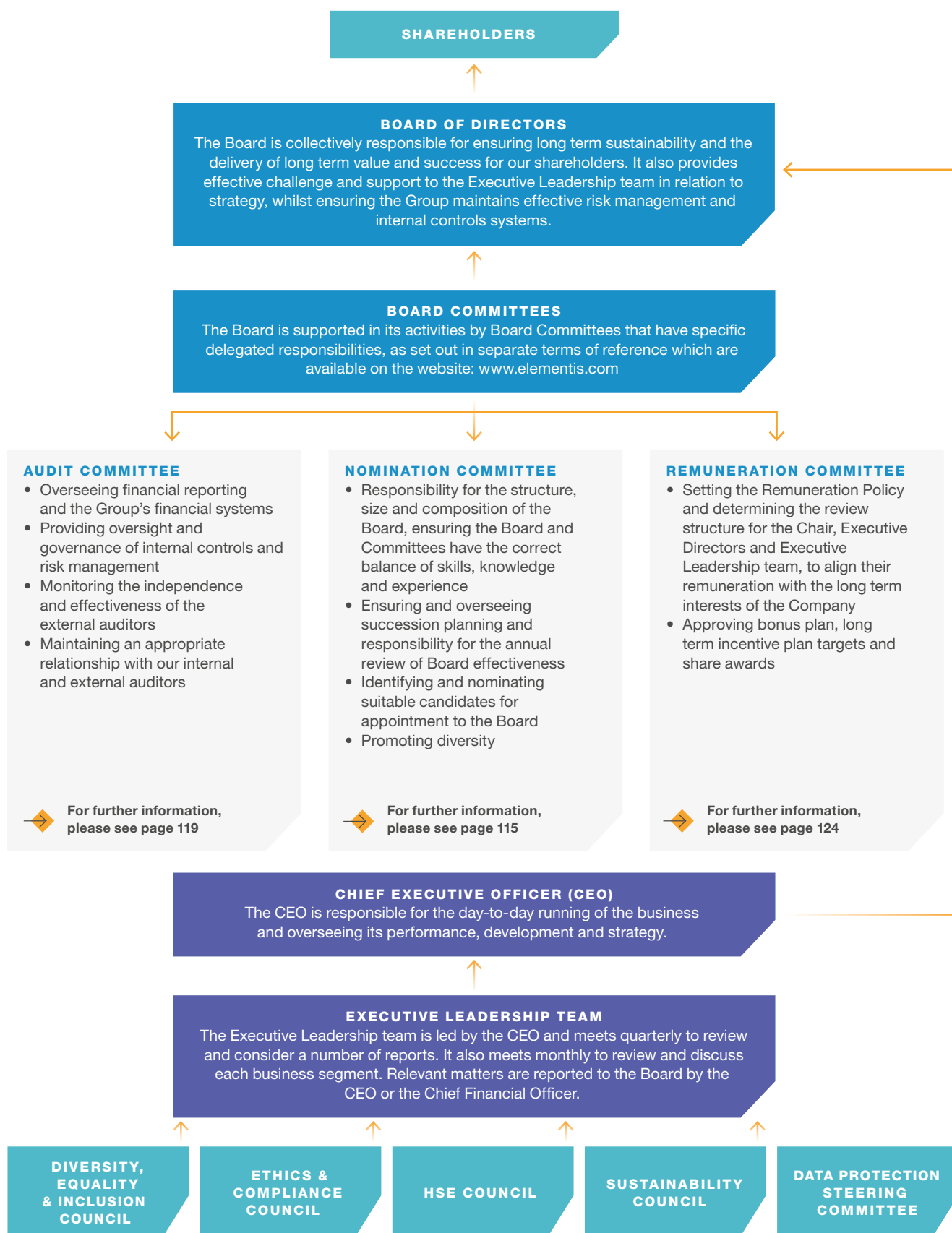
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## Division of responsibilities

# Governance framework





## Board leadership and Company purpose

### HOW THE BOARD OPERATES

The Board held eight scheduled meetings during the year and additional Board meetings were also held to discuss emerging matters such as climate change and sustainability, Board recruitment and succession matters, and to consider the strategic review and subsequent sale of the Chromium business.

For each Board and Committee meeting, meeting papers are provided in advance through a secure portal. Board papers include standing items, such as financial performance and investor relations updates, and special business such as strategic, operational or governance matters, which are prepared by Executive Directors, senior management, the Group General Counsel & Company Secretary and/or external advisers. The Board regularly invites ELT members to attend Board meetings and receives presentations and updates from their relevant business and functional areas.

Other key information, such as analyst/investor reports, Company policies and governance guidelines, is available through the secure portal.

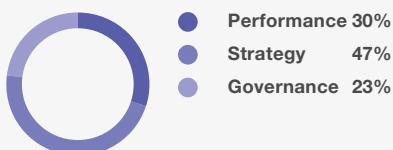
### MATTERS RESERVED FOR THE BOARD

To ensure there is a clear division of responsibilities between the Board and the running of the Company business, the Board has a formal schedule of matters reserved for its decision. This is reviewed on a periodic basis and is available on our website: [www.elementis.com](http://www.elementis.com).

### BOARD ALLOCATION OF AGENDA TIME

Agendas for each Board meeting are prepared by the Group General Counsel & Company Secretary as a rolling programme over a 12 month period, but are reviewed regularly and updated where appropriate. The agenda for each Board meeting is agreed with the Chair, CEO and CFO.

### SCHEDULED MEETINGS DURING THE YEAR



### CHANGES TO THE BOARD DURING THE YEAR

- Anne Hyland stepped down from the Board on 26 April 2022
- Trudy Schoolenberg was appointed as Senior Independent Director on 15 March 2022\*
- Clement Woon was appointed as independent Non-Executive Director on 1 December 2022\*

\* Further information regarding Trudy and Clement's appointments can be found within the Nomination Committee report on page 116-117.

### BOARD MEETING ATTENDANCE

The attendance of the Directors at the Board meetings in the year ended 31 December 2022 is as follows:

John O'Higgins	◆◆◆◆◆◆◆◆
Paul Waterman	◆◆◆◆◆◆◆◆
Ralph Hewins	◆◆◆◆◆◆◆◆
Dorothee Deuring	◆◆◆◆◆◆◆◆
Steve Good	◆◆◆◆◆◆◆◆
Anne Hyland**	◆◆◆◆◆◆◆◆
Christine Soden	◆◆◆◆◆◆◆◆
Trudy Schoolenberg <sup>◊</sup>	◆◆◆◆◆◆◆◆
Clement Woon <sup>◊</sup>	◆◆◆◆◆◆◆◆

There were eight meetings of the Board in 2022. Anne, Trudy and Clement each attended all the meetings they were eligible to attend.

\*\* Anne Hyland stepped down from the Board on 26 April 2022.

◊ Trudy Schoolenberg joined the Board on 15 March 2022.

◊ Clement Woon joined the Board on 1 December 2022.

### MATTERS RESERVED FOR THE BOARD

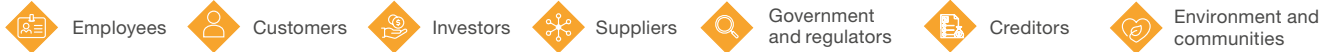


## KEY ACTIVITIES OF THE BOARD

The Board's key activities and their link to Section 172(1) factors are shown below.

The Company's Section 172(1) statement can be found on pages 74-75.

### SECTION 172 MATTERS



#### ACTIVITY

### SALE OF CHROMIUM BUSINESS

- The Board approved the initiation of a strategic review of the Group's Chromium business in April 2022
- Throughout 2022, the Board regularly considered options in relation of the Chromium business in the strategic review, both in "divest" and "retain" scenarios
- The Board's decision-making process took into consideration the possible applications for any sale proceeds, including repayment of net debt, as well as the Group's ability to resume dividends to shareholders in future

#### LINK TO SECTION 172



- The Board also considered the impact on the Company's environmental sustainability profile of a potential sale
- The Board evaluated the profiles of prospective buyers for the Chromium business and concluded that a divestment to the Yildirim Group, a leading Turkish industrial conglomerate and major producer of chrome ore and high carbon ferrochrome, would be likely to result in positive outcomes for employees, customers and suppliers of the Chromium business

#### ACTIVITY

### STRATEGIC UPDATES

- 2022-2027 financial shape
- Annual Operating Plan
- Chromium
- Coatings and Energy
- Continuous Improvement
- ESG & Sustainability
- HSE
- Innovation

#### LINK TO SECTION 172



- IT & Cyber
- Litigation & Compliance
- People related topics including strategy, Diversity, Equity & Inclusion, people engagement, employee value proposition and succession
- Personal Care
- Strategy
- Talc

#### ACTIVITY

### BOARD SUCCESSION

- At the AGM on 26 April 2022, Anne Hyland stepped down from the Board
- The Committee appointed Korn Ferry to undertake a search for suitable candidates
- On 15 March 2022, Trudy Schoolenberg was appointed as Senior Independent Director, following a thorough recruitment process

#### LINK TO SECTION 172



- The Committee retained Korn Ferry to consult on a further search for another suitable candidate
- On 1 December 2022, Clement Woon was appointed as Independent Non-Executive Director, following a thorough recruitment process

#### ACTIVITY

### SITE VISITS TO FINLAND AND THE US

- With its people as its core asset, the Board recognised the importance of resuming face to face engagement with the workforce at all levels as soon as practicable when pandemic-related travel restrictions started to lift

#### LINK TO SECTION 172



- Site visits to locations in the US and Finland during 2022 enabled the Board to gain insights from discussions with the local management teams and colleagues about the opportunities and challenges they face, in management presentations as well as less formal networking events

## Stakeholder engagement

In line with the requirements of the Code, the Board considered the mechanisms for ensuring that the views and concerns of the workforce are taken into account and agreed that a specific Board accountability for workforce engagement would be formalised by appointing a Board member to serve as the Designated Non-Executive Director for workforce engagement (DNED). Christine Soden currently serves as the DNED having assumed the role on appointment as a Board member on 1 November 2020.

During the year Christine held focus groups with employees in the US, China and Finland each of which included discussion around compensation. Further information found on pages 107-108.

Two further focus groups were held with all people managers globally (c.250) in January 2023 by Christine Soden, Steve Good and Chris Shepherd (CHRO) to explain governance at Elementis, the role of the Remuneration Committee and to show how the policy is applied throughout the organisation. The sessions including polling questions to assess understanding and questions and answers. The output of these sessions included the Board

gaining confirmation that managers understand the basis on which our pay programmes are set, including the link to strategy and how Directors' remuneration is determined.

The Board closely monitors and reviews the results of the Company's annual Employee engagement. In 2022, we launched our Employee Value Proposition (EVP) to help identify what employees value about Elementis, what makes this a satisfying and engaging place to work. For further information, please see page 64.

We also work with our customers, suppliers, local communities and other business partners across the value chain every day. The infographic below sets out the different stakeholders with whom we engage, which in turn is reported to the Board.

STAKEHOLDER	HOW THE BOARD IS KEPT INFORMED	FURTHER INFORMATION
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>Regular meetings and visits by the CEO and Business Unit leaders</li> </ul>	Page 22-23 and 72
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>Engagement with our suppliers</li> </ul>	Pages 16-17 and 72
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>Focus groups conducted by the DNED</li> <li>Regular townhall meetings</li> </ul>	Page 61-67 and 72
<b>COMMUNITIES AND THE ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>Community meetings</li> <li>Receiving regular updates regarding Sustainability</li> </ul>	Page 36-60 and 72
<b>INVESTORS</b>	<ul style="list-style-type: none"> <li>Engagement with major shareholders regarding governance and strategy</li> <li>Committee Chairs engage, as appropriate, on their areas of responsibility</li> <li>Formal and informal discussions are held with shareholders in the context of the Company's AGM</li> </ul>	Page 110 and 72
<b>GOVERNMENT TRADE BODIES AND REGULATORS</b>	<ul style="list-style-type: none"> <li>Active engagement</li> </ul>	Page 38 and 72

### EXAMPLES OF WORKFORCE ENGAGEMENT THEMES



Values and culture



Communications



Processes



Remuneration and benefits



Local/global ways of working



COVID-19 response

#### WORKFORCE THEMES

## Board leadership and Company purpose continued

# Board engagement with the workforce

With the lifting of COVID-19 travel restrictions, the Board was pleased to resume its programme of visits to the Company's operations.

The Non-Executive Directors are encouraged to visit Group manufacturing sites to gain a greater understanding, knowledge and familiarity of the Group's activities and an opportunity to meet and engage with people across the business. This enables the Directors to maximise their contribution to Board discussions and their understanding of stakeholders.

Whilst visiting the various sites during 2022, Christine Soden, as Designated Workforce Engagement Director, held a number of focus groups which gave her an opportunity to meet with a selection of employees and to discuss any issues or concerns that they had.

### JUNE - FINLAND

Since the previous visit to Finland in 2019, most of the NEDs are new to the Board. The Board was keen to deepen its understanding of the flow of operations from mine to customer and to meet the Talc employees.



#### DAY 1 - VISIT TO SOTKAMO

At the Sotkamo site, the Talc management team provided the Board with a presentation regarding both the Sotkamo and Vuonos sites. This was followed by a visit to the mine and processing facilities.

A focus group was also held with a small group of employees. Further information can be found on pages 97 and 126.



In the evening, the Board enjoyed a dinner with the management team. It was an opportunity for employees to engage directly with the Board.



#### DAY 2 - VISIT TO VUONOS

At the Vuonos site, the management team provided a tour of the processing facilities.

## Board leadership and Company purpose continued

### OCTOBER – THE US

#### DAY 1 – VISIT TO NEW JERSEY

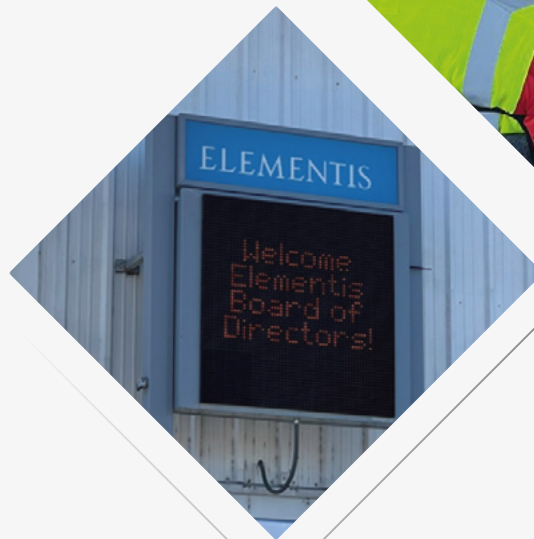
The Board meeting was held at the New Jersey offices. After the meeting, there was a dinner held with management. Each Board Director hosted their own table, which was an opportunity to meet with employees from various roles.

A focus group was also held with a small group of employees. Further information can be found on pages 97 and 126.



#### DAY 2 – VISIT TO ST LOUIS

The Board visited the St Louis facility where Board members received an overview of the plant's activities from management, with opportunity for Q&A, before undertaking a full site tour. After the meeting, Board members attended an ice hockey game of the local team with management, which provided a more informal opportunity for discussions.



#### DAY 3 – VISIT TO NEWBERRY SPRINGS

Three of the new NEDs also visited the Newberry Springs site. The management team provided the Board with a presentation, and a visit to the mine and processing facility. The Board also had an opportunity to engage with employees during a breakfast meeting.

## OUR PURPOSE, CULTURE AND VALUES

Our purpose is to achieve sustainable progress across the world through innovative specialty chemical products that deliver cleaner and better performance.


























We are collaborative industrial innovators; developing long term partnerships with our customers, innovating at pace to keep them at the forefront of their markets. Combining our access to unique natural resources with our unmatched rheology and technological expertise, we responsibly transform raw materials into advantaged ingredients that provide crucial end product benefits. This enables our customers to solve their product performance and sustainability challenges.

The Board is satisfied that the Company's culture continues to be aligned with its purpose, values and strategy:

- Company values were established during 2018 following a refresh and engagement with employee focus groups
- Strategy is discussed regularly and includes the three year plan and annual operating plan, and is formally agreed as part of the Board's annual programme
- The Company's values of Safety, Solutions, Ambition, Respect and Team underpin the behaviours expected to cultivate an open and inclusive culture

Further information regarding culture can be found on pages 61-67.

## HOW THE BOARD MONITORS CULTURE

Cultural identifier	Cultural indicators				
	Promoting integrity and accountability	Valuing diversity	Being responsive to the view of stakeholders	Culture aligned to purpose and Values	Culture aligned to strategy
Employee Engagement survey insight					
Employee retention, promotion and attrition data					
Reports on progress on diversity, equity and inclusion					
Whistleblowing reports					
Health, safety and environmental performance					
Internal Audit reports and findings					
Ethics and compliance programme					

## Shareholder engagement

### SHAREHOLDER COMMUNICATIONS

The Chair is responsible for effective communication with shareholders. The CEO and CFO are the Company's principal contacts for investors, analysts, press and other interested stakeholders.

There is a dedicated investor relations programme for current and potential investors, which is managed by the Director of Investor Relations who reports to the CFO. Further information regarding shareholder services can be found on page 225.

### SHAREHOLDER ENGAGEMENT INVESTOR MEETINGS

The Board receives an investor relations report at each of its meetings outlining recent dialogue with investors and feedback received, and updates from our corporate brokers JP Morgan and Numis. Analysts' reports are also made available to the Board. The Chair attends the financial results presentations where he has the opportunity to meet with those analysts who attend. All Board members are invited to attend results presentations.

The Chair and Senior Independent Director (SID) are available to shareholders to discuss governance and strategy concerns as appropriate. The SID regularly meets with the Company's major investors. At these meetings, investors are also given the opportunity to meet with other members of the Board, for example, the Chairs of the Audit, Nomination or Remuneration Committees. In 2022, a total of 58 meetings were held with investors.

### PRIVATE INVESTORS

The Board is keen to hear the views of our private shareholders and they are encouraged to use our shareholder mailbox, [company.secretariat@elementis.com](mailto:company.secretariat@elementis.com). The Company's website is kept updated with Company reports and related information. Enquiries may also be addressed to the Group General Counsel & Company Secretary and sent to the registered office.

### ANNUAL GENERAL MEETING

The Company held a hybrid AGM on 26 April 2022 where shareholders were invited to attend in person. Those unable to attend in person were given the opportunity to ask questions of the Board via email in advance of the meeting and to view the AGM proceedings via a webcasting facility. There was also a telephone line available for shareholders to ensure that they could be heard. The proceedings of the AGM is available on demand. All resolutions were approved by shareholders on a poll. Shareholders were able to submit questions ahead of the AGM; however, no questions were submitted prior to or at the AGM.

The 2023 AGM will be held on 26 April 2023 at 10.00am and further information can be found in the Notice of Meeting.

### KEY SHAREHOLDER ACTIVITIES DURING THE YEAR

Q1

- Trading Statement
- FY21 results presentation
- Results roadshow

Q2

- AGM trading statement
- Chair Governance roadshow
- UBS Small and Mid-cap conference

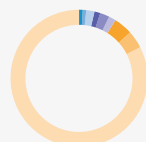
Q3

- H1 22 results presentation
- Results roadshow

Q4

- 9 month trading update
- Chromium sale announcement
- Berenberg European conference

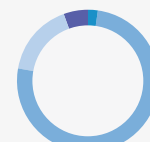
### SHAREHOLDERS BY NUMBER OF SHARES



#### Balance ranges

1-499	0.13%
500-999	0.13%
1,000-4,999	0.71%
5,000-9,999	0.43%
10,000-49,999	0.86%
50,000-99,999	0.68%
100,000-499,999	4.89%
500,000-999,999	4.53%
1,000,000-999,999,999	87.65%

### SHAREHOLDERS BY TYPE



#### Party type

Private individuals	2.27%
Nominee companies	75.74%
Limited and public limited companies	16.50%
Other corporate bodies	5.49%

## Board responsibilities

ROLE	NAME(S)	RESPONSIBILITY
<b>CHAIR</b>	<b>JOHN O'HIGGINS</b>	<ul style="list-style-type: none"> <li>Leads the Board and is responsible for its overall effectiveness</li> <li>Sets the agendas in consultation with the CEO, CFO and Group General Counsel &amp; Company Secretary</li> <li>Promotes open, honest and constructive debate, challenges during meetings and guides the CEO and CFO in delivery of the strategy</li> <li>Ensures the Board conforms with the highest standards of corporate governance</li> <li>Chairs the Nomination Committee and ensures the Board has an appropriate balance of skills, diversity and experience</li> <li>Ensures effective succession planning is in place and leads the annual Board effectiveness review</li> <li>Engages with shareholders and other stakeholders, and ensures that their views are understood and considered appropriately in Board decision making.</li> </ul>
<b>CEO</b>	<b>PAUL WATERMAN</b>	<ul style="list-style-type: none"> <li>Day-to-day management of the business</li> <li>Execution of strategy and operational performance</li> <li>Provides regular updates to the Board on all significant matters relating to the Group</li> <li>Ensures the Company has a strong team of high calibre executives</li> <li>Puts in place management succession and development plans</li> </ul>
<b>CFO</b>	<b>RALPH HEWINS</b>	<ul style="list-style-type: none"> <li>Supports the CEO in the delivery of the Company's strategy and financial performance</li> <li>Leads the Group Finance function and is responsible for financial reporting, investor relations, IT, risk, insurance and tax matters</li> <li>Plays a key role in external stakeholder relationships, including investment community, lenders and pension trustees</li> </ul>
<b>SENIOR INDEPENDENT DIRECTOR</b>	<b>TRUDY SCHOOLENBERG</b>	<ul style="list-style-type: none"> <li>Acts as a sounding board to the Chair, providing support and advice where necessary</li> <li>Is the point of contact for shareholders and other stakeholders to discuss matters of concern</li> <li>Leads the Board's appraisal of the Chair's performance with the Non-Executive Directors</li> </ul>
<b>INDEPENDENT NON-EXECUTIVE DIRECTORS</b>	<b>DOROTHEE DEURING STEVE GOOD JOHN O'HIGGINS TRUDY SCHOOLENBERG CHRISTINE SODEN CLEMENT WOON</b>	<ul style="list-style-type: none"> <li>Provide independent oversight objectivity to the Board's deliberations</li> <li>Use their broad range of experience and expertise to challenge management and aid decision making</li> <li>Serve on various Committees and play a leading role in the effectiveness of those Committees</li> </ul>
<b>DESIGNATED NON-EXECUTIVE DIRECTOR FOR WORKFORCE ENGAGEMENT</b>	<b>CHRISTINE SODEN</b>	<ul style="list-style-type: none"> <li>Represents the Board when engaging and communicating with employees and provides communication on any outcomes</li> </ul>
<b>GROUP GENERAL COUNSEL &amp; COMPANY SECRETARY</b>	<b>ANNA LAWRENCE</b>	<ul style="list-style-type: none"> <li>Supports the Chair in ensuring the Board operates efficiently and effectively</li> <li>Provides the Board with advice on governance developments</li> <li>Facilitates the Directors' induction programmes and assists with ongoing training and development</li> <li>Assists the Chair with the Board effectiveness review process</li> </ul>



## Board responsibilities continued

### ROLES AND RESPONSIBILITIES

The Board members have clearly defined roles and responsibilities, as set out in the table on page 111. They also have a range of skills, knowledge and experience that is relevant to the successful operation of the Board (see the biographies on pages 98-99 and Board Composition and Skills table on page 118).

### INDEPENDENCE OF THE NON-EXECUTIVE DIRECTORS

Each of the Non-Executive Directors is considered independent in character and judgement. The Chair was considered independent on appointment and the Board confirms that he remains effective. The independence of Non-Executive Directors is reviewed annually by the Nomination Committee, with the continuing independence of Steve Good being subject to a particularly rigorous review, in view of his longer service, as described further on page 116.

The biographies of the Directors can be found on pages 98-99 and details of the membership of each Board Committee can be found on pages 115, 119 and 124 respectively.

### TIME COMMITMENT

Following the Board evaluation process, as detailed on pages 113-114, the Board has considered the individual Directors' attendance, contribution and external appointments, and is satisfied that each of the Directors is able to allocate sufficient time to the Group to discharge their responsibilities effectively. Information on Directors' external appointments can be found on pages 98-99.

The Directors' commitments register is maintained by the Group General Counsel & Company Secretary and is regularly reviewed by the Nomination Committee. All Directors are expected to commit sufficient time to the Board, and the Company, as is necessary to carry out their duties as a Director.

### ADDITIONAL APPOINTMENTS

If a Non-Executive Director wishes to take on an additional external appointment, they are required to seek permission from the Board. The Board will take into consideration the time commitment required by the Non-Executive Director in their role as a Board Director, Committee Chair or Committee member before any permission is given.

Executive Directors are not permitted to take on more than one non-executive directorship of a FTSE 100 company or other significant appointment. No such external appointments are currently held by any of the Executive Directors.

In September 2022, Trudy Schoolenberg notified the Board of her wish to take on an additional appointment as senior independent director of TI Fluid Systems plc. The Board considered Trudy's external commitments and additional time required for the new proposed role and concluded that Trudy would still have sufficient time to perform her role with the Company. The Board also considered whether the appointment would be a conflict of interest and concluded that it would not.

### CONFLICTS OF INTEREST

Elementis plc has a Conflicts of Interest Policy in place for all Group companies. Our Board and its Committees consider potential conflicts at the outset of every meeting and the Board formally reviews the authorisation of any potential conflicts of interest throughout the year, with any conflicts being recorded in the Conflicts of Interest Register.

The Conflicts of Interest Register sets out any actual or potential conflict of interest situations which a Director has disclosed to the Board in line with their statutory duties and the practical steps that are to be taken to avoid conflict situations. When reviewing conflict authorisations, the Board considers any other appointments held by the Director as well as the findings of the Board Effectiveness evaluation.

Directors are required to seek Board approval for any actual or potential conflicts of interest.

Ralph Hewins is in receipt of a conflict authorisation from the Company in respect of him acting as a trustee of the Elementis Group Pension Scheme. Further details can be found in the Directors' report on page 152.

### DIRECTORS' INSURANCE AND INDEMNITIES

The Company maintains Directors' and Officers' liability insurance, in the event of legal action brought against its Directors.

The Company has also granted indemnities to each of the Directors. These indemnities are uncapped in amount, in relation to certain losses and liabilities which they may incur to third parties in the course of acting as a Director of the Company. Neither the indemnity or insurance provides coverage in the event that a Director is proved to have acted fraudulently or dishonestly.

### BOARD TRAINING AND INDEPENDENT ADVICE

All Directors have access to the advice and services of the Group General Counsel & Company Secretary and may take independent professional advice, as appropriate, at the expense of the Company.

Directors are given the opportunity throughout the year to undertake training and attend seminars, as necessary, to keep their skills and knowledge up to date. In addition, technical briefings are regularly included in Board and Committee papers.

The Group General Counsel & Company Secretary supports the Chair in ensuring that the Board and its Committees operate within the governance framework and that communication and information flows within the Board and its Committees and between management and Non-Executive Directors remain effective.

### INFORMATION FLOWS

The Chair and the Group General Counsel & Company Secretary ensure that the Directors receive clear and timely information on all relevant matters. Board papers are circulated in a timely manner in advance of the meetings to ensure that there is adequate time for them to be read and to facilitate robust and informed discussion. A fully encrypted electronic Board portal is used to distribute Board and Committee papers and to provide efficient distribution of business updates and other resources to the Board.

## Composition, succession and evaluation

# Board evaluation

### BOARD EVALUATION

In line with the UK Corporate Governance Code, an externally facilitated review of the Board effectiveness is carried out every three years. The last externally facilitated review was carried out in 2021.

In 2022, it was agreed that an internally facilitated review would be appropriate. The next externally facilitated review is scheduled to take place in 2024.

### PROCESS

A discussion is held by the Nomination Committee to consider the approach and process for evaluation. Following agreement, the Group General Counsel & Company Secretary and the Chair of the Nomination Committee agree the timetable, process and resources required for the evaluation activity.

During 2022, the process was divided into four stages:



## Composition, succession and evaluation continued

### RECOMMENDATION

### PROGRESS

#### BOARD SUCCESSION

Continue to ensure the Board is composed of the most appropriate balance of skills, knowledge, experience and diversity to ensure the orderly succession of Anne Hyland and Steve Good over the next one to two years

Board succession matters were a key focus area for 2022 following retirements from the Board. The Board changes announced during 2022 reflect a continued focus on ongoing succession planning. Our approach to this is set out in further detail on pages 97 and 116.

#### STRATEGY

Continue to develop discussion of strategy (incorporating ESG topics) with focus on portfolio and long term ambition

During 2022, a key focus for the Board was strategy at an overall portfolio level. In April 2022, the strategic review of the Chromium division was announced, which led to the agreement to sell the business announced in November 2022 and the completion of the sale in January 2023. The Board also initiated discussion of a new 5 year strategic plan with management which will receive further focus during 2023.

#### RISK MANAGEMENT

Agree on risk topics for focused Board discussion during the year

During 2022, the Board kept the Group's principal and emerging risks, and corresponding controls, under regular review. In respect of the strategic updates provided to the Board throughout the year, a system was introduced for indicating which of the Group's principal risks was covered in each set of materials. A new Head of Risk Management and Controls role was created to drive increased focus and structure in this area from Q1 2023.

#### SUSTAINABILITY

Maintain focus on Sustainability as a strategic Board topic

The 2021 evaluation process recognised the importance of sustainability and of developing strategic discussions at Board level, supported by better data and more resource; in particular, the incorporation of Sustainability into the long term strategy as a potential competitive advantage and strategic opportunity. During 2022, the Sustainability Director provided regular updates to the Board, including the outputs of a materiality assessment exercise undertaken with the ELT in early 2022, which identified the areas in which the Company could have the greatest impact and of most importance to our stakeholders.

### 2022 INTERNAL EVALUATION

The process for the 2022 review comprised a questionnaire which covered areas such as:

- How the Board has managed challenges during the year
- Board changes and general observations such as navigating the Board's operations and decision making processes
- Board relationships
- Observations on the operation/effectiveness of the Board and its Committees
- Individual performance and other themes and priorities for 2022

### EVALUATION FINDINGS AND RECOMMENDATIONS

The evaluation concluded that the Board, its Committee Chairs and Committees continued to operate effectively, with the support and guidance of the Group General Counsel & Company Secretary and other external advisors as appropriate, and that all Directors were considered to have demonstrated considerable commitment and time to their roles.

The performance evaluation of the Board Chair was led by the SID and involved the whole Board. Board members were of the view that the Chair transition had gone smoothly, and that the Chair was very effective in his role, creating a focused, stable and inclusive environment in the boardroom.

#### FOCUS FOR 2023

- Continued focus on long-term strategy, following the Chromium divestiture, and how shareholder value over the longer term will be created
- Further focus on succession planning and talent development for ELT and the level below ELT
- Holding pre-meeting calls with presenters regarding strategic topics to enable Directors to ensure their areas of interest and challenge are adequately covered

## Nomination Committee report



**John O'Higgins**  
Chair

Dear Shareholders,  
As Chair of the Nomination Committee (the 'Committee'), I am pleased to present the Nomination Committee report covering the work of the Committee during 2022. This report should be read in conjunction with the separate section on compliance under the UK Corporate Governance Code on page 102.

### ATTENDANCE AT NOMINATION COMMITTEE MEETINGS\*

John O'Higgins (Chair)	◆◆◆◆
Dorothee Deuring	◆◆◆◆
Steve Good	◆◆◆◆
Anne Hyland**	◆◇◇◇
Trudy Schoolenberg <sup>◊</sup>	◇◆◆◆
Christine Soden	◆◆◆◆
Clement Woon <sup>◊</sup>	◇◇◆◆

\* There were four meetings of the Nomination Committee in 2022. Anne, and Clement each attended all the meetings they were eligible to attend.

\*\* Anne Hyland stepped down from the Board on 26 April 2022.

◊ Trudy Schoolenberg joined the Board on 15 March 2022. Trudy was unable to attend the December 2022 meeting as a result of transport difficulties.

◊ Clement Woon joined the Board on 1 December 2022.

The Committee's terms of reference are available on the Company's website at [www.elementis.com](http://www.elementis.com).

### HIGHLIGHTS

#### AREAS OF FOCUS

- Appointment of a new Senior Independent Director and a Non-Executive Director
- Ongoing Board succession planning
- Oversight of Group's diversity policy
- Board effectiveness review
- Review of terms of reference

There have been a number of changes in composition to the Board and its Committees during the year. The Committee oversaw the appointment process and further information can be found on page 116-117.

In March 2022, we welcomed Trudy Schoolenberg to the Board as Senior Independent Director.

In April 2022, Anne Hyland stepped down from the Board following the AGM after serving nine years on the Board. I would like to thank Anne for her substantial contribution to Elementis during her tenure.

In December 2022, Clement Woon was appointed as a Non-Executive Director to the Board.

Together, these two appointments will enrich the experience of the Board. Trudy brings in-depth knowledge of the chemicals sector, global markets, technical innovation and the ESG agenda. She has a strong international perspective and is an experienced Board member with substantial UK plc experience. Clement has an outstanding track record of senior executive management and board director experience in a range of industrial and consumer markets, especially in the Asia and China regions, both of which are key to Elementis' growth strategy.

**John O'Higgins**  
Chair of the Nomination Committee

## Nomination Committee report continued

### ROLE OF THE COMMITTEE

The Committee is responsible for the structure, size and composition the Board, ensuring that the Board and Committees have the most appropriate balance of skills, knowledge and experience. This Committee ensures and oversees succession planning and has responsibility for the annual review of the Board.

### KEY RESPONSIBILITIES

- Regularly reviewing the structure, size, diversity and composition of the Board
- Ensuring that the Company has the right leadership, balance of skills and experience to deliver the Company's strategy and enable the Board to effectively fulfil its obligations
- Succession planning for the Board and Executive Leadership team
- Leading on the annual performance evaluation of the Board and its Committees
- Identifying and nominating, for approval of the Board, candidates to fill Board vacancies as and when they arise
- Identifying and managing any potential conflicts of interests Directors may have

The Committee's terms of reference, which are reviewed and approved annually, are available on the Company's website at [www.elementis.com](http://www.elementis.com).

### PROGRAMME OF BUSINESS

- Annual Review of Directors' independence and conflicts in accordance with the Committee's terms of reference
- Engagement with external search consultants to conduct a search for a new Chair
- Reviewing structure, size, diversity and composition of the Board
- Succession planning for the Board and oversight of senior management succession plans
- Ensuring that at least annually the Non-Executive Directors meet without the Executive Directors present
- Approval of Nomination Committee report for inclusion in the Annual Report

### BOARD EFFECTIVENESS PROCESSES

Annually, the Chair is responsible for conducting an appraisal with each Non-Executive Director in respect of their skills, experience, contribution and time commitment to the Company.

The Committee oversees the effectiveness process, which during 2022 comprised an internal evaluation. The last externally facilitated review was carried out in 2021 and it is anticipated that the next external review will be conducted in 2024.

Following the review, the Board is satisfied that all Directors possess relevant experience and appropriate levels of independence and financial and commercial experience across various industries.

Further information regarding the process can be found on page 113-114.

### DIRECTORS' CONFLICTS

The Committee has oversight of Directors' potential conflicts of interest and, during the year, in accordance with policy, considered and approved additional external directorships for Anne Hyland and Trudy Schoolenberg.

### BOARD COMPOSITION AND SKILLS

A matrix is maintained which serves as a record of Directors' experience, attributes and expertise. The Committee reviews this matrix annually to ensure that the Board has an appropriate composition and range of skills, experience and diversity to prevent any dominance, either individually or collectively, over

the Board's decision making processes. Highlights from this matrix are noted on page 118.

### RE-APPOINTMENTS TO THE BOARD AND SUCCESSION PLANNING

The re-appointments of John O'Higgins (for a second term from February 2023) and Dorothee Deuring (for a third term from March 2023) were approved and recommended to the Board during the year.

The recommendations were supported by considerations regarding the Directors' independence, experience and contribution which they bring to the Board and its Committees. These matters were subsequently confirmed following the Board evaluation process and a review of conflicts and independence. In line with best practice, their continuing Board roles remain subject to annual re-election by shareholders. The Committee is responsible for promoting effective succession planning for the Board and the ELT. During the year, the Committee regularly reviewed succession plans to ensure that plans are in place for orderly succession to the Board and that appointments are made against objective criteria and from a range of diverse backgrounds. The succession plans for ELT roles, including details of the internal talent pipeline, were presented to the Committee for consideration.

### RE-APPOINTMENT OF DIRECTORS

All Directors are subject to re-election at the next AGM, as required by the UK Corporate Governance Code. Following the appraisal process, the Committee concluded that each of the Directors continued to make an effective contribution to the Board and provided sufficient time to the Company and that they should be recommended for (re-)election. Steve Good will have served on the Board for nine years by October 2023. Steve will seek re-election at the AGM in 2023, with the intention of serving until later in the year, until his successor's appointment has been announced. The Nomination Committee has concluded that Steve continues to exhibit independence of character and judgement, and that the board benefits greatly from his extensive knowledge of the business and the constructive challenge he brings to Board discussions.

### SID AND NED RECRUITMENT PROCESS

The Chair of the Board, assisted by the Nomination Committee members, led the process in search both of a new Senior Independent Director and of a Non-Executive Director during the year.

Following a Committee discussion, and with input from the Executive Directors, role specifications were prepared, along with a recruitment brief, and shared with Korn Ferry. Korn Ferry provides independent advice to the Remuneration Committee (having been appointed by the Remuneration Committee following a competitive tender process in 2017) but has no other connection with the Company or with any individual Director. The services provided by Korn Ferry to the Remuneration Committee were carried out by a separate team to the human capital related services. Further information regarding the role of Korn Ferry in advising the Remuneration Committee can be found on page 151.

The Committee agreed that the attributes for the SID candidates should demonstrate the following:

- Current, proven and well regarded Independent Director from the broad industrial/manufacturing sector
- Significant international business experience in his/her former executive career as either a CEO or main board executive of a complex multinational B2B company
- An able strategic thinker who can play a role in Board discussions on Elementis' strategy
- Due regard to the benefits of a candidate with diversity, including gender, social and ethnic backgrounds

## BOARD INDUCTION PROGRAMME

### INDUCTION – GENERAL TOPICS

- The role of a Director
- Board and Committees
- Board meetings
- Rules and regulations and guidance
- Board procedures
- Current issues
- Nature of the Company, its business and its markets
- The Company's main relationships



### INDUCTION – BOARD COMMITTEES (AS APPROPRIATE)

- Role and remit of the Committee
- Link between the Committee's policy and the Company's strategic objectives
- The annual meeting schedule for the Committee
- The main business conducted by the Committee
- The legal requirements relevant to the Committee's operations
- Market practice and current trends relevant to the Committee
- Current issues
- Views of investors on matters considered by the Committee and potential areas of focus
- Any technical training on key matters



### INDUCTION – EXTERNAL ADVISERS

Meetings with:

- External auditors
- Internal audit function
- Remuneration consultants
- Brokers
- Lawyers



### INDUCTION – SENIOR MANAGEMENT MEETINGS

Meetings with:

- CEO
- CFO
- SVP Global Coatings & Energy
- SVP Global Personal Care
- SVP Global Chromium
- Chief HR Officer
- Chief Information Officer
- SVP Global Supply Chain & Manufacturing
- Group General Counsel & Company Secretary
- Group Financial Controller & Head of Tax
- Director of Investor Relations



### INDUCTION – SITE VISITS

- SciPark – New Jersey, US (US head office)
- Amsterdam, Netherlands (Talc)
- Others as agreed during the course of the year

For both searches, Korn Ferry prepared a longlist comprising candidates from the widest talent pool, against objective criteria and with regard for the benefits of diversity, including gender and ethnicity. The Committee duly discussed the merits of each of the candidates and agreed a shortlist to be interviewed by Board members. Committee meetings were held to discuss feedback.

Korn Ferry updated the Committee based on their confidential discussions with the candidates regarding their interest in the role.

The next stage included candidates meeting the Chair. After each of the meetings, the Chair provided the Committee with feedback and evaluation on each of the candidate's experience and skills.

The next step was to identify which candidates would be taken through to the next stage, and a final shortlist of candidates were invited to interview with the other Non-Executive Directors and Executive Directors.

Following the interviews and taking into account the references of the preferred candidate, external responsibilities and potential conflicts, the Committee agreed to recommend to the Board that Trudy Schoonenberg be appointed as Senior Independent Director with effect from 15 March 2022 and Clement Woon be appointed as Non-Executive Director with effect from 1 December 2022. Please see pages 98-99 for Trudy and Clement's biographies.

### BOARD INDUCTION

The Chair, with the support of the Group General Counsel & Company Secretary, is responsible for preparing and coordinating an appropriate induction programme, which is to be tailored to the needs of each newly appointed Non-Executive Director.

Newly appointed Directors will be provided with a thorough briefing on their fiduciary duties and continuing obligations from the Group General Counsel & Company Secretary, and legal advisers if required.

### DIVERSITY POLICY

The Board has adopted a diversity policy, which is available on the Company's website. The Board acknowledges the importance of diversity in its broadest sense in the boardroom as a key element of Board effectiveness. Diversity includes perspective, experience (including working internationally), background (including nationality), cognitive and personal strengths and other personal attributes, as well as diversity of gender, social background and ethnicity.

### PROGRESS ON OUR DIVERSITY OBJECTIVES

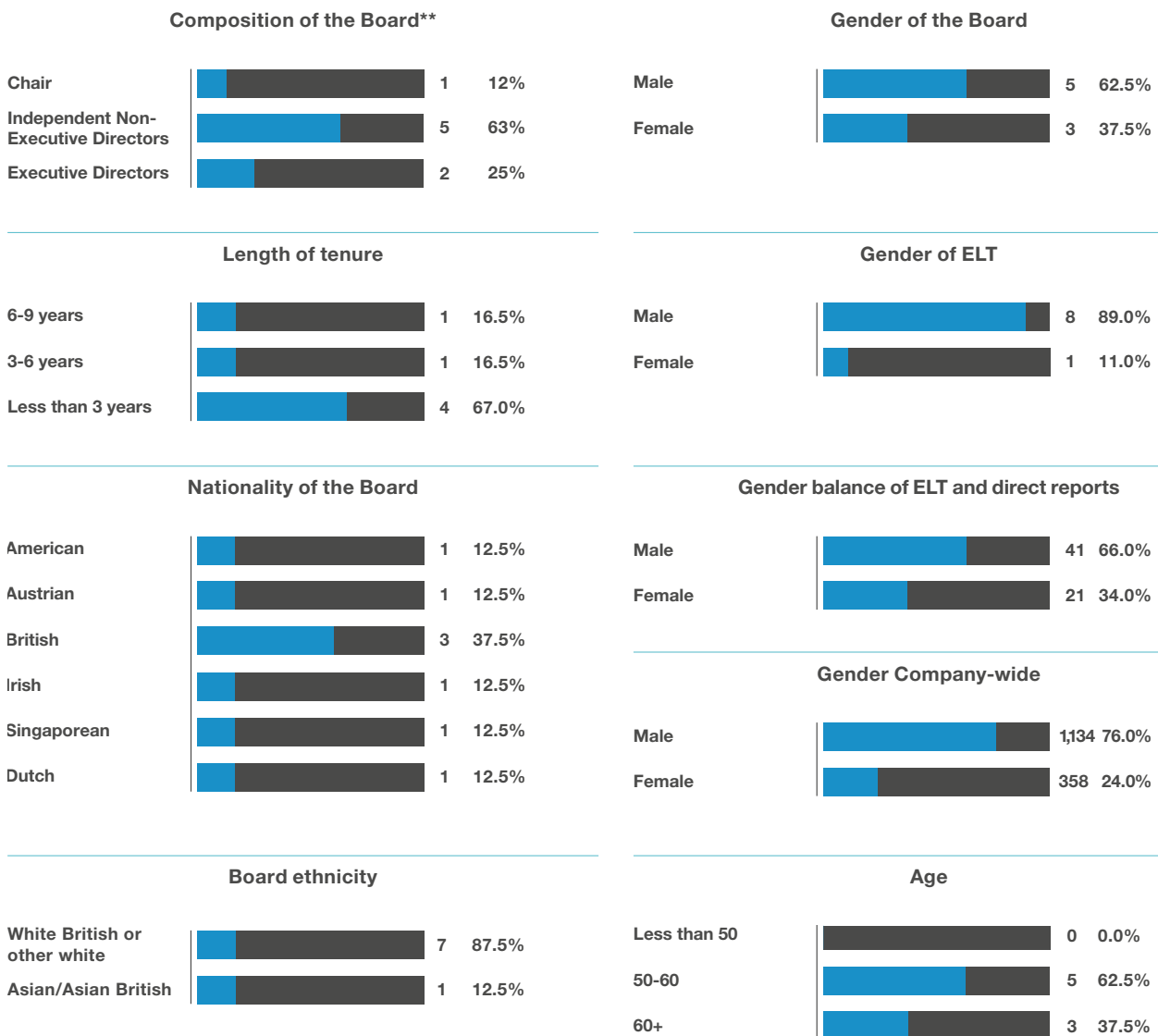
- Our external advisers are selected on their commitment and ability to deliver diverse longlists in the recruitment processes
- The composition of the Board is reviewed on an annual basis
- The gender balance of the Board is currently 37.5% (three women and five men). The Board is aware of the target specified in recent updates to the Listing Rules (against which we will be required to report for FY2023) and in the FTSE Women Leaders Review for female representation on Boards of at least 40% and will ensure that the benefits of diversity are appropriately considered in the context of any future Board recruitment. The Board currently meets the target referred to in the new Listing Rule and in the FTSE Women Leaders Review for there to be at least one woman in a senior Board role
- The Board aimed to meet the Parker target by the end of 2023. Following changes to the Board during 2022, this target has been met
- Oversight of gender and ethnic diversity profile across the Group including promotion of talent into management roles
- Oversight of senior management succession plans
- Assessment of skills, expertise, backgrounds and experience prior to Directors joining the Board and on an ongoing basis using a diversity matrix
- Continuing to monitor regulatory developments and best practice in respect of diversity
- The Board Diversity policy is reviewed on an annual basis

### PRIORITIES FOR THE YEAR AHEAD

- Succession planning for a new Non-Executive Director and Remuneration Committee Chair following the nine year term of Steve Good in 2023
- Review Board and senior management succession plans
- Review Board Diversity Policy and objectives
- Review of 2023 internal evaluation outcomes and planning for 2024 external evaluation

## Nomination Committee report continued

### DIVERSITY OVERVIEW\*



\* As at 31 December 2022.

\*\* Senior Independent Director is female.

### BOARD EXPERTISE AND EXPERIENCE MATRIX

	John O'Higgins	Paul Waterman	Ralph Hewins	Dorothee Deuring	Steve Good	Christine Soden	Trudy Schoolenberg	Clement Woon
Manufacturing/industrial processing	◆	◆	◆	◆	◆		◆	◆
Specialty chemicals	◆	◆		◆	◆		◆	
Strategy/business development	◆	◆	◆	◆	◆	◆	◆	◆
International business and markets	◆	◆	◆	◆	◆	◆	◆	◆
Innovation/product development	◆	◆		◆	◆	◆	◆	
Sales/marketing/customer	◆	◆	◆		◆		◆	◆
Accounting/tax/treasury/risk management			◆	◆	◆	◆		

## Audit Committee report



**Christine Soden**  
Chair, Audit Committee

Dear Shareholders,  
As Chair of the Audit Committee (the 'Committee'), I am pleased to present the Audit Committee report covering the work of the Committee during 2022. This report should be read in conjunction with the separate section on compliance under the UK Corporate Governance Code on page 102.

### ATTENDANCE AT AUDIT COMMITTEE MEETINGS\*

Christine Soden (Chair)	◆◆◆◆
Dorothee Deuring	◆◆◆◆
Anne Hyland**	◆◇◇◇
Trudy Schoolenberg <sup>◊</sup>	◇◆◆◆
Clement Woon <sup>◊</sup>	◇◇◆◆

\* There were four meetings of the Audit Committee in 2022. Anne, Trudy and Clement each attended all the meetings they were eligible to attend.

\*\* Anne Hyland stepped down from the Audit Committee, and as Chair of the Committee, at the AGM on 26 April 2022.

◊ Trudy Schoolenberg joined the Board on 15 March 2022.

◊ Clement Woon joined the Board on 1 December 2022.

### HIGHLIGHTS

#### AREAS OF FOCUS

- Recommended approval of the 2021 Annual Report and Accounts and 2022 Half Year Interim Statements to the Board
- Approval of audit plans (external and internal) for 2022
- Review of going concern and viability statement
- Assessment of impact of COVID-19, supply chain issues and Russian invasion of Ukraine on the key balances and estimates
- Presentation of adjusting items
- Goodwill and indefinite life intangible assets impairment review
- Group tax exposures and uncertain tax positions

All members of the Committee are independent Non-Executive Directors. Members' biographies can be found on pages 98-99.

The Chair of the Board, CEO, CFO and Group Financial Controller & Head of Tax, alongside representatives from the external auditors, Deloitte, and internal auditors, PwC, have a standing invitation to attend Committee meetings. All Board members have access to Committee papers.

As required by the Code, the Board is satisfied that Christine Soden has the relevant financial experience to chair this Committee and the Committee as a whole has the financial and commercial competence to meet its responsibility in an independent and robust matter.

#### ROLE OF THE COMMITTEE

To assist the Board by establishing, reviewing and monitoring the Group's financial reporting, internal controls framework and risk management, internal audit programmes and changes in regulatory requirements.

#### COMPOSITION OF THE COMMITTEE

In accordance with the Code, the Board has confirmed that all members of the Committee are independent Non-Executive Directors and have been appointed to the Committee based on their individual financial and commercial experience.

The Board is satisfied that Christine Soden, as Chair of the Committee, has recent and relevant financial experience to chair this Committee through her previous executive roles as CFO at Acacia Pharma Group plc (2015-2020) and CFO of Electrical Geodesics, Inc. Christine is a chartered accountant (FCA).

The Committee, as a whole, has financial and commercial competence relevant to the sector in which the Group operates. Further information on the skills, expertise and experience of Committee members can be found on page 118.



## Audit Committee report continued

### KEY RESPONSIBILITIES

- Monitoring the integrity of the Group's financial statements, financial reporting and related statements
- Ensuring the appropriateness of accounting policies, any changes to these, and any significant estimates and judgements made
- Reviewing the effectiveness of internal control, compliance and risk management systems (including whistleblowing arrangements)
- Overseeing all aspects of the relationship with the internal and external auditors; approving the policy on non-audit services; making recommendations to the Board for their dismissal or changes; and supervising any tender process

The Committee's terms of reference, which are reviewed and approved annually, are available on the Company's website.

### ACTIVITIES DURING THE YEAR

The Committee's focus in 2022 has been on:

- Meetings with both the internal and external auditors to review their key findings
- Reviewing the internal control systems and considering the output of internal audit reviews and management's action plans
- Reviewing the integrity, consistency and key accounting judgements made by management in both the Company's full and half year results
- Advising the Board on whether the Annual Report and Accounts preparation process is fair, balanced and understandable, and provides the information necessary to shareholders to assess the Group's position and performance, business model and strategy
- Reviewing the going concern and viability statements and the supporting assumptions and assessments in the Company's half year report and Annual Report and Accounts
- Ensuring compliance with applicable accounting standards, monitoring developments in accounting regulations which affect the Group and reviewing appropriateness of accounting policies and practices currently in place
- Reviewing effectiveness of the internal and external auditors, their independence and objectivity and terms and scope of engagement, and recommending their re-appointment
- Overseeing matters relating to tax including the impact of tax rates on the financial statements, the position on EU state aid and approval of the Company's tax strategy
- Litigation and compliance reports for both the full and half year
- Considering the material legal risks impacting the Company and the associated provisioning for both the full and half year
- Receiving updates on the Code of Business Conduct and Ethics and the associated training and whistleblowing policies
- Technical updates on the Annual Report and Accounts key developments, 2022 year end report environment, corporate governance matters and future developments
- Reviewing the Group's risk management activities undertaken by each business area, and at Group level to identify and assess the Group's principal risks
- Monitoring and assessing the Group's insurance arrangements
- Preparation, and reviewing progress, for TCFD disclosure requirements
- Identifying, assessing and mitigating climate related risks
- FRC correspondence and oversight of the Company's response to the 'FRC Corporate Reporting Review Operating Procedures' review

### COMMITTEE EFFECTIVENESS

The Committee's performance and effectiveness was reviewed in the year as part of the Board and Committee effectiveness review conducted by the Group General Counsel & Company Secretary. Further details can be found on page 113-114.

### EXTERNAL AUDITORS

Deloitte have served as external auditors for seven years. The Committee engaged with Deloitte to ensure this key area of oversight was appropriately maintained. The Committee periodically meets privately with the lead audit partner and senior members of the audit team to discuss their work and findings.

### AUDIT OF THE 2022 ANNUAL REPORT

At the end of 2022, Deloitte presented their audit plan for the year ahead, which the Committee considered and then approved. Deloitte highlighted the key areas of risk, which were primarily identified as areas of judgement and complexity and were consistent with those areas identified by the Committee.

As part of the audit process, Deloitte prepared a detailed report of their audit findings, which was reviewed and discussed by the Committee. A similar process is undertaken for the half year results.

### AUDIT EFFECTIVENESS

To support the Committee in evaluating the effectiveness of the external auditors, a questionnaire based evaluation is circulated to internal stakeholders who have had the most interaction with the external auditors during the audit process. The data is collated into a score card which is used to assess the strengths and weaknesses of the external auditors.

Management and the external auditors then address any areas of weakness in their regular review meetings, and the lead audit partner from Deloitte updates the Committee on how areas of weakness are being addressed.

The Committee also monitors audit effectiveness by reviewing the Audit Quality Inspection reports published by the FRC.

The Committee will formally assess Deloitte's performance in relation to the 2022 audit following its completion. It is intended that a resolution to re-appoint Deloitte as the external auditors will be proposed at the 2023 AGM.

### AUDIT INDEPENDENCE AND OBJECTIVITY

The Committee considers the external auditors' objectivity and independence at least twice a year. It takes into account the information and assurances provided by the auditor confirming that all its partners and staff involved with the audit are independent of any links to Elementis. The Committee also monitors changes in legislation related to auditor independence and objectivity to assist the Company to remain compliant.

Deloitte have confirmed that all its partners and staff complied with their ethics and independence policies and procedures which are fully consistent with the FRC's Ethical Standard, including that none of its employees working on our audit hold any shares in Elementis PLC.

Deloitte is required to provide written disclosure at the planning stage of the audit in the form of an independence confirmation letter. Their letter discloses matters relating to their independence and objectivity, including any relationships that may reasonably be thought to have an impact on its independence and the integrity and objectivity of the audit engagement partner and the audit staff.

The audit engagement partner must change every five years and other senior audit staff rotate at regular intervals.

The Committee develops and recommends to the Board the Company's policy on non-audit services and associated fees that are paid to Deloitte. In accordance with the FRC's Revised Ethical Standard, an auditor is only permitted to provide certain non-audit services to public interest entities (i.e. Elementis PLC) that are closely linked to the audit itself or that are required by law or regulation, as such services could impede their independence. Permitted non-audit services fees paid to the statutory auditor are subject to a fee cap of no more than 70 per cent of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period in which the cap applies. The 70 per cent non-audit services fee cap has been applied to the group for the year ended 31 December 2022. The average of audit fees is \$1.9m (calculated as the average of the audit fees for the three preceding financial years (2021: \$2.2m; 2020: \$2.2m; 2019: \$1.4m).

Non-audit services fees during the year were \$0.0m, (2021: \$0.0m; 2020: \$0.1m; 2019: \$0.0m) so significantly below the cap of \$1.4m (70 per cent of \$1.9m). In 2022, fees for non-audit services represent 0 per cent of the average audit fees on which the cap is based.

The Committee is of the view that Deloitte were objective and independent throughout the 2022 audit process.

#### **AUDITOR ROTATION AND TENDERING, AND COMPETITION AND MARKETS AUTHORITY ORDER – STATEMENT OF COMPLIANCE**

The Committee carried out an audit tender process in 2015, resulting in the appointment of Deloitte as external auditors in April 2016. Deloitte's re-appointment in 2022 was approved by shareholders at the Company's AGM in April 2022.

Under the Companies Act 2006, the lead audit partner must be mandatorily replaced after five years to ensure auditor independence. The external auditors, as a whole, can only be appointed for a maximum term of ten years before a competitive tender is required to be undertaken.

The year ended 31 December 2022 is the second year for the lead audit partner, Lee Welham, who was appointed in January 2022.

Following this rotation of the lead external audit partner in FY2022, the Committee considers a full tender for the Group's external audit services, subject to its annual reviews, as per the indicative tendering timeline below.

The Committee confirms that the Company is compliant with the provisions of The Statutory Audit Services for Large Companies market investigation (mandatory use of Competitive Tender processes and Audit Committee Responsibilities) Order 2014, for the year ended 31 December 2022.

#### **EXTERNAL AUDIT – INDICATIVE TENDERING TIMELINE**

- 2016: Deloitte were appointed as external auditors
- 2021: Mandatory appointment of new audit partner
- 2025: Full competitive tender to be undertaken
- 2026: Re-appointment, or appointment of new, external auditors

#### **NON-AUDIT SERVICES**

The Group has an agreed policy with regard to the provision of audit and non-audit services by the external auditors, which has operated throughout 2022 and is available on the Company's website.

Under the policy, the CFO may approve individual engagements where the fee is up to 15% of the Group's audit fee for the year, provided that the non-audit fees in the year do not exceed 50% of that Group audit fee. Decisions above these thresholds must be referred to the Committee for determination.

	2022	2021
Audit fees (\$m)	2.4	2.2
Assurance related services (\$m)	0.3	0.2
Non-audit fees (\$m)	–	–
Ratio of non-audit fees to audit fees (%)	0%	0%
Total fees (\$m)	2.7	2.4

## Audit Committee report continued

KEY JUDGEMENTS	HOW THE COMMITTEE HAS ADDRESSED THESE MATTERS
<p><b>IMPAIRMENT TESTING OF GOODWILL IN RELATION TO THE TALC CGU</b></p>	<p>Critical accounting estimates arise in determining the value in use for the goodwill balances tested, which require assessments of the duration over which reliable business plans can be made, achievability of these plans (and therefore future cash flows), growth rates beyond the period covered by the business plans and appropriateness of the discount rates applied to future cash flows. A report from management was discussed setting out the basis for the assumptions and confirmation that the cash flows used were derived from the 2022 three year plan (which in their role as members of the Board, Committee members had previously reviewed and approved).</p> <p>The Committee has reviewed the robustness of the impairment model, challenged the appropriateness of the key assumptions used to calculate value in use including forecast sales volumes, selling prices, growth rates used to extrapolate beyond the forecast period and the discount rates applied to the resulting cash flows. The Committee also considered the continuing market challenges being faced by the business, especially in the automotive sector and increasing distribution and supply chain costs, and the continuing risk these present to achievement of the business plans.</p> <p>After considering these items, and also the impairment of \$53.1m made to goodwill relating to the Talc cash generating unit (CGU) in 2021, the Committee concluded a further impairment of \$111.4m was necessary at 31 December 2022.</p>
<p><b>REVENUE RECOGNITION</b></p>	<p>The main area of judgement continues to be in relation to recognition of revenue from shipments by sea. The Committee satisfied itself that the Group had appropriately recognised revenues in accordance with their contractual obligations during the period, payment particular attention to period end cut-off.</p>

### INTERNAL CONTROLS AND RISK, AND RISK MANAGEMENT

The Committee's role is to review the effectiveness of the internal control, compliance and risk management systems which it carries out in support of the Board's formal review of significant risks and material controls, as summarised in the Risk management report on pages 86-89.

The Committee also has oversight of associated readiness activity, implementation timelines and allocate appropriate resources to continue the development of our framework of controls in line with guidance.

PwC provide an outsourced internal audit function. The Committee considers that the value of internal audit is enhanced by having a third party perform this function, to support the independent challenge of management and give greater access to expertise and resources than an internal function could provide.

The internal audit plan is based on a review of the Group's key risks which are considered high risk or have not been subject to a recent audit.

The 2022 internal audit plan was discussed and agreed between management and PwC ahead of it being considered and subsequently approved by the Committee. Management review the schedule with PwC on a quarterly basis and adapt the schedule during the year to incorporate any new or increased risks which materialise.

The outcomes of these reports are provided to the Committee, alongside any management actions.

Following an evaluation of the services provided by PwC in respect of the internal audit, the Committee confirms that both the process for determining the internal audit programme, and the programme itself, are appropriate and effective.

Management are committed to address all control findings identified by both the internal and external auditors. Significant progress has been during the period in remediating control deficiencies identified during both the current and prior period. The Group continues to invest in its finance, operational and IT capabilities and management are committed to a strong controls environment. Set out below is a summary of the key features of the Group's internal controls and risk management system.

#### CONTROL ENVIRONMENT

The Group has policies and procedures that set out the responsibilities of business and site management, including authority levels, reporting disciplines, and responsibility for risk management and internal controls. In addition, annual compliance statements on internal controls are certified by each operating segment.

#### RISK IDENTIFICATION AND REVIEW

A formal risk review process exists at Board and ELT levels for the identification, evaluation, mitigation and ongoing monitoring of risks, including emerging risks. Further details can be found on pages 90-94.

## INTERNAL AUDIT PROGRAMME

An internal audit programme is proposed by PwC in consultation with the CFO and approved by the Committee each year, setting out a programme of audits over the course of the next 12 months. The programme covers the monitoring of the effectiveness of internal controls and the design of processes to test the effectiveness of controls. As well as conducting audits of operating facilities, sales offices and tolling sites on a two to three year rotational basis, the internal audit programme includes reviews of Group functions and processes.

During 2022, the following audits were undertaken:

- India site
- IT general controls review
- ESG – Governance and TCFD Scenario analysis
- St Louis site

## INTERNAL AUDITOR EFFECTIVENESS

To support the Committee in evaluating the effectiveness of the internal audit programme, a questionnaire based evaluation is completed by employees who had had the most interaction with PwC during the year. A scorecard is reviewed by the Committee to assess the strengths and weaknesses of the internal auditors. The effectiveness of the internal audit function was confirmed and agreed by the Committee.

## CONTROLS ASSURANCE

The controls assurance framework at Elementis is as follows:

- Board leadership supported by an open and transparent culture of 'no surprises', good governance and compliance. This means knowing and understanding the businesses, quality interactions between the Board and the Executive Leadership team (including a regular programme of presentations and reports to the Board, as well as operational site visits)
- Internal and external audit programmes, and regular litigation and compliance reviews with the Group General Counsel & Company Secretary
- A programme of compliance audits, regulatory inspections, environmental reviews and property surveys by external specialists
- Code of Business Conduct and Ethics, on which all employees are given training and are required to self-certify compliance with, supplemented by an online compliance training programme, an anti-bribery and corruption policy, which contractors are also required to sign up to, whistleblowing arrangements and an anti-retaliation policy

## WHISTLEBLOWING

The Group's whistleblowing facility is accessible on a 24/7 basis, 365 days of the year and provides arrangements for an independent service provider to receive, in confidence, reports of breaches of any laws or Company policy or standards, including those related to accounting, auditing, risk, internal control and related matters.

Details of how to access this service are referenced in the Code of Conduct, posters are available at each site and via the compliance training portal. The Committee has oversight of reports of this nature. During 2022, there were 3 reports, all of which were duly investigated and closed during the year.

## FRC CORPORATE REPORTING REVIEW OPERATING PROCEDURES

The FRC engaged with the Company during the year to advise that the Company's Annual Report to 31 December 2021 had been reviewed and further information was sought in relation to the following principal areas:

- Impairment testing of goodwill
- Borrowing secured on time deposits
- Committed borrowing facilities

It was concluded that the Company had provided satisfactory explanations. The FRC published the associated report on their website in December 2022.

## FAIR, BALANCED AND UNDERSTANDABLE

The Committee adopted a similar approach as in previous years to ensure that the Annual Report is fair, balanced and understandable. The process was as follows:

- An internal Annual Report Team (ART) was set up to manage the process. The ART consisted of members drawn from Group Finance, Company Secretariat, Investor Relations, Sustainability and Communication teams. The ART was responsible for regularly reviewing work and ensuring balanced reporting with appropriate links between key messages and sections of the Annual Report
- The Committee Chair held meetings with the audit partner, and the Committee held meetings with the external auditors without management being present
- An audit clearance meeting was held with the Committee Chair, CFO and members of the Finance team alongside the audit partner and audit team members
- The Committee received updates from management on the Annual Report progress and audit throughout the process as well as from the Company's brokers and other advisers
- The Committee, Chair and Executive Directors reviewed the Annual Report in its final stages

Following this process, the Committee and then the Board were able to confirm that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

### Christine Soden

Chair, Audit Committee