

UN GLOBAL COMPACT ANNUAL SUBMISSION OF COMMUNICATION ON PROGRESS  
(COP)

## CEO LETTER/COMMITMENT FOR 2020

To our Stakeholders:

I am pleased that Elementis continues our support of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption in 2020.

The Global Compact and its principles align very well with our company's values, strategy and culture. We have accomplished a lot over the years and made progress and real substantive change in our corporate responsibility programs and sustainability goals. I am proud to outline our major progress milestones of 2019 in this annual 'Communication on Progress' and I look forward to achieving more in the years to come.

Sincerely,



Paul Waterman  
CEO

## HUMAN RIGHTS

### Commitment

As a responsible global corporation, we have robust policies and compliance standards in place to ensure fair practices across the globe through our supply chain in every part of the world. Built upon a culture of strong values, our organization has committed through our Code of Conduct to respect all human rights through our own business practices as well as suppliers, distributors, customers and business partners.

### Implementation

- We prohibit the use of child and forced labour and such practices from our supply chain.
- We comply with and communicate UK and US anti-slavery laws in our supply chain and have implemented those policies across all countries in which we operate.

### Measurement

- We applied the UN SDG Action Manager to find out where we can improve
- We seek to obtain high ranking Ecovadis Ethics category scores
- We undertake ongoing risk assessments and due diligence processes to monitor compliance with our supply chain partners.

## LABOUR

### Commitment

We believe in a culture driven by strong values and an environment that promotes safety, accountability and high performance. Each individual is valued and given the chance to fully contribute and make a difference. We recognize and appreciate diversity of view and including employees across the organization in providing input and feedback into initiatives that advance our organization's strategy.

## Implementation

Our culture built upon strong values and our Code of Conduct sets out the standards expected from everyone who works at Elementis starting from the board to across the organization.

- Updated and publicized our Board Diversity policy and appointed a designated non-executive director for workforce engagement
- Increased our focus on Diversity and Inclusion developing our strategy and future plans with good progress made.
- Ensure the company complies with labor codes and practices through training and use of Equality and Diversity policies
- We have attained the UK Living Wage Accreditation
- Reinforced safe work practices for employees and contractors through a new safety campaign that engages each and every employee in safety excellence and working towards zero injuries.
- Launched employee engagement survey to obtain input, create conversations, and drive improvement in work environment, culture and engagement of employees. By celebrating what we do well and implementing action plans on what needs improvement, we are committed to create a great place to work for every employee.
- Trainings for sexual harassment (>350 hours) and diversity and inclusion (>280 hours) were conducted across the organization

## Measurement

- Improved our EcoVadis Corporate Social Responsibility scoring putting us in the top 10% of over 2000 companies in our sector (EcoVadis includes a section on Labour)
- Safety statistics and measurements are presented every quarter both internally and externally
- Engagement survey scores are on a rolling basis and formally reviewed every six months and benchmarked against global organisations
- A Global review of gender pay is conducted every two years with the review findings and any subsequent actions disclosed in our Annual Report
- To provide insight and track progress we measure and review a variety of statistics at the Executive Team Level which include:
  - overall company gender split
  - salaried gender split
  - hourly gender split
  - gender split by function
  - US employees by race / ethnicity
  - gender split of new hires over last 6 months by ELT member
  - race/ethnicity of new hires US only over last six months

## ENVIRONMENT

### Commitment

Elementis is driven with the purpose to achieve sustainable progress. While we have made great strides in adopting more environmentally conscious programs, our work is not done. We have formalized our efforts to achieve ambitious sustainability targets working towards carbon neutrality. Through a focus on Innovation, Efficiency and People we will make meaningful change for a better, more sustainable tomorrow.

### Implementation

- We have launched a high-level management committee to oversee day to day sustainability and drive science-based metrics for continuous improvement (Elementis Sustainability Council).
- Invested over \$25m in HSE related capex in 2019
- Measured our manufacturing and carbon intensity ratios and used this data to drive improvements in operations that impact waste, water, energy and GHG.
- Elementis annually reports environmental performance and Green House Gas (GHG) emissions in our Annual Report and through the Carbon Disclosure Project (CDP).
- New HSE policy communicated in 2019 that included respect for the environment.
- Pledged to reduce energy intensity, GHG emissions, water, and waste
- Designed a sustainability index for products that compares attributes against a more environmentally-friendly feature
- Increased our offering of products that are COSMOS certified and ISO16128
- Non-financial incentives tied to the Directors' annual bonus structure typically include individual objectives relating to environmental performance

### Measurement

- Improved our EcoVadis Corporate Social Responsibility scoring putting us in the top 10% of over 2000 companies in our sector (EcoVadis includes a section on Environment)
- 2020 is considered a year of preparation for climate related financial disclosures (TCFD)
- We disclose our environmental, social and governance performance through the CDP climate change programme. CDP scoring has resulted in a C which is the global average.
- Elementis has had no Tier 2 or 3 environmental incidents in 2019
- Reduced our GHG emissions from 2018

## ANTI-CORRUPTION

The global nature of Elementis' operations means that the Group is subject to a wide range of legislation and regulation, including anti-bribery legislation, that we take seriously and comply with in all countries we operate in. Built upon strong values, our culture promotes the highest standards of ethics and compliance. We have a zero tolerance policy for corruption and bribery anywhere in our organization or with our business partners.

### Implementation

- Elementis has an active compliance and risk management function, supported by the Elementis Compliance Team to oversee policies, procedures and training
- Every employee commits to our Code of Conduct which includes robust and clear anti-corruption policies.
- All employees are required to complete annual online and in-person training on anti-corruption, bribery and ethical business practices, as well as Model Code of Conduct for 3rd Party Suppliers and Global Financial Fraud Prevention
- An anonymous Alertline is in place in every location, in every country to report infractions or seeming transgressions so we can uphold our reputation as a reputable and responsible company

### Measurement

- In 2019, there were a total of 4 speak up reports (2018: 2). All of these reports were investigated fully and closed during the year. We regard the increase in reports as a positive sign that our employees have greater awareness and understanding of the values and policies.
- Conducted required training of certain personnel in specific job functions regarding policies and regulations on the following:
  - Global Anti-Corruption - over 650 Hours
  - Model Code of Conduct for 3rd Party Suppliers – over 40 Hours
  - Sustainable Supply Chain Management – over 300 Hours

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