

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

CEO LETTER/COMMITMENT

To our Stakeholders:

I am pleased that Elementis continued our support of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption in 2021.

As the world continues to recover from the Covid-19 pandemic, our commitment and support for the collective work of the United Nations Global Compact remains paramount.

We are focused on making progress in the areas that really matter – our impact on the environment, our people, our communities and how we do business the right way. Our efforts are supported by our strong company values, strategic priorities, and organizational culture.

We continue to deliver substantive progress in our corporate responsibility programs and towards our sustainability goals. I am proud to outline our major progress milestones during 2021 in this annual 'Communication on Progress' and I look forward to achieving more in the years to come.

Sincerely,



Paul Waterman
CEO

Elementis plc

Caroline House
55-57 High Holborn
London
WC1V 6DX
UK
Telephone: +44 (0)20 7067 2999

www.elementis.com

Elementis

469 Old Trenton Road
East Windsor, New Jersey
08512 USA
Telephone: 609-443-2000

HUMAN RIGHTS

Commitment

We have robust policies and compliance standards in place to ensure respect of human rights throughout our own operations and global supply chains. Our Code of Conduct & Ethics reflects our organization commitments and values and reinforces our own business practices as well as our expectations of suppliers, distributors, customers, and business partners.

Our approach to upholding human rights is guided by international conventions and standards, including the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

Implementation

- Our Code of Conduct & Ethics sets out the core values that everyone who works at Elementis is expected to uphold. The Code:
 - a) aims to foster an environment where employees respect and trust each other and where there is protection from discrimination, harassment or unsafe practices;
 - b) upholds our commitment to high ethical standards of fairness and respect in all business dealings including customers, suppliers, agents and distributors;
 - c) requires the people who work in our supply chain to be treated fairly and their human rights respected; and
 - d) is aligned with applicable laws and regulations.
- In 2021, we set up a new Ethics and Compliance Council (ECC). The ECC is comprised of the Group General Counsel & Chief Compliance Officer (Chair), the executive leaders from each business segment and function and Internal Audit. The ECC meets quarterly and reports to the CEO after each meeting and to our Board of Directors twice a year. The ECC's purpose is to uphold Elementis' culture of ethics and compliance, including human rights aspects. It also ensures our Code of Conduct & Ethics, and underlying Elementis policies and standards, are effectively communicated and implemented.
- To help our employees understand and adopt our values, principles and standards in their daily work life, information and training are provided via video messages from senior leaders, global and local townhall meetings and e-learning modules.
- In 2021, we appointed a new provider for our independent reporting service, 'IntegrityCounts'. The service is available for employees and third parties including suppliers to raise concerns related to our business 24 hours a day, 7 days a week in multiple languages, in addition to our internal speaking up channels, and new posters were issued to every Elementis site during 2021 to communicate the contact details of the service.

- We reinforce safe work practices for employees and contractors through our 'TogetherSafe' campaign. This engages every employee in safety best practice and working towards zero injuries, further supported by events such as the CEO's Safety Award and a company-wide safety week
- We have continued to support the health of our employees through the Covid-19 pandemic. Our global Covid-19 Task force has met weekly, ensuring consistency of policy and actions in response to the local conditions at our sites. Wherever possible, we have supported flexible working from home and minimised unnecessary travel. Our site leadership teams ensure a safe working environment in line with the local conditions and local laws and guidance, including social distancing, mask-wearing and ventilation for employees whose role requires them to be on site.
- We provide safety data sheets and labels in multiple local languages for our customers so they can safely use and dispose of our products. Our goal is to ensure that anyone handling our products can do so with full knowledge of potential hazards and safe handling requirements regardless of country or language. We align with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS).

Measurement

- On an annual basis, human rights related training is cascaded to employees. The completion rate for compliance training, including human rights related training, in 2021 was 95%, with over 1,100 hours of training delivered.
- For safety, our total recordable injury and illness rate (TRIR) was 0.90, compared to 0.68 in 2020. There were 12 employee recordable injuries (nine in 2020). Most of our employee injuries were lacerations (33%) and sprains (25%). There were four lost-time accidents (LTAs), including a fractured finger and wrist strain (three LTAs in 2020).
- We had seven contractor recordable injuries in 2021 (one in 2020). Key improvement opportunities identified from these incidents are better hazard recognition, greater use of the stop work authority given to all employees, and improved management of change.
- There were zero fatalities in the Group in 2021 (zero in 2020).
- In 2021, there were a total of 4 speak up reports via our IntegrityCounts hotline (2020: 6) related to allegations of harassment/discrimination and violence/abuse. All these reports were investigated fully and closed during the year with necessary actions taken.
- We support the use of certified sustainable palm oil and derivatives. Our Livingston, UK site purchases palm oil derivatives for use in certain products. The site is third-party certified to the Roundtable on Sustainable Palm Oil (RSPO) Mass Balance Supply Chain Model.
- EcoVadis provides a Corporate Social Responsibility (CSR) ratings service for companies. The rating covers a broad range of non-financial management systems including environmental, labour and

human rights, ethics, and sustainable procurement impacts. In 2021 we were rated “Gold” by EcoVadis, placing Elementis in the top 5% of our sector.

- In 2021, our Chromium division was recognised with the ‘Responsible Chromium’ label by the International Chromium Development Association (ICDA). Elementis was the only chromium chemical producer in the world to earn this label. The ICDA Responsible Chromium designation is for companies that demonstrate high standards of:
 - a) Safe processes and best practices
 - b) Ethical treatment of people and communities
 - c) Eliminating child labour and modern slavery
 - d) Limiting environmental impact and safeguarding the environment
 - e) Fighting corruption
- We remain part of the FTSE4Good, a leading global responsible investment index. We are recognised as having met the corporate responsibility criteria for inclusion in the membership of the index, which is reviewed on an annual basis, and have been a member since 2009.

Plans for 2022

- We plan to refresh and relaunch our Code of Conduct & Ethics and ensure digital accessibility.
- We will establish a global Ethics & Compliance Champions network covering every site.
- We will enhance our new joiner Ethics & Compliance onboarding program.
- We will launch an online business integrity risk screening tool to better assess prospective new suppliers, agents, distributors and customers.
- We will continue our ‘TogetherSafe’ commitment by implementing hazard recognition into our work planning processes and training all employees to minimise human error.

LABOUR

Commitment

Our approach to labour practices is guided by the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work. We prohibit the use of child and forced labour throughout our supply chain. We are committed to the principles of non-discrimination, equality of treatment, and freedom of association.

We believe in a culture driven by strong values and a working environment that promotes safety, accountability, and high performance. All employees are 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

- We have implemented UK and US anti-slavery laws into our policies and prohibit the use or involvement in child and forced labour in our supply chains. These policies are reflected in our standard supply chain agreements in all countries in which we operate. These agreements include undertakings from suppliers to comply with international labour laws that seek to prohibit slavery and human trafficking. We reserve the right to take action - up to and including termination of agreements - where we identify wrongdoing.
- We have an established DE&I Leadership Council that is co-chaired by the CEO and CHRO and is comprised of senior leaders from all business areas who have a passion for DE&I. The council delivers initiatives centred around knowledge and culture, process & policy, and communications & reporting.
- We are committed to the principles of freedom of association, equality of treatment and non-discrimination. 6.3% of our employees are union members (data excludes Ludwigshafen, Germany where we have no legal right to obtain this information). 22.6% of employees are subject to collective bargaining agreements.
- We employ approximately 1,400 individuals and comply with all local labour and working rights. We provide fair working conditions for all our employees including terms and conditions of employment, market related pay and benefits, working hours and holiday entitlements. We do not employ anyone unless the individual has provided the correct right to work documentation which is verified as part of the 'new hire' process.
- We employ temporary workers through staffing agencies. Our service level agreements with these agencies require them to comply with all regulations and laws applicable to the terms of the agreement. Forced or compulsory labour is not tolerated within our business.

- We continue to highlight the importance of mental health and well-being. We support flexible working, provide employee assistance helplines; and have regular informal check-ins with employees. Our health and wellness initiatives include free webinars for employees on mental and physical well-being.
- 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. We conduct an employee engagement survey to obtain input, create conversations, and drive improvement in work environment, culture, and engagement of employees. We have continued global employee townhalls and other engagement efforts in a virtual setting. The CEO has informal sessions such as 'Coffee with the CEO' to further connect with employees.
- We offer employees paid time to spend volunteering in their communities.

Measurement

- Our Board of Directors approves our annual modern slavery transparency statement which is publicly available on our corporate website and describes the steps that we have taken to prevent modern slavery and human trafficking in our business and supply chain.
- Training including modern slavery in the supply chain is provided annually to employees. The Modern Slavery course had a completion rate of 94% during 2021.
- Our strategy to increase gender diversity continues to result in a greater proportion of females in senior positions, up to 31% in 2021 (from 30% in 2020). We align with the FTSE Women Leaders definition of senior positions (our Executive Team and their direct reports excluding administrative roles). Across the whole employee population, gender diversity has remained flat at 24% in 2021.

<i>% Female</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
<i>Senior leaders*</i>	31	30	25
<i>Total</i>	24	24	23

*Executive team and direct reports, excluding administrative personnel

- We conducted a series of Women in Leadership webinars where external speakers engaged with company employees globally and within China and the USA.
- All employees can participate in an employee engagement survey once per year. In 2021, response rates were 68% (up from 60% in 2020) and ahead of the 55-60% benchmark range across all companies (based on data from our survey partner Gartner). The surveys show an increase in positive responses to the survey questions in our primary Engagement Capital Index (up from 55% in 2020 to 63% in 2021). Secondary indices such as Manager, Values and Diversity, Equity & Inclusion (DE&I) also improved.
- Training on unconscious bias and inclusive conversations e-learning were delivered. Expert speakers addressed inclusive leadership and active cultural advocacy. In total 644 hours of DE&I training has been delivered. Workshops and an accompanying toolkit have been provided to 60 senior people managers

to encourage ongoing dialogue and communication on DE&I topics, with the toolkits available for over 270 managers globally.

Plans for 2022

- We will develop our employee value proposition to reinforce our values and culture and ensure we can retain and attract great people.
- We will launch a quarterly inclusion newsletter and celebrate October as the month of inclusion with a series of events.
- We will continue to measure engagement, focusing on the development of local action plans.

ENVIRONMENT

Commitment

Elementis strives to minimise our environmental impact. In 2020, we set ourselves specific targets to focus this aim, using 2019 as a baseline year. During 2021, we put in place additional projects to help us move faster towards those targets and ensure a lower environmental impact across our operations. We continue to enhance our efforts to achieve our 2030 environmental targets.

Implementation

- We created a new role in the organisation of Global Sustainability Director. This allows us to better focus our environmental and value chain sustainability activities.
- We have launched an Environmental Sustainability Council to oversee day to day sustainability and drive science-based metrics for continuous improvement.
- We conducted our first comprehensive climate risk and opportunity scenario assessment for the entire business, in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework.
- We began publicly reporting water information and performance via the Carbon Disclosure Project (CDP), in addition to our climate information.
- We continued to innovate and drive sales of products that are natural or naturally derived (as defined in ISO16128).
- Non-financial incentives tied to the Executive Directors' annual bonus structure included performance against our 2030 environmental sustainability targets.

Measurement

- We obtain external third-party verification of our greenhouse gas emissions, energy consumption, water withdrawal and waste generation.
- Our absolute Scope 1 and Scope 2 (market-based) greenhouse gas emissions have dropped by 16% vs 2020. We have increased the number of sites which purchase renewable electricity during 2021, which has helped lower our Scope 2 market-based emissions by 51%.
- In total in 2021, we spent \$298,000 on energy efficiency projects (2020: \$233,000) to save an estimated 35,000 GJ of annual energy demand (2020: 42,000 GJ).
- Our total energy usage was 7.6% higher in 2021 compared to 2020, mostly due to increased gas consumption as activity levels increased - energy from fuels increased by over 300,000 GJ. Our

energy use from fuels per tonne production is 2% better than 2020, reflecting benefits of our energy efficiency projects.

- In 2021, we adopted a water stewardship policy. Our 2021 water withdrawal is lower by 17% compared to 2020. We saw the fruits of our investments in enhanced water recycling at our mine in Vuonos, Finland and at our manufacturing facility in New Martinsville, USA. Our new Taloja, India site entered commissioning phase and is designed to recycle all water used in the manufacturing process, in a similar way to that already done at our Huguenot, USA site. We have also worked to increase efficiency of water use across our whole portfolio.
- Our waste sent for third party treatment increased substantially in 2021 because of temporary supply chain disruptions to our sales of a by-product, resulting in us needing to dispose of large quantities of this material as waste. Without this disruption, underlying reductions of our other waste streams made good progress towards our 2030 target.
- We disclose climate information via CDP, improving to a 'B-' rating. We also publicly disclosed our water information for the first time via CDP, obtaining a 'B-' rating.
- We had no Tier 2 or 3 environmental incidents in 2021.
- Our revenue from natural or naturally derived products was 53% (up from 45% in 2020).

Plans for 2022

- We will assess our greenhouse gas emissions through our entire value chains (Scope 3 emissions) for the first time, informing the ongoing development of our greenhouse gas reduction and climate risk mitigation strategies.
- We continue our investment in energy efficiency projects. Identified projects are estimated to save 1 million GJ of energy for an investment of \$5 million over the next 5 years.
- We continue to work towards our 2030 targets. For example, we plan to expand our purchase of low carbon electricity in 2022.

ANTI-CORRUPTION

We have a zero-tolerance policy for corruption and bribery anywhere in our own operations or those of our business partners. We comply with the applicable laws in all countries in which we operate. Built on strong values, our culture promotes the highest standards of ethics and compliance.

Implementation

- Our Anti-Corruption policy sets out clear expectations for employees and their interactions with third parties. This is supported by our Code of Conduct & Ethics (see above).
- All employees are required to complete annual online and in-person training on anti-corruption, bribery and ethical business practices.
- In 2021, we appointed a new provider for our independent reporting service, IntegrityCounts. It is available for employees and third parties, including suppliers, to raise concerns related to our business 24 hours a day, 7 days a week in multiple languages.

Measurement

- In 2021, there were a total of 4 speak up reports via our IntegrityCounts reporting channel (2020: 6) - none were related to allegations of corruption.

Plans for 2022

- In 2022, we will refresh our awareness training with respect to gifts and hospitality.