ELEMENTIS

Elementis plc

Annual Report and Accounts 2023

Elementis is a global specialty chemicals company.

We offer performance driven additives that help create innovative formulations for consumer and industrial applications.

Our purpose

Unique chemistry, sustainable solutions

At Elementis, we bring a distinctive combination of expertise, innovation and teamwork to every formulation challenge. We create high value specialty additives that enhance the performance of our customers' products and make a positive change in the world.

Read more about how our purpose guides our strategy, culture and values on pages 6, 45-50 and 82.

Cautionary statement

The Annual Report and Accounts for the financial year ended 31 December 2023, as contained in this document ("Annual Report"), contains information which viewers or readers might consider to be forward-looking statements relating to or in respect of the financial condition, results, operations or businesses of Elementis plc. Any such statements involve risk and uncertainty because they relate to future events and circumstances. There are many factors that could cause actual results or developments to differ materially from those expressed or implied by any such forward looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Financial highlights[1]

Revenue

$713.4m

2022: $736.4m

Adjusted operating profit

$103.9m

2022: $100.5m

Adjusted operating margin

14.6%

2022: 13.6%

Operating profit/(loss)

$58.9m

2022: $(41.8)m

Profit/(loss) before tax

$39.7m

2022: $(54.8)m

Diluted earnings/(loss) per share

4.7c

2022: (10.7)c

Adjusted diluted earnings per share

10.8c

2022: 10.9c

Dividend per share

2.1c

2022: 0.0c

Operational highlights[1]

Total recordable injury rate

0.33

2022: 0.67

Environmental incidents

7

2022: 0

Scope 1 and 2 GHG emissions

63 kt CO_2e

2022: 67 kt CO_2e

1 Refer to explanations and definitions, including alternative performance measures, on pages 24-25 and 190-191.

Contents

Elementis at a glance

What we do

Our products don't have everyday names, but there is a little bit of Elementis in many everyday items. We create specialty chemicals that deliver crucial end product attributes across a range of industries. Innovation is at the heart of what we do: our focus is on creating solutions that deliver performance improvements and enhanced sustainability credentials.

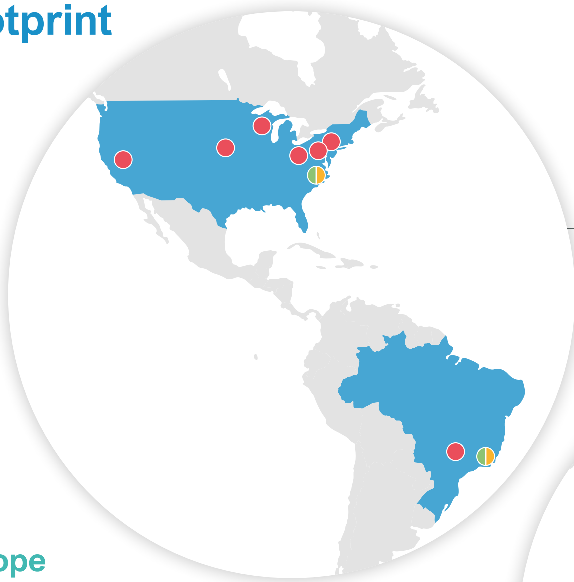
1,281
employees

23
locations worldwide

FTSE 250
constituent

Two
focused businesses

Global footprint



Americas

38% of Group revenues

31% of employees

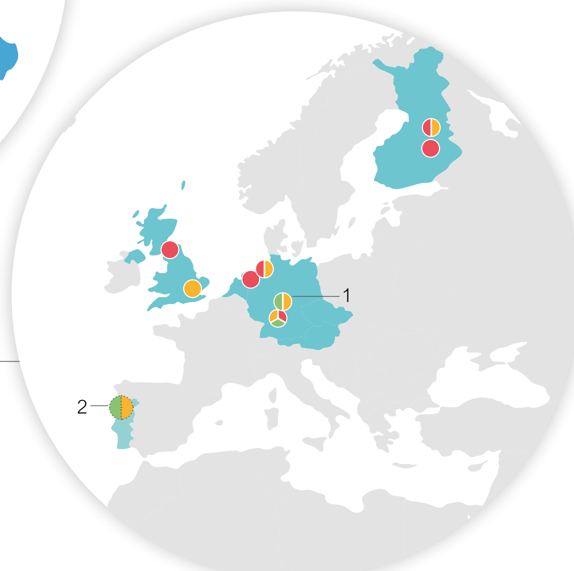
9 offices

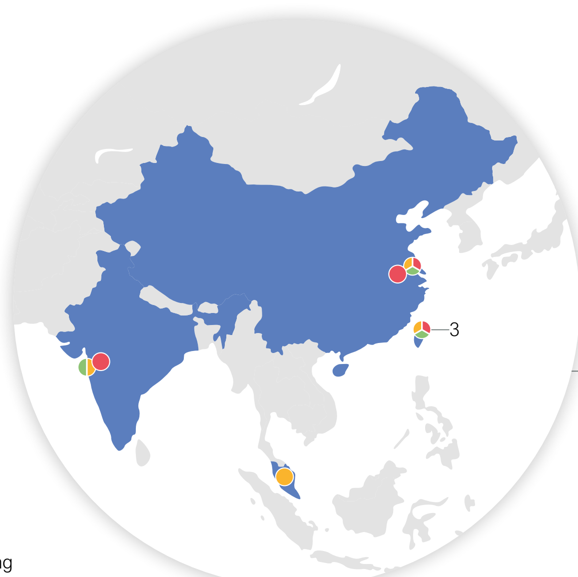
Europe

42% of Group revenues

36% of employees

8 offices





Asia

20% of Group revenues

33% of employees

6 offices

Key

- Office
- Laboratory
- Manufacturing

1 Cologne, Germany office closing end of 2024.
2 Porto, Portugal office opening in H1 2024.
3 We have two sites in Taiwan 1km from each other.

Our businesses

Personal Care

Revenue
$209m

% of Group operating profit
42%[1]

Segment operating margin
24%

Key markets and our positioning
Colour cosmetic and skin care rheology leader; global antiperspirant actives leader

Competitive advantage
- Innovation and formulation leadership
- Customised rheology modifiers
- Active ingredients
- High-quality hectorite resource
- Global reach

Skin care
We offer a broad selection of natural and naturally-derived ingredients, facilitating the development of natural skincare products, while providing exceptional texture, great sensory properties and long-lasting stability.

Antiperspirants
Leader in antiperspirant actives, we cater to consumer needs with effective and sustainable solutions. Our customers value our supply resilience driven by our global production footprint. We are the leading industry innovators, responding to consumer trends for high-performance actives that ensure long-lasting sweat and odour protection.

Colour cosmetics
As the market leader in oil-based rheology modification, we offer a wide range of solutions and technologies that help formulate make-up products with vibrant colour and excellent sensory properties.

Read more about Personal Care on pages 16-23 and 60-61.

Performance Specialties

Revenue
$504m

% of Group operating profit
58%[1]

Segment operating margin
14%

Key markets and our positioning
Deco and industrial coatings; auto plastics; global rheology additives leader; leading talc player

Competitive advantage
- Innovation and formulation leadership
- Rheology modifiers and additives
- High-quality hectorite resource
- High performance talc

Coatings
We supply rheology modifiers and other complementary specialty additives to manufacturers of industrial coatings and decorative paints. Our products help make industrial coatings last longer, decorative paints more stain resistant and sealants apply more evenly.

Talc
We are the second largest global supplier of talc-based additives. We use proprietary flotation technology, which produces consistent talc purity and allows customisation. Our talc makes long life plastics stronger and lighter, gasoline particulate filters work, and food packaging recyclable.

Read more about Coatings and Talc on pages 16-23 and 61-62.

1 Pre central costs. Refer to alternative performance measures definitions on pages 190-191.

Chair's statement

John O'Higgins
Chair

"Elementis delivered a resilient performance in 2023, in a continued challenging demand environment. These results reflect the commitment and hard work of all our people and their relentless customer focus, underpinned by our specialist high-value product offering."

Introduction

The 2023 financial year has been challenging for our sector, with prolonged destocking by our customers across both the industrial and personal care segments. Against this backdrop, Elementis demonstrated the resilience of its integrated business model, delivering both profit growth and margin improvement. This also included a marked improvement in the Talc business under new leadership, which has further potential for improvement in the near term.

Balance sheet and shareholder returns

The Group made further progress in 2023 on strengthening the balance sheet. Net debt fell to $202 million at year end, helped by the proceeds from the sale of our Chromium business earlier in the year. Net debt, along with the higher earnings, resulted in the net debt to EBITDA ratio reducing to 1.4x (2022: 2.2x).

Considering this and also taking into account the promising near-term prospects for the business, the Board is recommending a reinstatement of the ordinary dividend to an amount of 2.1 cents per share to shareholders at the upcoming Annual General Meeting ("AGM").

The final dividend will be paid on 31 May 2024 in pounds sterling at an exchange rate of £1.00:$1.2705 (equivalent to a sterling amount of 1.65 pence per share) to shareholders on the register at 3 May 2024.

Our updated Dividend Policy is intended to provide a reliable annual return to our shareholders. We will seek to maintain balance sheet flexibility and strength, in line with the Group's capital allocation framework, outlined in our recent Capital Markets Day ("CMD") presentation. Elementis is a highly cash generative business, so as leverage further reduces, we will consider returns of excess capital to our shareholders.

Strategic priorities and new financial targets

Following the sale of Chromium, Elementis has been transformed into a higher-quality business, with strong market position in attractive and structural growth segments. Our strategy, as confirmed recently, is built on the three pillars of Innovation, Growth and Efficiency, underpinned by our sustainability objectives. I am confident that this will support our growth objectives over the coming years. In addition, we have set out updated 2026 targets for adjusted operating margin of 19%+, three-year average operating cash conversion of at least 90%, and added a new target for return on capital employed (excluding goodwill) of over 20%. These are ambitious targets which require both detailed planning and relentless focus on our core business and execution. Your Board is fully committed to their delivery.

The plans include new efficiency and growth programmes, which were presented to investors by the members of the Executive Leadership Team ("ELT"), at our CMD in November. The efficiency programmes aim to deliver $30 million of annual savings by 2025, through organisational restructuring, and further operational and procurement savings.

The top-line growth programme covers seven growth platforms across Personal Care and Performance Specialties. It targets a delivery of $90 million of above market revenue by 2026 and is an integral part of the margin improvement target.

We made good progress in 2023 on our sustainability objectives, further reducing emissions across our operations and in our supply chain. Our ongoing work to identify the risks and opportunities of climate change to our business model remains a top priority for the Board and the ELT. We continue to look at ways to optimise our energy and raw materials supply to renewable sources and to improve the safety and sustainability profile of our products.

Nearly 70% of our revenue is generated from products classed as natural, or naturally-derived, leaving us well positioned to address the sustainability drivers in our markets, and support our, and our customers' commitments to achieving Net Zero by 2050. In this regard, we are committed to setting new science-based target ("SBT") which will be published in 2024.

You can read more about our climate disclosures on pages 34-41 of this report.

Our people, culture and values

At Elementis, our people are the key ingredient of our success and play a pivotal role in bringing our purpose to life. We have a value led culture, which is demonstrated daily through supporting and respecting each other and ensuring that we meet the needs of our customers.

We place significant importance on ensuring the safety and wellbeing of all employees, and we performed strongly in this area in 2023. We have also made good progress against our objective of creating a more diverse and inclusive environment, and further increased the proportion of senior female leaders across our business.

The Board is committed to a high level of employee engagement, and we welcomed the opportunity to meet with employees in several of our locations over the year. In 2023, we partnered with a new external provider to help us improve employee engagement throughout the business, moving to a biannual employee survey process. We believe this new approach will allow us to better engage with our people, provide relevant and timely support and training throughout the year. You can read more about the results of the Gallup employee survey on page 49.

On behalf of the Board, I would like to thank all our employees for their continued dedication in delivering this resilient performance.

Governance and Board

There were no changes to the Board composition in the year.

After nine years' dedicated service, Steve Good will retire from the Board at the conclusion of the AGM. On behalf of the Board, I would like to thank Steve for his immense contribution to Elementis over that time.

Clement Woon will assume the role of Chair of the Remuneration Committee from 30 April 2024, the date of the AGM.

We were pleased to welcome Maria Ciliberti to the Board as a Non-Executive Director on 11 March 2024. Maria brings a strong track record of global operational experience in the chemical industry. On appointment to the Board, Maria will become a member of the Audit, Nomination and Remuneration Committees. Her appointment further contributes to the strength and diversity of the range of skills, backgrounds and operational experience to the Board.

Shareholder engagement

As Chair, I welcome the opportunity to maintain an active dialogue with our shareholders, and seek their feedback on a range of topics. This year, I have spent a significant amount of time talking to our shareholders about the strategic direction of Elementis.

Following the publication of a letter by our largest shareholder in which they recommended the sale of Elementis, I reached out to other major shareholders, seeking their views on this matter. Discussions highlighted the different needs and views of our shareholders, which the Board considered.

The Board fully understands the need to demonstrate that Elementis can deliver attractive and sustainable value for our shareholders, noting the lack of progress in achieving our 2019 objectives. We believe that the strategy and efficiency programmes outlined at the CMD, alongside the updated financial targets, go some way towards addressing shareholders' concerns. Clearly, the proof will lie in delivery.

We are confident that the Group's financial strength gives us flexibility to demonstrate growth and attractive capital distribution to our shareholders, including our decision to reinstate dividend payments.

Section 172 statement

The Board of Directors confirms that during the year ended 31 December 2023, it has acted to promote the long term success of Elementis for the benefit of its shareholders, whilst having due regard to the matters set out in section 172(1) of the Companies Act 2006, being:

(a) the likely consequences of any decision in the long term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment;

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly between members of the Company.

Throughout the year, the Board discussed its obligations, including how stakeholder engagement is incorporated into our long term decision making. The Board regularly discusses progress against strategic priorities, focusing on the long term strategic direction of Elementis.

As part of these discussions, the Board considered relevant market and industry trends and their potential impact on our stakeholders.

Details of the Board's engagement with key stakeholders and key decisions taken over the year are included on pages 26-28.

Further details of the Board's activities are described in the Governance Report on pages 78-81.

Outlook

Elementis has two attractive businesses well positioned in markets with structural growth drivers. I am confident that we have the right team and the right strategy to deliver on our ambitious new targets and create long term sustainable value for all our stakeholders.

John O'Higgins
Chair

The foundation of Elementis

Our purpose
Unique chemistry, sustainable solutions.

Our culture
Our supportive culture is the catalyst to successful delivery of our strategy.

Our strategy
The right strategy is important to deliver business growth.

Sustainability
Sustainability flows through every aspect of our organisation, starting with our purpose.

Our Values are core to our high performance culture and reflect everything that we do

Safety
Our commitment to safety is our way of life.

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

Ambition
We have a passion for excellence and a drive to create value.

Respect
We do the right thing for all our stakeholders.

Team
We work, grow, and succeed together.

Read more about our culture and values on pages 45-53.

Our strategy ensures we continue to deliver long term, sustainable growth…

Innovation

Growth

Efficiency

Read more about our strategy and strategic progress on pages 16-23.

…enabling us to create value for our stakeholders

Customers

Employees

Suppliers

Investors

Communities and environment

Government, trade bodies and regulators

Read more about how we engage with, and create value for, our stakeholders on pages 9 and 26-27.

Sustainability flows through every aspect of our organisation

It underpins our strategy, allowing us to unlock value, provide better outcomes for our stakeholders and deliver on our purpose. Our sustainability strategy is based on a three pillar framework.

People

Environment

Responsible business

Read more about our approach to sustainability and our sustainability strategy on pages 16-23 and 29-44.

Our business model

Elementis is a business-to-business specialty chemicals company, offering performance driven additives for consumer and industrial applications.

We operate globally via two focused businesses

Personal Care

We are a leading supplier of rheology modifiers, based on natural and synthetic ingredients, and antiperspirant actives. We offer a wide range of products to customers across personal care, home care, industrial cleaning, agriculture and pharma. Our products help make skin creams smoother, antiperspirants work longer, home care products more natural and plant protection products more efficient.

Performance Specialties

We supply rheology modifiers and complementary specialty additives to manufacturers of industrial coatings, decorative paints, additives for oil and gas drilling and stimulation fluids, adhesives and sealants.

Our talc grades enhance the mechanical strength of plastic parts, resulting in high-quality end products. We supply talc to customers in a wide range of sectors including automotive, plastics, paper, paint and agriculture.

Our competitive advantage

Premium assets

We combine advantaged positions in hectorite and talc, with our distinctive technologies, to create value added customer solutions.

Hectorite is a natural mineral that delivers excellent rheology in both water- and oil-based systems, making it an attractive alternative to synthetic materials. It can be processed at lower temperatures, leading to lower costs and improved sustainability. It also delivers important attributes, such as excellent texture and colour for Personal Care and long term stability for Performance Specialties applications.

We use proprietary flotation technology, which enables production of talc that is consistently over 95% pure and can be customised for colour, size and shape. Our talc grades enhance the mechanical strength of plastic parts, resulting in high-quality end products. Furthermore, talc can help reduce carbon emissions by enabling lighter, thinner plastic designs that can replace metal parts, while maintaining strength.

Engaged and skilled people with unparalleled expertise in rheology and formulation solutions

Our people are fundamental to the continued success of our business. We have a skilled and engaged global workforce, and we place great focus on recognising and valuing their contributions and the expertise they share.

~100
scientists working in seven laboratories across four continents

Formulation solutions

We are experts at formulation solutions. This is the process of optimising formulation ingredients to achieve the desired functionality and performance of the final product. Our additives represent a small percentage of a formulation's cost, but are critical to delivering end product performance.

Rheology

Rheology is essential to the performance of a formulation – it makes the ingredients work together. We have expertise across multiple technologies and, with our global asset footprint, we can cater to large global clients as well as smaller, but faster growing, regional players.

Customer centric, with global reach

Our global footprint allows us to build long lasting relationships with our clients and serve them in their local markets, as well as large clients across multiple locations. Our manufacturing footprint provides flexibility and supply resilience.

17
manufacturing sites around the world

We collaborate with our customers

We work in partnership with our customers, providing technical support and collaboration to develop innovative products, tailored to their needs and goals. We have an established global key account programme which enables us to focus on deepening our customer relationships.

We develop innovative solutions

We are known innovators, with significant technical expertise. Leveraging our capabilities in rheology, surface chemistry and formulation, we focus on creating solutions for our customers that deliver product performance improvements, efficiency gains and enhanced sustainability credentials.

Sustainable solutions

We have a high natural and naturally-derived material content in our product portfolio. We continue to work with suppliers and customers to further increase our use of bio-based materials, both as a direct replacement of fossil-derived petrochemicals and to create new products together. Many of our products already help our customers use less energy and their operations emit less greenhouse gas ("GHG").

68%

of revenues from natural or naturally-derived ingredients

Strong cash generation

Strong cash generation enables us to invest for the long term growth, reduce financial leverage and generate returns for stakeholders.

77%

average three-year operating cash conversion

Our integrated business model, combined with our technology and market leading formulation capabilities and the continuous improvement focus, supports margin enhancement and drives returns. We re-invest in our business to expand our capabilities, so we can continue to meet the requirements of our customers and generate long term sustainable growth and stakeholder returns.

How we create value

For customers

By partnering with our customers, we can provide innovative solutions that help solve their toughest formulations challenges, and create value enhancing products.

28

joint development projects

Read more about our approach to innovation on pages 16-19.

For suppliers

By committing to driving transparency throughout our value chains and partnering with suppliers who share our commitments.

Read more about how we work with suppliers and our approach to sustainable sourcing on pages 51-53.

For our people

Elementis promotes a supportive culture where our people feel safe, valued and can maximise their potential.

3.86

mean Gallup Q12 score (out of 5)

Read more about our people and culture on pages 45-49.

For communities and environment

Behaving responsibly and with integrity in the communities in which we operate, and focusing on reducing the environmental impact of both our activities and our customers' products.

60%

reduction in absolute Scope 1 and 2 market-based GHG (vs 2019 baseline)

Read more about our sustainability and community involvement on pages 27-44 and 50.

For investors

We seek to generate reliable returns for our shareholders over time, through sustained earnings growth and shareholder distribution.

2.1 cents

dividend per share – reinstated

Read more about our investor proposition on page 13.

For government, trade bodies and regulators

We are committed to continuing high standards of business conduct in line with regulatory, governmental and legal expectations.

Read more about our business conduct on pages 51-53.

Read more about how we engage with our stakeholders on pages 26-27.

Chief Executive Officer's review

Paul Waterman
Chief Executive Officer

Innovation, Growth and Efficiency strategy driving profit growth and improved margins.

"Elementis delivered a resilient profit performance and an improved operating margin in the face of challenging market conditions."

Performance

Elementis delivered a resilient financial performance in 2023, with revenue of $713 million, down 3% on prior year (2022: $736 million). Adjusted operating profit increased 3% to $104 million (2022: $101 million), and adjusted operating margin improved by 100bps to 14.6% (2022: 13.6%). Growth in profit was driven by improved pricing and favourable product mix benefits, offsetting lower volumes in the year. Statutory operating profit increased to $59 million (2022: loss of $42 million).

Performance Specialties revenues were 4% lower than prior year at $504 million (2022: $525 million) while adjusted operating profit was even with the prior year at $70 million. Talc performance recovery and $36 million of new business was offset by continued Coatings de-stocking through 2023.

Coatings performance, which represents approximately half of Elementis revenues, reflected a combination of customer destocking throughout the year and a weaker demand environment. In Asia, where over 80% of our sales come from industrial activity, we saw revenue up 2% on a constant currency basis, with a modest growth across several countries including China, helped by the easing of COVID-19 restrictions in the second half of the year. The premium decorative sector in the Americas region was affected by a weaker housing market and customer destocking. European revenues were also lower, reflecting the continued weak macroeconomic environment, and ongoing inflationary pressure that impacted customer demand in both the decorative and industrial coatings sectors. We continued to leverage new product launches and in 2023 worked on 19 customer joint development projects. The adjusted operating profit margin of 15% (2022: 18%), demonstrates both the quality and resilience of this business in challenging market conditions.

Talc revenue remained broadly flat on the prior year, with pricing actions and better product mix offsetting lower volumes, due to weaker end market demand. Sales into automotive plastics customers were below the prior year, impacted by destocking. Despite the flat revenues, the self-help measures implemented over the year led to a material improvement in Talc profitability, with much improved adjusted operating margin of 10% (2022: negative 0.3%). Looking ahead, we see attractive growth opportunities in higher value talc applications and remain focused on driving improvement in this business.

Personal Care performed well during the year, with sales marginally lower compared to the strong prior year and adjusted operating profit higher at $50 million (2022: $49 million). Revenues were impacted by lower market related volumes but were partly offset by $15 million of new business, improved pricing and a higher value product mix. In Cosmetics, we saw growth across all regions, with a particularly strong growth in Asia, driven by continued investment in sales and marketing capabilities. We also saw continued growth in Skin Care revenues, supported by new product innovation. Antiperspirants ("AP") Actives sales were below the strong prior year, reflecting input driven price adjustments and lower volumes. Overall, in Personal Care, product mix improvements and price actions offset the weaker volumes resulting in an improved segment adjusted operating margin of 24% (2022: 23%).

In 2023, we made significant progress on our deleveraging ambition, with net debt reducing to $202 million (2022: $367 million) benefitting from the $139 million of proceeds from the sale of Chromium earlier in the year and improved profitability. As a result, the net debt to EBITDA ratio reduced to 1.4x (2022: 2.2x), and we are pleased to reinstate dividend payments and propose a final dividend of 2.1 cents per share. Going forward, we plan to pay a sustainable progressive dividend, while further reducing leverage.

Strategic progress and new financial targets

We made good progress implementing our strategy, launching 12 new products, and delivering $51 million of new business. We delivered 14% of revenues from innovation sales and had a record new business opportunities ("NBO") pipeline of $363 million at the end of 2023. Through discipline and focus, we have managed both costs and pricing well, and the financial recovery of our Talc business is on track.

At the November CMD, we communicated the growth and efficiency initiatives that will underpin our performance through 2026 as well as our sustainability strategy. Going forward, we will focus on seven growth platforms across Personal Care and Performance Specialties, targeting $90 million of above market revenue growth by 2026. This will be driven by ongoing innovation, utilising our advantaged technologies, supported by key industry trends.

We also announced two efficiency programmes that will deliver $30 million of cost savings over the next two years. The Fit for the Future restructuring programme will deliver $20 million cost savings by 2025. This programme is well underway, with significant progress in the outsourcing and consultation processes. We announced the opening of a new support base and research and development ("R&D") laboratory in Porto, Portugal, with the build out and new hires in this location already underway. A further $10 million annual savings by 2025 will come from supply chain optimisation and procurement savings. To underpin this, we will further streamline our manufacturing footprint by consolidating our AP Actives plants from three to two locations in 2024.

We believe the combination of growth and efficiency programmes announced in November will deliver our ambitious 2026 performance objectives:

- Adjusted operating profit margin of 19%+
- Three-year average operating cash conversion above 90%
- Return on capital employed (excluding goodwill) above 20%

At the end of the year, we completed a multi-year project of transferring our enterprise resource planning ("ERP") systems into a single global system. We expect this to enable improved data standardisation and analytics, improving both efficiency and effectiveness.

Safety

Safety is fundamental to the success of Elementis and a core part of our culture. We made a good progress on our objective of becoming a zero-injury business, continuing to drive our TogetherSAFE campaign across all our sites. In 2023, we achieved a 50% reduction in work-related injuries, with 90% of our sites remaining injury free over the year.

We continued to strengthen our processes in 2023 making good progress on our process safety management improvement plan and developing enhanced health, safety and environment ("HSE") standards.

The number of environmental events increased over the year, with seven Tier 2 events reported in 2023. A thorough analysis of each incident was conducted with learnings communicated across our manufacturing sites to prevent future occurrences.

Sustainability

We place sustainability at the core of our strategy. Our aim is to develop high-performance additives that deliver positive, sustainable outcomes for the environment and for society. We seek to design products that use fewer resources and create less pollution. Our areas of focus include reducing GHG emissions with an ambition to reach Net Zero by 2050; improving water and energy management; and leveraging improved product design to deliver better lifecycle impacts.

In 2019, we set our 2030 environmental targets, and this year we have met the waste and water emissions target reduction. We are working towards setting a SBT, which we plan to finalise in 2024. In 2023, we reduced Scope 1 and 2 (market based) GHG emissions by 6.7% compared to the prior year, with 77% of our purchased electricity coming from renewable or low carbon sources.

We focus our capabilities on finding unique solutions to emerging sustainability challenges. For example, our organoclay-based gels improve the water resistance of consumer sunscreens, increasing their effectiveness and lowering loss to the environment. We have a high natural material content in our product portfolio, and 68% of Group revenues (2022: 67%) were generated from natural or naturally-derived ingredients (as defined by ISO 16128).

Our products also help customers do more with less resources, such as additives that help adhesives instantly grip heavy ceramic tiles without slipping, thus saving materials, time, and money.

We continue to improve our environmental, social and governance ("ESG") disclosure processes and had our Scope 3 emissions verified by a third party for the first time in 2023. We are also pleased to have achieved a Gold rated score from EcoVadis for the third year, and a B rating from Climate Disclosure Project.

People and culture

The financial results achieved this year are a testament to the hard work and commitment of our people, who continue to be dedicated to the success of the company. This year we launched a biannual engagement survey with a new external provider, which will allow more regular employee engagement and provide better opportunities to support our people.

In 2023, we have announced changes that have impacted our global workforce. In January 2023 we sold our Chromium business and shortly after we started working on a restructuring programme, Fit for the Future, that will streamline and optimise our organisation. This restructuring programme, which will trigger c.190 redundancies, was announced in September 2023, followed by extensive consultations and support for employees impacted by these changes. Our people have demonstrated incredible resilience as we make the required, but difficult, changes that will position the company for future success. It is encouraging to see how teams have supported one another through this change, showcasing our values at their best.

I would like to thank the whole Elementis team for their fortitude, adaptability and commitment over the year and look forward to together creating a successful future for the Company.

Outlook

Elementis has seen a good start to the year, with sales ahead on the prior year. The global macroeconomic environment remains uncertain. Notwithstanding this, we are focused on executing our self-help efficiency and growth programmes as this will support ongoing performance improvement, regardless of the demand environment that we face.

We have a portfolio of high-quality businesses, and a clear and consistent strategy based on Innovation, Growth and Efficiency. We have a strong pipeline of new products that is driving new business, and we continue to invest in our business for long-term growth.

Most importantly, we have a talented and dedicated team that is completely focused on delivering the 2026 objectives communicated at our November CMD.

Paul Waterman
Chief Executive Officer

Q&A

Paul Waterman answering key stakeholder questions

Q

What gives you confidence you will achieve the new operating margin target of 19%+?

A

The improvement in our operating margin is supported by growth and efficiency programmes we announced at our CMD.

Around a third of the improvement is driven by the above market revenue growth across the Personal Care and Performance Specialties where we are focusing on higher margin market segments.

The other two thirds are supported by our new efficiency programmes, which will deliver $30 million of savings by 2025.

These programmes are already underway, and we are on track to achieve the first $12 million of savings in 2024. We see attractive growth opportunities across many of our markets, where we are well positioned, with innovative technologies and long-standing customer relationships. Even if the demand environment is unchanged, this self-help program will underpin performance delivery. This gives me the confidence we can achieve the 19%+ operating margin target we set in November.

Q

How will you achieve the above market revenue growth?

A

We set out seven key growth platforms, three for Personal Care and four for Performance Specialties. Growth across those platforms will be driven by innovative new products, utilising our advantaged technologies, and benefitting from key industry trends.

For example, in Personal Care, most of our products are made out of natural ingredients, which is a real benefit given the strong market demand from our customers and ultimately consumers, for more sustainable solutions. We have a global reach, which positions us well to grow in the future.

In Performance Specialties, which includes Coatings and Talc, we see customers demanding more natural ingredients, that can deliver real efficiency benefits, for example, by helping reduce processing or logistics costs. We have the expertise and technology to solve our customers biggest formulation challenges. Over the years, this allowed us to expand into new market segments and enlarge our addressable markets.

At the end of 2023, our new business pipeline stood at a record $363 million, with over 50 products that we plan to launch over the next three years. This will support our target of $90 million of above market revenue growth by 2026.

Q

How will you achieve the $30 million of annual cost savings?

A

The announced $30 million of cost savings will come through two efficiency programmes. The first one, Fit for the Future is a project we initiated following the sale of Chromium early in 2023. This includes around 190 redundancies, moving roles to lower-cost locations and outsourcing back-office transactional roles to India.

We announced closure of our Cologne office in 2024 and a creation of new global support and R&D support centre in Porto. We are making good progress already and expect to deliver $20 million of cost savings, with c. one third delivered in 2024 and the remainder in 2025.

In addition, we have a great opportunity to build on our momentum further improving Global Supply Chain and Procurement efficiency. We expect to deliver further $10 million of annual cost savings by 2025 through more automated processes, more efficient energy uses as well as optimising our manufacturing footprint.

Q

Talc has delivered much improved performance in 2023, can this business continue to improve?

A

Talc performance improved materially in 2023, despite a difficult demand environment, due to pricing actions and effective cost management.

We have a new leadership team in place and the implementation of Performance Specialties has improved our execution. We continue to target high-value segments, focusing on value over volume. Vehicle light-weighting, where talc is used to improve the strength of plastic, and technical ceramics, where highly engineered talc enhances the ceramic’s stability, are two key examples.

We are also targeting continued synergies with our Coatings business, where talc is used as an additive in various applications such as protective coatings. Talc will also benefit from the Elementis efficiency program.

This focus on high-value applications while continuing to drive efficiency will support further performance improvement in the near term.

Investment case

Our shareholder value proposition is built on:

1. Differentiated premium assets

Our California based mine is the largest high quality hectorite mine in the world, with substantial reserves of white coloured hectorite.

We also own significant deposits of high-quality talc in Finland.

Our vertically-integrated model utilises our natural mineral resources which, combined with our technology and market leading formulation capabilities, creates unique product sets and compelling competitive advantages.

Hectorite:

>50

years of estimated resource life

Talc:

>90

years of estimated resource life

2. Two attractive, resilient businesses

Focused on market segments with structural growth opportunities, supported by industry trends.

Personal Care:

42%

of Group operating profit[1]

Performance Specialties:

58%

of Group operating profit[1]

3. Customer centric and innovation focus

A leading supplier of specialty chemicals, we leverage our capabilities in rheology, surface chemistry and formulation to solve our customers' formulation challenges.

Through our key account partnerships, we develop customised solutions and provide ongoing technical support, adding further value to our customers.

28

joint development projects

4. Global reach

Our manufacturing and R&D capabilities in key regions allow us to serve customers globally and provide supply chain resilience.

17

manufacturing plants and seven technology centres across four continents

5. Sustainable solutions

We combine our expertise in natural clay and talc minerals with bio-based molecules to create more sustainable solutions for our customers.

We take pride in our extensive portfolio of natural products and sustainable formulation concepts, meeting consumer needs while minimising our, as well as our customers', environmental impact.

68%

revenue from natural products

6. Strong cash generation

Our strong cash generation, alongside our Innovation, Growth and Efficiency strategy, support re-investment for long-term growth, financial deleveraging and sustainable shareholder returns.

>90%

operating cash conversion target[2]

1 Pre central costs.
2 Three-year average.

Our market environment

We identified three key drivers which are creating and changing trends in the markets in which we operate. We have positioned our strategy to address the needs of our clients, while maximising the growth opportunities arising from those megatrends.

Sustainability

Climate change and the increasing consumption of resources and pressures on nature require new solutions to address the complex global and societal issues they cause. This includes the transition to cleaner energy, and the creation of a circular economy that can benefit everyone.

What this means for our industry

- Consumers are becoming more sustainability focused, demanding natural products that have low negative impact on the environment, communities and workers in the value chain
- It is increasingly important that companies can support claimed product benefits with credible, science-based evidence and standards
- Increased desire for solutions that contribute positively to the health and wellbeing of society
- Demand for solutions that help resources go further and contribute towards the circular economy
- Pressure to minimise the social and environmental impact of production throughout supply chains

Our opportunities

- Leverage our naturally-derived products and high-quality hectorite clay resource to help customers use less material, energy and water
- Innovatively designed products to help minimise pollution in downstream applications
- Growth in natural and naturally-derived rheology modifiers as a replacement to synthetic alternatives
- Improved manufacturing processes and supply chain management, resulting in better outcomes for all stakeholders

How are we responding

- Innovation focused on specialty additives that deliver improved product performance, lower operational costs and enhanced sustainability claims, e.g. low-temperature organic thixotropes and powdered non-ionic synthetic associative thickeners ("NiSATs")
- Identifying new applications for our natural personal care ingredients, bringing long lasting and more efficacious benefits from the whole formulation
- Setting challenging environmental targets that help us to innovate better solutions, such as our science-based target initiative ("SBTi") commitment to reduce GHG emissions
- Investing in our capabilities to assess risk and quantify impacts of our supply chain, portfolio and products, to better prioritise our most impactful actions
- Continuing to improve product verification against leading certification standards such as COSMOS and Ecolabel to highlight the credentials of our products

Demographics

The United Nations expects the world's population to increase to nearly 10 billion by 2050, driven by increased longevity, increasing urbanisation and accelerating migration.

Most of this population growth will be in the developing world. Economic development, along with an expanding middle class, is fuelling consumption and demand for higher quality products. In the West, older consumers with greater disposable income, are becoming more health and sustainability focused, with increasing interest in services and experiences.

What this means for our industry

- Increasing demand for construction and infrastructure related solutions
- Rise of new 'giant brands' in emerging markets, demanding quality products and faster speed to market
- Rising demand for personal care products such as colour cosmetics and skin creams
- Increased demand for longer lasting and more technologically advanced products
- Demand for products that make consumers' lives easier and provide premium and feel good characteristics

Our opportunities

- New geographic markets for consumer and industrial products that require premium performance additives
- Our manufacturing and R&D capabilities in key regions allow us to serve customers globally and provide supply chain resilience
- Our high-quality hectorite clay resource has a chemical structure that can retain various active ingredients, delivering a combination of benefits for a wide range of personal care products
- Consumers are willing to pay a premium for products that deliver superior performance with additional benefits
- Higher demand for additives that deliver premium product performance characteristics
- Opportunities for natural or naturally-derived ingredients (e.g. hectorite, talc or castor wax-based)

How are we responding

- Expanded our capabilities in China and Brazil, allowing us to make local formulations, and develop new products that comply with local regulations
- Expanded resources in Asia in new and existing regions, generating more insights on local market needs and deepening innovation dialogue
- In 2023, we announced plans to open a new R&D facility in Porto, which will enhance our customer proposition
- Leveraging our leading rheology position and high-quality hectorite resource to launch new natural rheology modifiers for Personal Care
- In 2024, we plan to launch our first natural film formers for sun care and colour cosmetics
- Planning product launches that are suitable for the 'mass' market and reduce speed to market
- Launching new product solutions with better durability, workability and aesthetics for the decorative and construction markets

Technology/digital

Technology progress is advancing rapidly, and technologies are becoming ever more interconnected. Computing power and materials science are the key enablers to drive technology changes, providing options for process and product innovation and increased personalisation.

Technology is also being used to drive improvements to customer experiences: for example, through providing richer data insights, better monitoring of customer engagement and automating non-value-adding processes.

What this means for our industry

- Ability to move fast and adapt the right technology provides competitive advantage
- A growing use of simulation and software is required to generate smarter insights early on and to develop products faster, more efficiently and in a more sustainable manner
- Renewable energy applications require more demanding materials to deliver performance
- Digitalisation, with generation of big data and its interpretation using artificial intelligence ("AI"), will impact consumers' behavioural changes through better access to information, improve decision making processes, and change the way the different players interact across value chains
- Multichannel approach to customer engagement increases transparency across the supply chain
- Technological changes increase customer need and willingness to reformulate, while digital support to testing and trials can speed up innovation projects
- Virtual reality opens opportunities for remote training and technical support

Our opportunities

- Access to digitalised processes and customer interface increases the speed, flexibility and service level we can provide to our customers
- We can achieve safer and more efficient production technologies via manufacturing automation and digitalised supply chain
- Increased market penetration amongst the SMEs is boosting creation of indie brands on a global scale
- Use of AI driven tools to accelerate product development and formulation solution creation
- New technologies may open new value pockets in fast growing markets

How are we responding

- We are developing digital data management capability to scale new products faster across the globe
- Continue to explore innovative technologies and testing our products' suitability for new applications
- Better use of customer data to analyse search behaviours and product reviews, generating insights on new trends in our target markets. Ability to process data quickly and accelerate innovation will lead to better customer proposition
- We are setting up our Product Information Management system, one centralised repository for our product information, which will create a user-friendly and intuitive interface for Elementis' employees, partners and customers
- Increased digital media outreach, online customer education, sophisticated formulation support and close collaboration with distribution partners
- Increased Product Stewardship and Regulatory Affairs efforts and proactive positioning of technologies as being natural and safe
- Continuing to improve our automation capability, enhancing both productivity and safety in our plants

Strategic progress

Elementis operates via two focused businesses, well positioned in attractive and structural growth segments. Our strategy is built on the three pillars of Innovation, Growth and Efficiency, underpinned by our sustainability objectives.

Innovation

We are a global leader in performance driven additives that help create innovative solutions for our customers. Leveraging our capabilities in rheology, surface chemistry and formulation, we help our customers create better products.

Read more about our approach to innovation on pages 18-19.

Our sustainable approach

We respond to sustainability drivers (Climate, Circularity, Nature and Health) in our markets and use our expertise to find new ways to add value. For example, innovating with a new natural skincare ingredient, introducing a novel bio-based coating additive, developing an antiperspirant using waste aluminium or enabling our customers to use safer ingredients.

2023 progress

- Launched 12 new products
- 68% of revenue from natural or naturally-derived products
- Total innovation sales increased to 14.3% (2022: 13.3%)
- 28 customer joint development projects

Growth

Our two businesses operate in attractive markets with structural growth opportunities, supported by clear market and industry trends.

Read more about our growth strategy on pages 20-21.

Our sustainable approach

As innovation becomes established in the market, we help our customers to maximise their positive impacts. We add to the health and wellbeing of society with natural personal care products, coatings additives with low volatile organic compounds ("VOC"), avoiding the use of biocides and contributing to the effectiveness of vehicle pollution control systems.

2023 progress

- $51 million of NBO created
- 15% revenue growth in Colour Cosmetics
- 10% revenue growth in Personal Care Asia, driven by growing interest in our new generation hectorite-based gels
- Record NBO pipeline of $363 million (2022: $282m)

Efficiency

We constantly seek to be a fit for purpose and more efficient business, agile and growing, with our impact on the environment and the communities in which we operate at the forefront of our minds.

Read more about our approach to efficiency on pages 22-23.

Our sustainable approach

We contribute to our customers' sustainability goals. Our additives and ingredients help to make our customers' products more durable, and can lower processing energy requirements and improve transportation efficiency.

We also strive to make our own operations more efficient and reduce their environmental impact by increasing our use of renewable energy, recycling water and reducing waste.

2023 progress

- Delivered $10 million of cost savings in 2023
- Met two out of four 2030 sustainability targets
- Completed ramp up of our antiperspirant actives plant in India
- Completed the multi-year programme to consolidate all our ERPs into a single global system
- 50% reduction in work related injuries and progress on process safety improvements

Link to KPIs

Refer to the Key performance indicators section on pages 24-25 for further detail, including how those link to our strategy.

Material growth and efficiency opportunities announced at our November CMD

Seven growth platforms across Personal Care and Performance Specialties

50+
new products

$90m
above market revenue growth by 2026

Near term, larger efficiency platforms

$30m
of savings by 2025

Growth platforms aligned to industry trends

	Growth platforms	Trends: Sustainability	Trends: Technology/ digital	Trends: Demographics	Opportunity
Personal Care	**Skin care**	●		●	Natural solutions to replace synthetic ingredients
	Colour cosmetics	●	●	●	Skinification, individualisation, speed-to-market
	Antiperspirants	●		●	High-efficacy and natural products
Performance Specialties	**Architectural coatings**	●	●	●	Expand share in premium segment
	Industrial coatings	●		●	Expand sustainable coatings
	Adhesives, sealants and construction additives	●	●	●	Offering more sustainable product solutions
	Talc	●	●	●	Gain share in selected high-value target segments

Two efficiency platforms delivering $30 million of annual cost savings by 2025

Fit for the Future organisational restructuring

- Supports strategy implementation
- Simpler, streamlined and lower cost organisation
- Leverages digital infrastructure and enhances capability
- Implementation initiated in Q3 2023, complete during 2025

$20m
annual savings by end 2025

Global Supply Chain and Procurement

- Global Supply Chain: optimising manufacturing network and scaling continuous improvement delivery
- Procurement: enhanced organisational capabilities and practices

$10m
annual savings by end 2025

Innovation

Priorities for 2024

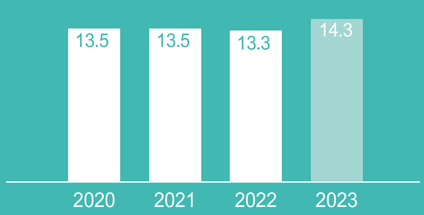
- Launch at least 15 new products
- Increase new and proprietary products to 15% of sales vs 14% in 2023
- Expand alternative sourcing and innovation solutions for secure new material supply

Link to risk

1. Global economic conditions and competitive market pressures
4. Regulatory compliance and product stewardship challenges
7. Intellectual property and know-how
8. Portfolio innovation and technology

For detail about our approach to risk, see pages 63-71.

Innovation sales %



We are a global leader in performance driven additives and are focused on creating solutions for our customers that deliver product performance improvements, efficiency gains and enhanced sustainability credentials. We continued to leverage our relationships and digital capabilities to drive the launch of 12 new products in 2023.

Our innovation focus is clear. We want to create solutions for the biggest challenges that our customers face which in turn, are reflected in our growth platform focus.

In Personal Care, consumers no longer just want natural ingredients that deliver superior performance. They are looking for more sophisticated products, for example, with additional skin care benefits. An example is CeraVe, a face care product which uses hectorite and promotes it on its packaging, due to its rheology modification properties, but also as an active ingredient for oil absorption.

Likewise, the Coatings industry wants high-performance additives that offer sustainability and new efficiency benefits. Our Rheolate® powder, which we expanded this year, provides excellent paint performance and enhanced film build. Given its powder form, it requires only half the storage space compared with liquid alternatives, and reduces the shipping volumes, leading to lower transportation emissions. It is also biocide free with low VOC.

Innovation at Elementis goes hand in hand with sustainability. All our new product launches and pipeline projects must have clear sustainability credentials. In 2023, nearly 70% of our revenue was from natural or naturally-derived chemistries, for example, castor wax based organic thixotropes. In addition, we are conscious of the need for our products to contribute to the overall wellbeing of society, whether it is through bio-based Thixatrol® technology or utilisation of recycled aluminium in antiperspirant actives.

68%

of revenue generated from natural or naturally-derived products

In addition, through our established global key account programme, we work closely with our customers, offering our expertise and innovation, and keeping them at the forefront of their industries.

Our scientists are formulation experts in our core markets and our laboratories are equipped to facilitate formulation of finished goods similar to our customers' products. We can test these materials to mimic real life conditions for demonstration. This allows us to build strong technical and commercial relationships with major customers and co-operate in the development of new formulations to enhance their products and processes. This drives volume and sales growth, increases our share of these customers' spend and opens up major new business opportunities. In 2023, we worked on 28 joint development projects with customers across Personal Care and Performance Specialties, of which 15 were with our global key accounts ("GKA"). In Coatings, we increased the share of revenues from GKA by 45% since 2020.

Our revenue from new and innovation products increased to 14% compared to 13% in 2022. Our new business pipeline stood at over $360 million at the end of 2023, with over 50 products in the pipeline, of which approximately 15 are scheduled to launch in 2024. This will support our ambition to achieve an adjusted operating profit margin target of 19%+.

BENTONE® PLUS GLOW – Radiance unleashed! Hectorite X Actives

The skin glow trend has taken the beauty industry by storm. Consumers are no longer content with simply having clear, matte skin; they are seeking products that give them a radiant, luminous complexion. Glowing skin is a sign of health and vitality, and no wonder, as it is universally flattering.

Whether labelled as dolphin skin, glass skin, glazed donut skin or other current skin terms, all these multi-functional claims and cross-category products are required to improve the skin condition of the consumer and ultimately blend skin care and colour cosmetics seamlessly.

Responding to the emerging 'skin glow' trend, BENTONE® PLUS GLOW, a new hectorite-gel technology, joins forces with naturally-derived active ingredients to provide a speed to market solutions that blends skin care and colour cosmetics seamlessly.

BENTONE® PLUS GLOW combines natural ingredients that promote the skin's barrier function, creating a healthy glow and providing lasting hydration.

It is designed to impart rheological control and suspension to the oil phase of cosmetics and skincare products, allowing for an optimal distribution of the active ingredients on the skin's surface.

In colour cosmetic products, BENTONE® PLUS GLOW also allows an optimal distribution of pigments, which enables an immediate benefit for the consumer.

Cosmetic products developers value it for its high formulation flexibility, delivered through an increased hectorite clay content.

Powdered NiSAT Rheolate® PHX 7025

Synthetic rheology modifiers like our Rheolate® family of urethane-technology additives are extensively used in architectural paint formulations. They are supplied in liquid form and typically contain 80% water.

With customers demanding higher performing, safer and more sustainable paints, we wanted to create a solution that reduced the high water content, thus eliminating the need to ship water around the globe, while maintaining the superior performance benefits that make our Rheolate® family the preferred choice.

With this goal in mind, we applied our innovation expertise and have developed Rheolate® PHX 7025, expanding our family of 100% solid urethane rheology modifiers.

These 100% active powders significantly reduce the global shipping volumes. In addition, they can be easily incorporated into paint formulations, resulting in improved handling, increased efficiency and meeting the latest health and safety demands. All this, whilst preserving the high quality we are known for.

- **Sustainability**: Realise up to 80% CO_2 reduction on transportation and reducing storage space with these solvent-free modifiers
- **Safer ingredients**: Biocide and VOC free and compatible with allergy and asthma friendly paints
- **Performance**: Experience a higher efficiency, improved rheology and excellent dry film properties

We introduced the Rheolate® PHX 7025 during the 2023 edition of the European Coating Show in Nuremberg, Germany, a leading event in the coatings industry and currently have over 50 customers testing it in their formulations.

Growth

Priorities for 2024

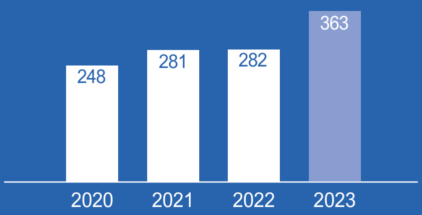
- Deliver target revenue growth across seven growth platforms
- Generate $50 million of new business
- Expand manufacturing capabilities at new India plant

Link to risk

1. Global economic conditions and competitive market pressures
2. Business interruption due to supply chain failure of key raw materials and/or third-party service provision
5. Business interruption due to a major event or a natural catastrophe

For detail about our approach to risk, see pages 63-71.

NBO pipeline $m



We set out seven growth platforms across Personal Care and Performance Specialties. Here we focus on market segments with structural growth opportunities, utilising our key technologies. Together, they are expected to generate over $90 million of above market revenue by 2026.

Our Personal Care business operates across three core market segments, in which we have built a strong competitive position: Skin Care, Colour Cosmetics and Antiperspirants.

For further detail on Personal Care performance and strategy, see pages 60-61.

We have seen good growth in Colour Cosmetics, especially in Asia, where we recently enhanced our sales and marketing capabilities.

We expect further growth in Colour Cosmetics sales in the coming years, supported by our innovative products, such as Bentone® Luxe XO and the Bentone® Plus Glow. We have a strong new products pipeline for 2024, which includes a range of patent pending Bentone® Ultimate products and a natural film former that will enhance the wear resistance of colour cosmetics, for example in lipsticks.

We believe these products will further strengthen our leading position in colour cosmetics and allow us to expand in new regions and market segments. As a result, we target a delivery of $10 million of above market revenue growth by 2026 for this application.

Skin Care is an attractive part of the personal care market, where we have historically had limited participation. This segment has been growing at around 4-5% annually, supported by increasing demand from consumers looking for more sustainable products with natural ingredients.

$90m

above market revenue growth by 2026

Our hectorite-based additives are well positioned to benefit from this trend, as they work equally effectively in both water-based and oil-based products.

We entered the skin care market in 2019 and have seen good momentum in this business since. Going forward we will focus our innovation efforts on natural rheology with more sophisticated products, but in addition we will also create products that offer attractive new functionalities. Our ambition is to deliver growth at two to three times the market by 2026.

Finally, the third area of focus, Antiperspirants, where we have a global leading position in antiperspirant actives. We see trends for longer lasting sweat protection, and increasingly, growing demand for more natural products, including natural actives.

As recognised innovation leaders in this field, we are focusing on new products that address these demands, for example, our new range of antiperspirants utilising waste aluminium, and we have an ambition to develop actives that bring antiperspirant benefits to the deodorant product category. We believe our ambitious plans will help us to deliver mid-single-digit revenue and margin growth over the next three years.

	Growth platforms	Key technologies	Benefits
Personal Care	**Skin care**	Hectorite, hectorite derivatives, natural oils	Natural, luxurious touch and feel, formulation stability
	Colour cosmetics	Hectorite derivatives, natural oils	Natural, suspension of actives and pigments, formulation flexibility
	Antiperspirants	Inorganic actives, hectorite derivatives	Long lasting sweat protection, dispersion of actives
Performance Specialties	**Architectural coatings**	NiSAT, dispersants, bio-based defoamers	Improved hiding and stain resistance, safer and more sustainable paint
	Industrial coatings	Organoclays, organic thixotropes, dispersants	More sustainable coatings enhanced aesthetics
	Adhesives, sealants and construction additives	Organic thixotropes, hectorite rheology agents	Improved time and material efficiency, safer handling
	Talc	High-purity talc through unique flotation	Improved plastics rigidity and strength

In Coatings, the three growth platforms are all positioned to respond to specific market needs or major market trends.

For further detail on Coatings performance and strategy, see page 61-62.

The first of these, Architectural Coatings, is an important market for Elementis, with the premium decorative segment estimated at approximately $1 billion and growing 4% per annum. We have developed a suite of innovative, high-performance products.

We believe this, alongside our manufacturing footprint across three key regions, will support our ambition to grow at twice the market by 2026, in this attractive market segment.

The second growth platform is Industrial Coatings, where we see growing demand for more sustainable coatings and coating additives, driven by regulations and market trends. We focus on an addressable market of around $800 million, which includes additives for high-performance segments such as marine, protective and automotive industries, growing at c.4% annually. Across this market segment, we expect to deliver $30 million of incremental revenues by 2026, focusing on ingredients that make customers' formulations more sustainable without sacrificing performance.

Our third growth platform comprises Adhesives, Sealants and Construction Additives. This is a relatively new application for Elementis, with the target market valued at around $700 million, growing at 5% per year. Growth in this market segment is driven by trends such as lightweighting and more efficient manufacturing processes. Our ambition is to double our market share from 3% to 6% by 2026, by focusing on innovative products, such as our low activation temperature Thixatrol® technology.

A major component of our growth strategy is our key account management programme. We have built strong technical and commercial relationships with major customers and cooperate in the development of new formulations to enhance their products and processes. This drives volume and revenue growth and deepens our relationships with major customers. In 2023 we worked on 28 customer joint development projects, generating material revenues and contributing to improved product mix.

28
joint development projects

The final growth platform focuses on Talc. Our medium-term strategy focuses on high-value applications across selected market segments, with an estimated market size of $800 million, and growing at approximately 4% per annum. Those include, for example electric vehicle manufacturing, which utilises lighter, reinforced plastics.

We have a strong track record of identifying and developing new product applications, with five new products launched over the year, and a new business pipeline of $50 million. We believe this will help us deliver $15 million of above market revenue growth by 2026.

For further detail on Talc performance and strategy, see page 62.

Efficiency

Priorities for 2024

- Deliver targeted efficiency savings of $12 million
- Implement continuous improvement projects in the supply chain to lower cost and reduce environmental impact
- Improvement in working capital leading to higher cash conversion
- Make further progress vs 2030 environmental targets and develop updated SBT
- Launch ESG risk assessment process, enhancing our responsible sourcing system
- Develop site decarbonisation plans

Link to risk

2 Business interruption due to a supply chain failure of key raw materials and/or third-party service provision

5 Business interruption due to a major event or a natural catastrophe

9 Health and safety

For detail about our approach to risk, see pages 63-71.

We continuously work towards improving our organisation, driving efficiency gains, and becoming a more resilient business. Over the last year we delivered $10 million of savings, completing the $25 million of savings programmes announced in 2021.

This was achieved through a combination of continuous improvement, procurement savings and strict cost management over the year, as well as delivery of Coatings and Talc synergies. Furthermore, we eliminated the first $4 million of stranded costs following the sale of Chromium.

This year, at our CMD, we announced two efficiency programmes, delivering $30 million of additional cost savings by 2025. The first one is Fit for the Future, targeted to deliver $20 million annual savings by end 2025. The large majority of these will come from staff cost savings in three areas. Firstly, through optimising of our organisational structure – following the sale of Chromium, we are a smaller company, and we believe the size our workforce should reflect this. We are restructuring into a simpler and more efficient organisation, focused on our three key regions. We will also close our Cologne, Germany, office in 2024.

Secondly, we will create a new R&D and support centre in Porto, Portugal. This location is a proven global business services location, with the added advantages of being a source of great R&D talent as well as being a lower cost location. Since the announcement of the Fit for the Future programme in Q3 2023, we have hired multiple roles in Porto, Portugal, and expect to further consolidate roles from higher cost locations, into the new Porto office. We are excited about creating a new showcase laboratory, which will allow us to strengthen our customer proposition.

$30m
annual savings by 2025

Finally, we will outsource over 20 back office roles to India. This move will provide access to stronger processes, digital tools, and automation opportunities that we would not be able to deploy quickly ourselves.

The second efficiency programme focuses on supply chain optimisation and procurement efficiencies, where we target an additional $10 million of annual savings. Half of those are expected to materialise in 2024 and half in 2025.

In our supply chain, we have built capability in continuous improvement. Examples of recent successes include the optimisation of raw material usage in New Martinsville, US, site and the transfer of hectorite technology to our organoclay manufacturing plant at Anji, China, enabling the site to produce higher value products while increasing global capacity for hectorite production.

We will drive better overall equipment effectiveness through more automated processes, reduce production bottlenecks and improve overall energy use across our business. In addition to running our plants better, we see scope to optimise our manufacturing footprint, especially as we completed the ramp up of our antiperspirant actives plant in India.

Across procurement, we expect to drive benefits from better use of vendor management, digital tools including e-sourcing, cutting back the number of raw materials that are single sourced, and standardising our procurement processes.

We see the combination of our growth platforms, together with these material efficiency programmes, delivering much improved financial performance by 2026.

Another key enabler of our efficiency is our sustainability focus. Our products help customers do more with less resources, for example, additives that help adhesives instantly grip heavy ceramic tiles without slipping, saving end users materials, time and money.

Efficiency is also a foundational requirement for sustainability improvements in our own operations and supply chain. This year, we made further progress in this area, for example in our Sotkamo plant, where we reduced electricity consumption by changing filter cleaning method, or a reduction in water consumption in Ludwigshafen, Germany, by transferring product line to a different filter press utilising different cleaning technology.

Our focus on efficiency has helped us to achieve two of our four 2030 environmental targets, meaning we are emitting less GHG and using less water per tonne of production than in our 2019 baseline year.

For detail about our sustainability strategy and sustainability targets, see pages 29-44.

Throughout our operations, our global process excellence teams have identified over 60 projects that are beneficial from both an efficiency and environmental perspective. Their implementation will drive delivery of both our cost saving ambitions and our 2030 sustainability targets.

We also completed the multi-year project to deliver one global ERP programme. This provides a single source of information including financial, manufacturing and supply chain data on the same system, cutting out duplication and inefficiency. And we also updated the Elementis corporate website, to improve the end user experience, including a more efficient customer interaction.

Continuous improvement – dust filter cleaning method change at Sotkamo

At Elementis, we use a pneumatic conveying system to move dry talc products and remove dust. This process uses airflow to carry powder in a conveyor pipe and filters are required to separate solids and excess air.

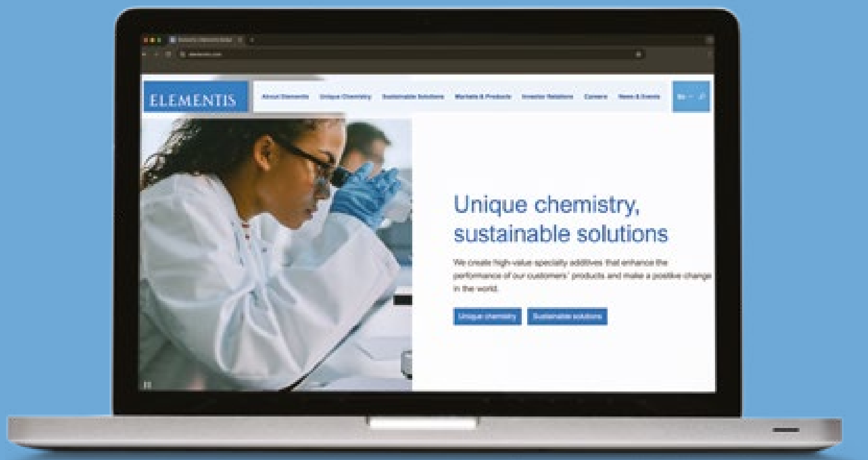
In the filter housing, air passes through the filter bags removing talc dust, which enables air to be discharged from the top of the baghouse into the atmosphere. During this process, the filter cloth gaps become filled with particles and the filter becomes less efficient. To clean the filter bags, an air pulse is given to clean the particles from the filter cloth re-opening the gaps.

In our Sotkamo plant, we were looking at ways to lower the air compressors' energy consumption by reducing their running time. Dust filter cleaning consumes a lot of compressed air and most of the filters had pulse jet cleaning running continuously.

We recognised that we could save energy by changing the cleaning method based on differential pressure. This releases the cleaning pulse only when the pressure difference gets lower than the set limit. So far, the process has withstood the Finnish winter conditions, and the cold has not affected the cleaning method.

Photo: Example dust filter at Sotkamo plant.

Changes were implemented between April and June 2023 in 38 bag houses in the Sotkamo Micro Talc plant, and the compressed air consumption in the instrument air network reduced 40% in this period. We continue to monitor the energy usage and expect to not only deliver annual energy savings and CO_2 reduction, but also increase the lifetime of wearing parts of the equipment used.



See our new website at: elementis.com

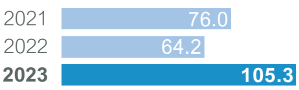
Key performance indicators

Our key performance indicators ("KPIs") enable us to monitor our strategic progress.

Financial KPIs

Adjusted operating cash flow ($m)

$105.3m



Definition

The net cash flow from operating activities less net capital expenditure, but excluding income taxes paid or received, interest paid or received, pension contributions net of current service cost and adjusting items.

Performance

Further information can be found on pages 58.

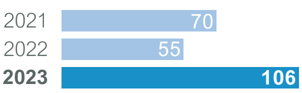
Link to strategy

Link to remuneration

No direct link.

Adjusted operating cash conversion (%)

106%



Definition

Adjusted operating profit divided by adjusted operating cash flow plus provisions and share based payments.

Figures for 2021 and 2022 include results for the Chromium business. 2023 exclude Chromium.

Performance

Further information can be found on pages 190-191.

Link to strategy

Link to remuneration

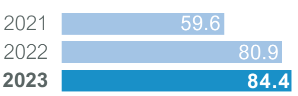
No direct link.

Target

Three-year average operating cash conversion of over 90%.

Adjusted Group profit before tax ($m)

$84.4m



Definition

The Group profit before tax after adjusting items, excluding adjusting items relating to tax.

Performance

Further information can be found on pages 150-153.

Link to strategy

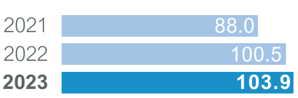
Link to remuneration

Key element of the bonus plan for the Executive Directors.

Further information can be found within the Directors' Remuneration report on pages 101 and 113.

Adjusted operating profit ($m)

$103.9m



Definition

Profit derived from the normal operations of the business after adjusting items.

Performance

Further information can be found on pages 190-191.

Link to strategy

Link to remuneration

No direct link.

Adjusted operating profit margin (%)

14.6%

Definition

Adjusted operating profit divided by revenues.

Performance

Further information can be found on pages 190-191.

Link to strategy

Link to remuneration

No direct link.

Target

2026 adjusted operating profit margin of 19%+.

Contribution margin (%)

49.4%

Definition

Revenue less all variable costs, divided by revenue, expressed as a percentage.

Performance

Further information can be found on pages 190.

Link to strategy

Link to remuneration

No direct link.

Average trade working capital to sales ratio (%)

25.1%

2021	17.7
2022	22.5
2023	**25.1**

Definition

The 12 month average trade working capital divided by revenue, expressed as a percentage.

Trade working capital comprises inventories, trade receivables and trade payables. It specifically excludes prepayments, capital or interest related receivables or payables, changes due to currency movements and items classified as other receivables and other payments.

Performance

Further information can be found on pages 191.

Link to strategy

Link to remuneration

Key element of the bonus plan for the Executive Directors.

Further information can be found within the Directors' Remuneration report on pages 113.

Adjusted return on operating capital employed (%)

15%

2021	13
2022	14
2023	**15**

Definition

Adjusted operating profit divided by operating capital employed, expressed as a percentage.

Operating capital employed comprises fixed assets (excluding goodwill), working capital and operating provisions. Operating provisions include self-insurance and environmental provisions but exclude retirement benefit obligations.

2023 return on capital employed ("ROCE") including goodwill was 9% (2022: 9%).

Performance

Further information can be found on pages 190.

Link to strategy

Link to remuneration

ROCE is an underpin for the long term incentive plan.

Further information can be found on page 102.

Target

2026 ROCE of over 20%.
This is equivalent to over 12% ROCE including goodwill.

Non-financial KPIs

Total recordable injury rate ("TRIR")

0.33

2021	0.90
2022	0.67
2023	**0.33**

Definition

We use the US Occupational Safety and Health Administration ("OSHA") definition for recordable injuries and illnesses. TRIR is the total number of recordable incidents multiplied by 200,000 divided by total hours worked by all employees during the year.

Performance

Further information can be found on pages 45-46.

Link to strategy

Link to remuneration

Non-financial targets within the Executive Directors' annual bonus structure typically include a component of individual objectives relating to safety performance.

See page 114 for detail.

Scope 1 and 2 GHG emissions (kt CO_2e)

63 kt CO_2e

2021	75.2
2022	67
2023	**63**

Definition

Total Scope 1 and 2 (market based) GHG emissions as defined by the GHG Protocol.

Performance

Further information can be found on pages 39-41.

Link to strategy

Link to remuneration

Non-financial targets within the Executive Directors' annual bonus structure include a component of individual objectives relating to sustainability objectives.

See page 114 for detail.

Environmental incidents (Tier 2[1])

7

2021	0
2022	0
2023	**7**

Definition

We record and categorise environmental incidents into tiers based on the severity or actions taken by regulatory authorities. Tier 1 incidents are those that have a significant impact on the environment and require reporting to an external authority and where enforcement action is likely. Tier 2 incidents have a minor impact and require notification but are likely to result in minimal action by the authorities.

Performance

Further information can be found on pages 46.

Link to strategy

Link to remuneration

Non-financial targets within the Executive Directors' annual bonus structure include a component of individual objectives relating to safety performance.

See page 114 for detail.

1 No Tier 1 incidents recorded.

Stakeholder engagement

The Board has considered the interests of stakeholders throughout the year.

Customers

Our customers rely on us to deliver high quality products with superior performance, efficiency and sustainability features. We deliver a range of products to customers around the world and, by providing expertise and innovation, we keep our customers at the forefront of their industries.

What matters to them

- Customer service and performance
- Supply reliability and quality
- Responsible investment
- Affordability and value

How we engage

- Continuous customer dialogue helps inform our innovation, which aligns with market trends
- Provide technical support services to our customers: an established global key account programme enables us to focus on deepening our customer relationships
- Continuous feedback loop with key large customers drives more sustainable, innovative products that will meet their needs, strengthening partnerships and collaborations
- Participation and launching of new products at conferences and trade shows, and active participation in Industry associations

Actions and outcomes

- Launched 12 new products
- 28 innovation projects in development
- $51 million new business won
- $16 million spend on R&D and technical support
- Customer support trainings was approximately 50 formulators trained per month
- $97.5 million total Innovation sales

Read more on pages 18-19.

Suppliers

A resilient and ethical supply chain is critical to our business. We rely on our suppliers to be able to meet the needs of our customers so that we can meet our growth opportunities and portfolio potential.

What matters to them

- Responsible supply chain
- Sustainability
- Collaboration

How we engage

- Onboarding process provides two-way communication to build relationships with our suppliers
- Direct engagement with suppliers by senior management and regular contact with procurement team to address any issues or potential issues
- Corporate responsibility and ethics reporting

Actions and outcomes

- Suppliers are held to high ethical standards
- Reliability of supply/key raw materials – development of additional raw material supply sources

Read more on pages 14, 22-23 and 51-53.

Employees

Our employees are crucial to the success of our business, and many of our decisions have an impact on them. Our employees want to feel valued and empowered to make a difference. A safe, ethical and sustainable workplace with the possibility of creating real impact remain important hallmarks of our employee proposition.

What matters to them

- Health, safety and wellbeing
- Diverse and inclusive workplace
- Fair pay and reward
- Opportunities for learning and growth

How we engage

- Initiatives around health, safety and wellbeing, and our organisational culture
- Promote diversity and inclusion, with a full month dedicated to the theme in October, and regional activities facilitated by the employee resource group
- Bi-annual engagement survey to obtain feedback and develop action plans
- Global and local townhall meetings
- Regular leadership briefings and intranet updates for the Fit for the Future programme
- Performance reviews and appraisals provide feedback on agreed objectives and career development discussions
- Unlimited access to LinkedIn Learning
- Global 24-hour, confidential employee assistance programme

Actions and outcomes

- 90% of sites without a recordable incident
- Over 80% participation in the engagement survey, with a grand mean of 3.86 out of 5 in both 2023 surveys
- Over 1,720 hours logged on LinkedIn Learning
- Over 2,400 hours logged on learning platform Lzdxedu.com, available in China
- Three global townhall meetings
- Collective consultation process for Fit for the Future programme completed as required in Germany, the Netherlands and Finland

Read more on pages 45-50.

Communities and the environment

Engagement helps us to understand our impact on wider society and the ways in which we can work together to make a valuable difference.

What matters to them

- Local employment
- Economic contribution
- Operational impact and disruption
- Environmental considerations

How we engage

- Environmental and social reporting on our website, including corporate responsibility, modern slavery, gender pay, water stewardship and carbon emissions
- Philanthropy and employee-matched funding for charity policy
- Local volunteering activities
- Carbon Disclosure Project ("CDP"), UN Global Compact ("UN GC") communication on progress
- Local biodiversity initiatives such as recycling rainwater for banana plantations in Brazil

Actions and outcomes

- Water Stewardship Policy
- Volunteering and fundraising activities
- Gold rating from EcoVadis and B rating for CDP Climate and Water
- Alignment with UN Sustainability Development Goals ("UN SDG")

Read more on pages 29-44 and 51-53.

Investors

As owners of the Company, it is important to engage actively and listen and respond to investor feedback throughout the year.

What matters to them

- Successful delivery of our strategy and financial targets
- Transparent and regular updates
- Capital generation and shareholder returns
- Robust governance practices and responsible corporate citizenship

How we engage

- Interim and full-year results presentations, investor roadshows, attendance at conferences, site visits and ad-hoc meetings with existing and potential investors
- The AGM is an important event, attended by all Directors, where all shareholders can access the meeting and ask questions
- Governance roadshow with the Chair and meetings with the SID and Committee Chairs as required

Actions and outcomes

- Maintained a comprehensive programme of communication throughout the year, with regular market updates
- 70 investor meetings with over 90 institutions
- CMD in London, with over 50% of the shareholder register represented either in person or via a live webcast
- Updated financial targets, including a new ROCE target, reflecting investor feedback
- Hybrid AGM, with all resolutions passed
- Our Chair held a corporate governance roadshow, meeting five of the top shareholders
- Following a public letter by a major shareholder, the Chair reached out to top shareholders to collect their feedback, which was shared with the Board
- Investor feedback is collated and considered by the Board on a regular basis

Read more on pages 78

Government, trade bodies and regulators

Engagement with governments and local regulatory authorities helps to ensure we understand changing regulatory requirements and can maintain a constructive dialogue to meet these requirements.

What matters to them

- Governance and compliance
- Trust and transparency
- Environmental impact
- Sustainable procurement

How we engage

- Direct engagement with regulatory authorities, including permit compliance, reporting breaches, annual technical submissions and regulatory guidance
- Establishing and maintaining key contact relationships with the Company's main regulators
- Active engagement with industry bodies

Actions and outcomes

- Clear commitment to complying with legal obligations
- Code of Conduct and relevant policies reflect legal and ethical standards
- Through our membership of the European Talc trade association, Eurotalc, we have participated in dialogue representing the industry's views in relation to the proposed harmonised classification and labelling of talc
- In relation to our talc mines in Finland, we have launched a programme of engagement activities with regional and national regulatory bodies to ensure meaningful engagement
- Consultations with trade unions and works councils

Read more on pages 51-53.

Section 172

To be able them to fulfil their duties when making decisions, it is essential that our Directors understand what matters to, and the impact on, our stakeholders and, equally, that it is not always possible to provide positive outcomes for all stakeholders when considering the long term success of the Company. Details of our stakeholder groups and how the business and the Board have engaged with them during the year are set out on pages 26-27.

The Board receives information on stakeholder engagement matters through regular reports and presentations from senior management throughout the year. All Board papers for principal Board decisions include a specific section on s.172(1) and stakeholder interests. In addition to s.172(1) duties, there are also other factors that are taken into account or may be considered relevant in the context of decision making: for example, pension scheme members or engagement with regulatory authorities, as well as an overarching governance framework which includes Group policies and the Code of Conduct. Directors bring additional value by sharing knowledge or insight gained from other previous or current roles.

The Board visited several of our sites during 2023 (Hsinchu (Taiwan), Livingston (Scotland) and Songjiang (China)). These visits provided opportunities for our employees to engage with the Directors during their tours of the sites, management overview presentations and social events with the Board. In addition, the Directors engaged directly with our investors (see page 78 for more detail) and participated in a wider programme of engagement with our employees.

Christine Soden, our Designated Non-Executive Director ("DNED") for Workforce Engagement, ensures that the views and concerns of the workforce are brought to the Board, understood and taken into account. Further information on our approach to workforce engagement can be found on pages 80-81.

Key decisions in the year

Fit for the Future organisational restructuring

S.172(1) considerations

- How the restructuring would be perceived by the global workforce and uncertainty it might bring to staff during the transition period
- The long term financial benefits to the Group and a wide range of stakeholders

The Board's role

Following the sale of the Chromium business, the Board felt it was the right time to focus on creating an organisational design that would make the Company more financially and operationally resilient.

An external consultancy, Q5 Partners, was selected to help transition the business to a new operating model and ways of working, making Elementis Fit for the Future.

The Board began to evaluate the detailed design proposals for the project during Q1 2023, including ensuring that the Group's innovation and commercial capabilities would be protected, and approved the announcement of Fit for the Future in Q3 2023. The new organisational structure for the Group is expected to be completed during 2025. Changes announced include the creation of a simpler and more efficient organisational structure based around our three regions; the opening of an R&D unit and global centre of excellence in Porto, Portugal; and the outsourcing of several financial processes.

As a result of the proposed changes, the Cologne site, in Germany, will close. Full consultation took place with the Dutch and German works councils and the Finnish shop stewards, with the appropriate agreements finalised and communicated to employees during January 2024.

Key stakeholders identified

- Employees
- Customers
- Suppliers
- Communities and the environment
- Investors

Reintroduction of dividend

S.172(1) considerations

- Importance of dividends for long-term success of the Company
- Important element of the Group's investment case for investors
- Expectations of shareholders to be taken into account
- Ensuring the company had sufficient resources to continue supporting customers and employees, whilst maximising opportunities
- Broader economic uncertainty and the potential medium and longer term impact on the group
- Ensuring there would be no material impact on the security of the Elementis Group Pension Scheme

The Board's role

The Board is regularly updated on the Company's performance and its capital, funding and liquidity position.

Following the recovery from COVID-19 and strengthening of the balance sheet, the Board discussed the possibility of declaring a dividend for the full year.

The Board has recommended a dividend of 2.1 cents per share in respect of the 2023 financial year, and will be put to shareholder approval at the AGM on 30 April 2024.

Key stakeholders identified

- Employees
- Investors

Sustainability
Overview

Guided by our purpose – unique chemistry, sustainable solutions – we strive to use our expertise to shape positive outcomes for the world. Our product innovations and responsible management of natural resources help us to create better additives that help our customers meet their own sustainability and performance ambitions.

We support the UN SDGs and are committed to maintaining a business which contributes to their delivery. We are a signatory to the UN GC and our annual communication on progress is available on their website. We are committed to slavery-free supply chains. Our Board of Directors approves our annual Modern Slavery transparency statement, available on our website.

2023 sustainability highlights

Total recordable injury rate vs 2022

↓50%

Revenue share from products that are natural or naturally-derived[1]

68%

Absolute GHG emissions (combined Scopes 1 and 2 market based) vs 2022

↓6.7%

Women in senior leadership positions

37%

2030 environmental targets met in 2023

2 / 4

Purchased electricity from renewable or low carbon sources

77%

Third-party ratings

CDP
DISCLOSURE INSIGHT ACTION

Climate: B

Water: B

EcoVadis rating

Gold 75/100

Sustainalytics: Medium risk

MSCI: A

FTSE4Good: Constituent member

We believe that transparency on risks, actions and data is crucial to demonstrating sustainability improvements and we support various external rating agencies in their assessment of our performance. Our CDP disclosures are available on both our website and CDP's website. In 2023, we again achieved EcoVadis Gold, further improving to reach the top 2% of companies rated by EcoVadis. Our ratings from Sustainalytics, MSCI and FTSE4Good were unchanged from 2022.

Reporting approach

We have reported with reference to the Global Reporting Initiative Standards ("GRI") for the period 1 January 2023 to 31 December 2023, and to Sustainability Accounting Standards Board ("SASB") chemicals sector standards. How we identify ESG topics of material importance is described on page 31.

- GRI content index: page 195
- SASB index: page 197

1 ISO 16128 definition. 2022: 67%; 2021: 65%. Prior years restated after reclassification of some products.

Progress against our 2030 environmental intensity targets

2030 Target[1]	↓25% Combined Scope 1 and Scope 2 market based emissions (tonne CO_2e/tonne)	↓20% Energy from fuels (GJ/tonne)	↓10% Water withdrawal (m^3/tonne)	↓10% Waste sent to third parties (tonne/tonne)
Performance vs 2019 baseline	↓42% Target exceeded	↓0.5%	↓16% Target exceeded	↑5%
Performance 2023 vs 2022	↑16%	↑4%	↑2%	↑10%

We met two of four 2030 environmental targets (GHG intensity and water withdrawal intensity in 2023 (2022: two[2])). Our environmental performance in 2023 was impacted by product mix, with relatively higher volumes of higher intensity chemical products and lower volumes of lower intensity mineral-based products compared with 2022. In addition, our improvement projects this year were not of large enough impact to counteract the mix effect. In addition, our GHG intensity reflects the first full year of high volume operation at our Taloja, India. This site had a particularly negative impact due to the high emission electricity grid in the country. Sourcing clean electricity for the site is one of the largest single actions we can now take to lower emissions intensity and absolute emissions further.

In 2024, we plan to refresh our sustainability targets to ensure we continue to improve. This activity includes setting a SBT for GHG emission reductions for all three scopes via the SBTi. We will also define new targets to cover specific aspects of our value chain.

Strategy

We recognise that it is important for our business to create value for all our stakeholders, and successfully doing so improves the performance and resilience of our business. Our strategy of Innovation, Growth and Efficiency captures the opportunities that come from making sustainability improvements. We continue to grow our capabilities to better assess sustainability risks and opportunities – using industry standard approaches and tools – to help guide our priorities and decisions and communicate our impacts in a balanced way.

Innovation

We focus our capabilities on finding unique solutions to emerging sustainability challenges. For example, our organoclay-based gels improve the water resistance of consumer sunscreens, increasing their effectiveness and ensuring they stay longer on the skin.

Growth

Many of our products are well-established in end-use applications that already improve sustainability outcomes, and we aim to increase our participation in these applications further. Examples are the use of our talc for vehicle pollution control ceramics and our additives for paints with low VOC.

Efficiency

Our products help customers do more with fewer resources, such as additives that help adhesives instantly grip heavy ceramic tiles without slipping, saving end users materials, time and money. Efficiency is also a foundational requirement for sustainable improvement in our own operations and supply chain.

1 All targets are per tonne of production and have a 2019 baseline year.
2 After correction of 2022 waste data due to internal methodological standardisation.

To respond to the sustainability drivers in the markets we serve, we focus on a three pillar framework: environment, people and responsible business.

Environment

Reducing GHG emissions

Driver: Climate change

Our focus is on lowering GHG emissions throughout the value chain.

We are committed to setting an SBT, covering Scopes 1, 2 and 3, and plan for validation of this target in 2024.

We also work to increase our resilience to the risks climate change brings.

See pages 34-41 for detail.

Example

Our site in Sotkamo, Finland, has replaced the use of polluting heavy fuel oil with new equipment that uses cleaner liquified petroleum gas ("LPG").

We completed our first set of product carbon footprints, based on ISO 14040/44 standards.

Becoming more natural

Driver: Resource efficiency and lowering environmental impacts

We work to increase our use of natural, renewable and recycled raw materials.

Nature supplies many of our raw materials, so we focus on reducing environmental impacts.

We aim for a more circular and efficient use of resources in our own operations, for customers and for end-users.

See pages 42-44 for detail.

Example

Our bio-based defoamers replace fossil-derived chemicals and offer better performance.

We are introducing aluminium metal from factory wastes in our antiperspirant actives, replacing virgin metal.

Improving product safety

Driver: Products that have lower health risks

We work to find ways to lower the hazards associated with the use of our products, including substitution with lower risk materials.

We can also help our customers formulate new products with less risk for end-users.

See pages 52-53 for detail.

Example

We have developed a new additive for clear sealants that helps formulators replace phthalate containing plasticisers.

Our natural hectorite clay can be used to replace synthetic ingredients in skin care products.

People

We are reliant on our greatest asset, our people. We have a particularly strong focus on employee safety and engagement and ensuring a diverse, inclusive culture.

See pages 45-50 for detail.

Example

Continued focus on our TogetherSAFE employee safety program has brought steady improvements in our total recordable injuries rate.

We continue to improve our senior leader gender diversity.

Responsible business

We conduct ourselves with integrity, giving transparency to stakeholders, sourcing responsibly, and engaging our value chains to better address our material topics.

See pages 51-53 for detail.

Example

Continuously improving our screening systems for customers and suppliers to better manage risks.

Improving our cyber security processes to better secure our data systems.

Sustainability governance

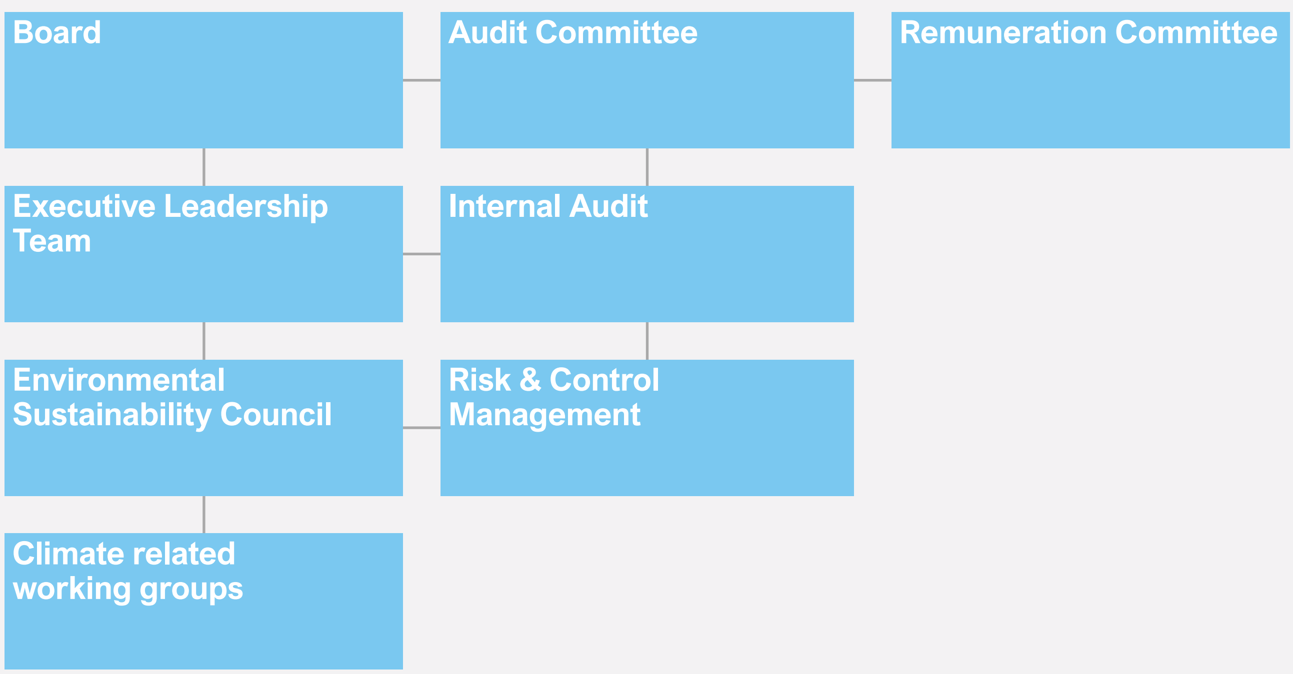
Oversight of our sustainability strategy, risks and opportunities, and progress is at Board level. Our Board has a diverse set of skills and experience (page 87), helping to embed sustainability and climate related considerations into our strategy in a balanced way. At Board level, the standing CEO's report highlights progress in sustainability (including against our climate strategy and related risks and opportunities), with further detailed management updates provided on a bi-annual basis. This year, these included improvements to sustainability risk and opportunity assessment methods for our product portfolio and supplier base, and progress on calculating product carbon footprint and life-cycle analysis.

The governance of sustainability and climate risks and opportunities is integrated into our overall risk management framework, with the Audit Committee having oversight of our sustainability and climate risk processes and disclosure recommendations through internal audit reports and management prepared materials.

Our CEO has ultimate accountability for our strategic response to sustainability, including climate related risks and opportunities. The CEO and ELT approve the sustainability programme and provide senior level support to the Sustainability Director and Environmental Sustainability Council ("ESC") to embed sustainability and climate action across the business via project and business teams.

Progress towards our 2030 environmental targets (see page 30) is part of the performance objectives of both the CEO and Chief Financial Officer ("CFO") (see page 114). The ELT members are responsible for delivering aspects of our sustainability and climate strategy and managing related risks and opportunities. The Sustainability Director is responsible for driving our overall sustainability strategy, providing the Board and ELT with formal updates biannually, and chairs the ESC. The Sustainability Director works with the Head of Risk and Controls to integrate sustainability and climate related risks into the broader enterprise risk picture. The ESC meets monthly, oversees progress and identifies further necessary actions on sustainability and climate related topics.

Sustainability and climate governance



Sustainability

Materiality and strategy

We aim for our strategic priorities to maximise beneficial impacts and minimise negative impacts to society and the environment. To do this, our priorities must reflect the full reality of the world in which we operate.

Early in 2022, we conducted a materiality assessment to help us identify the sustainability issues that matter most to our stakeholders (such as customers, investors, regulators and our employees). Full details of the process we followed are in our Annual Report 2022.

We considered issues highlighted by leading institutions, such as the UN SDGs, the UN GC and the SASB. We also considered if there were additional issues arising from stakeholder feedback and emerging from our core business strategy. We weighted the issues for importance to stakeholder groups and for the resilience of our business. The outcome was used to confirm our sustainability priorities across our global business. For example, following our materiality assessment, we have committed to set an SBT for GHG emissions reduction.

Our material topics and matrix

Environment

1. GHG emissions
2. Ecological impacts
3. Water management
4. Customer sustainability solutions
5. Energy management
6. Waste and hazardous material management
7. Air emissions
8. Product design and life-cycle management

UN SDG supported

People

9. Labour practices
10. Community relations
11. Employee health, safety and wellbeing
12. Employee diversity, inclusion and engagement

UN SDG supported

Responsible business

13. Business ethics
14. Management of regulatory aspects
15. Product quality and safety
16. Responsible supply chain management
17. Competitive behaviour
18. Data security
19. Efficient and resilient supply of raw material
20. Critical incident risk management
21. Physical impact of climate change

UN SDG supported

Climate

Climate strategy

Climate change shapes our product designs as customers demand new and increasingly impactful product benefits. It drives our actions to reduce emissions, and to improve the environmental footprint of our products. In addition, the uncertain effects of climate change mean our value chains must be more resilient and agile.

Our ambition is to reach Net Zero by 2050 at the latest. Our priority is to minimise emissions as much as possible, before using sequestration offsets for remaining hard-to-abate emissions. We do see a medium-term path for us to reduce Scope 1, 2 and 3 emissions in line with Paris climate agreement, and are committed to setting an SBT via the SBTi. We will finalise our SBT in 2024.

Beyond our planned SBT, we recognise that to decarbonise many of our own high temperature processes – and those of our suppliers – new technologies such as renewable fuels or carbon capture need be commercialised in the locations where we operate. There is significant uncertainty about these technologies and therefore, today, we are unable to specify the balance between sequestration offsets and low emissions technology that we can use to achieve Net Zero. We expect our Net Zero ambition to cover Scope 1 and 2, and we leave open the possibility of including Scope 3 as our approach matures.

Governance

The Board oversees our climate related strategy and reviews progress against our climate targets with quarterly written updates. The Audit Committee has oversight of our climate related risks and opportunities process and disclosure recommendations through management prepared materials. Our CEO has ultimate accountability for our strategic response to climate related risks and opportunities. For more detail about our approach to climate and sustainability governance, see page 32.

Strategy

Net Zero transition plan

We are taking immediate actions in the short term to lower Scope 1 and 2 emissions, improving energy efficiency through operational gains and equipment upgrades. Our low carbon electricity purchases involve purchasing renewable or nuclear energy certificates.

Delivering on fuel switching opportunities (including full or partial electrification) is important. We are electrifying a large fossil fuel-based process at our Sotkamo, Finland, site. The new process can utilise both LPG and electricity. The site already sources low carbon electricity. If we find we can run on 100% electricity, this has the potential to prevent approximately 3,000 tonnes of CO_2e emissions per year. Securing more clean electricity through high quality contractual agreements – subject to local market conditions – is key. It is especially important for our new site in Taloja, India, which had its first high volume operating year in 2023, and thus made a substantial addition to our emissions footprint (an extra 7,500 tonnes CO_2e compared to prior year).

Our Scope 3 emissions will benefit from product design improvements and portfolio management opportunities that result in products with a lower carbon footprint, supported by life-cycle assessments and supplier collaborations. Our own operational gains such as energy efficiency, logistics efficiencies and waste reduction also help.

Longer term, we have high uncertainty about the availability of renewable fuels and carbon sequestration technologies, both for our own operations and for our diverse global supplier base. We need such technologies to meet the 90-95% emissions reduction required for a science-based Net Zero target under the SBTi framework. Therefore, we take a pragmatic position, where an SBT commitment drives our medium term actions to lower emissions in line with science, while allowing time for new technologies outside our control to develop further.

The focus areas and external dependencies in our transition plan are summarised on the following page.

> Elementis plc has complied with the requirements of LR 9.8.6(8)R by including climate related financial disclosures consistent with the Task Force on climate-related Financial Disclosures ("TCFD") recommendations and recommended disclosures. The climate related financial disclosures made by Elementis plc comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Climate scenarios

To help us with our climate planning, we conducted an annual climate scenario analysis. We use climate scenarios defined by the Network for Greening the Financial Systems ("NGFS"). NGFS is internationally recognised for its work to advance climate science and contributes to the Intergovernmental Panel on Climate Change's ("IPCC") work. NGFS has defined seven future scenarios that explore possible economic and financial impacts of climate change. We selected three of these scenarios for analysis – Net Zero 2050 ("NZ"), Delayed Transition ("DT") and Current Policies ("CP"). NZ and CP represent very clear outer boundaries of climate futures, allowing us to apply clear differences in how we consider different risks. We used the November 2023 NGFS update in our scenario analysis. In 2021 and 2022, we used the Divergent Net Zero scenario, but this is no longer available in the NGFS data sets, so we substituted it with DT scenario. We expect DT to be a more likely description of the future than NZ and CP. These scenarios are summarised in the table below.

NGFS Scenario descriptions

Characteristic	Net Zero 2050	Delayed transition	Current policies
Summary	Limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050.	Global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited.	Only currently implemented policies are preserved, leading to higher physical risks.
Policy ambition	1.4°C	1.6°C	3°C+
Policy reaction	Immediate and smooth	Delayed	None
Technology change	Fast	Slow then fast	Slow
Carbon sequestration	Medium then high use	Low then medium use	Low use
Regional policy variation	Medium	High	Low

Net Zero transition plan

Short term (2024 to 2026)

We continue to work towards our 2030 goals, with the following priorities:

- Continue to implement energy efficiency improvements
- Further increase our purchase of renewable and low carbon electricity
- Finalise decarbonisation plans for each manufacturing site

In our supply chain, we:

- Continue to implement product designs that use recycled or reused raw materials, such as bio-based chemicals to replace petrochemicals and using waste aluminium to replace virgin metal
- Will increase supplier engagement to understand their emissions and associated reduction opportunities, particularly for key raw materials and logistics providers

For our customers, we:

- Continue to market and innovate products that help our customers and end consumers to use fewer resources and less energy
- Will generate cradle-to-gate life-cycle analysis for our products, to help us quantify their environmental impacts and communicate improvements we make

Dependencies

- Supply of low carbon electricity and steam at Ludwigshafen, Germany, and New Martinsville, US, is also subject to our landlord's energy purchasing strategy
- Quality and performance requirements could limit the amount of recycled or reused content we can incorporate into products
- Global market demand for solutions that bring more sustainable outcomes

Medium term (2027 to 2034)

To meet our SBT, we will further extend our focus areas.

In our operations, we plan to:

- Expand fuel switching and electrification projects
- Strive for 100% renewable or low-carbon electricity purchases

In our supply chain, we will:

- Work with suppliers to reduce emissions associated with key raw materials and logistics
- Identify new bio-derived and recycled/reused materials

For our customers, we will:

- Continue to innovate products with lower life cycle impacts, less resource use and improved functionality

Dependencies

- The availability of high quality low emission power contracts in the locations we operate
- The decarbonisation extent at our raw material suppliers and logistics providers
- Demand levels and product mix effects impacting activity volume levels – especially Scope 1 and Scope 3

Long term (beyond SBT target year)

As we move beyond an SBT and closer towards Net Zero, we will continue activities described in the short and medium term.

We will also investigate the introduction of new technologies.

Possible additional actions include:

- Introduction of green hydrogen or other renewable fuels into our hard to abate processes
- Introduction of carbon capture technology downstream of our hard to abate processes
- Purchasing carbon sequestration offsets
- Reducing volumes purchased from suppliers with relatively higher emissions

Dependencies

- Development and commercialisation of renewable fuels and carbon sequestration technologies

Material climate related risks for our business

- Carbon pricing
- Customer demands
- Consumer trends
- Investor demands
- Raw material supply/prices
- Access to renewable electricity
- Energy prices
- Water scarcity
- Extreme weather events

We annually review our material climate risks with internal functional leaders, informed by the different climate scenarios. This allows us to identify new or obsolete risks. It also allows us to create a comprehensive picture of potential climate related risks and opportunities in each scenario, and the dynamics over three time horizons: a) short term (2024-2026, our three year business plan period); b) medium term (2027-2034, expected to be close to our SBT year); and c) long term (beyond our SBT, reaching our Net Zero ambition). With the functional leaders, we also assess the impact and likelihood of these nine risks over these time horizons in each of the three climate scenarios using our enterprise risk scoring framework covered on page 64.

We initially assess climate risks through a global perspective before bringing in sector-specific or geographically local considerations as necessary. Why they are important to us, our risk assessment score and our strategy to mitigate them are described on pages 37-38, with additional detail on impacts provided below. These impacts should not be considered as forecasts – we use these calculations to understand a range of potential futures and use them to inform our strategy and tolerance to different climate risks.

The carbon pricing risk is highest in 2034 in the NZ and DT scenarios, before dropping in the long term. This reflects our underlying assumption that we will maximise decarbonisation in line with Net Zero requirements, minimising our exposure in the long term. This results in a highest theoretical annual cost of $13.6 million around 2030 under the NZ scenario. If we do not decarbonise at all, and a global carbon price is introduced, under the NZ scenario it could potentially cost us $46 million by 2040, demonstrating the importance of our decarbonisation to mitigate this risk.

Energy prices increase in all scenarios, with gas becoming relatively more expensive compared to electricity in the long term (especially in DT and NZ scenarios). Our continued focus on energy efficiency and opportunities to decarbonise by replacing fossil fuels with clean electricity help minimise our overall energy cost increases.

Especially in the NZ and DT scenarios, we expect that changing customer demands are likely to increase opportunities for our innovative and more sustainable products, while not meeting customer expectations, even in the short term CP scenario, brings a high risk of limiting our business. We are asked about our climate strategy and product carbon footprint by customers spanning all sectors and geographies that we serve. Therefore, we see more opportunities for our natural and naturally-derived additives for personal care products, for bio-based additives replacing fossil-derived additives in coatings applications and for our talc additives used in plastics for vehicle light-weighting. For examples, see our strategy on pages 16-23.

On the consumer trends, we have potential medium and long term exposure to reduced fossil fuel demand in the NZ and DT scenarios. For example, demand for our organoclay additives for fossil fuel drilling applications could slow if extraction drops over time. Another risk is that demand for our talc additives used in combustion engine pollution control ceramics could drop as new vehicle fleets become increasingly electrified. In 2023, revenue from our products directly related to fossil fuel demand comprised 7% of our revenues (2022: 6%). The NZ scenario has the largest potential impact on these revenues, with a 55% drop in primary energy demand from fossil fuels by 2040.

In the short term, our growth platforms target $90 million above market revenue growth (see page 17 for details). These growth platforms include short term opportunities for talc in pollution control ceramics, but do not include organoclay additives for drilling applications. Thus, we consider that the medium and long term market opportunities we could access with our portfolio would more than compensate for the market risks we identified during a low carbon transition.

To deliver to the market, we also need a climate resilient operation. We assess each of our sites for physical risks, in discussion with local site leaders. Extreme weather risks and high water stress already exist due to their locations, and our sites are already designed with these risks in mind. Due to this built-in resilience, there is low additional risk (medium under CP scenario in the long term) expected as long as we keep up maintenance. Additionally, we do not think our supply chains are overly exposed to suppliers or materials from specific geographies.

Overall, our short and medium term planning includes actions to ensure we take climate related opportunities and manage risks, including in:

- Marketing, to allow early identification of trends and opportunities
- Our innovation pipeline and supply chain management to deliver new products with both improved performance and sustainability impacts
- Operational activities, such as energy efficiency and decarbonisation projects

Based on this assessment, we believe our strategy is fundamentally resilient to market dynamics in different climate scenarios (including a 1.5°C Net Zero scenario), and other risks over short/medium, long and extended periods, and provides a solid foundation to capitalise on climate related opportunities.

Risk type	Why the risk is important to us	Scenario	Risk score[1] in horizon: Short	Medium	Long	Strategic mitigations
Carbon pricing						
Transition	A high carbon price could cause a significant increase in operating costs, making us uncompetitive.	CP	Low	Low	Low	• Set an SBT to support our continued Scope 1, 2 and 3 emission reductions • Continue energy efficiency and fuel switching projects • Increase low carbon electricity purchases • Product price adjustments
		NZ	High	High	Low	
		DT	Low	High	Low	
Customer demands						
Transition	As part of their own climate response and to lower their own Scope 3 emissions, our customers preferentially source products with lower climate impacts than we offer, resulting in lower revenues.	CP	High	High	High	• Climate and sustainability benefits described in our product marketing • New product innovations • Finalise SBT and deliver on GHG reduction plans • Develop product life-cycle analysis
		NZ	High	High	High	
		DT	High	High	High	
Consumer trends						
Transition	Consumers change buying habits to lower consumption or to lower climate impact products than we offer, resulting in lower revenues. Technology or regulatory developments may dramatically alter the consumer market for certain end-use applications of our products.	CP	Low	High	High	• Innovate to ensure we are well positioned to address new market trends • Increase our high naturally derived content in products • Ensure sustainable practices through the supply chain • Maintain our portfolio diversity • Monitor revenues that are directly dependent on fossil fuel consumption
		NZ	Medium	High	High	
		DT	Low	High	High	
Investor demands						
Transition	As part of their own climate response, our investors place capital in companies with better sustainability and climate credentials, increasing our cost of capital or even limiting our capability to invest in the business.	CP	Low	Low	Low	• Clearly describe how our business strategy supports climate mitigation and brings commercial opportunities • Clear disclosure of our climate strategy, metrics and progress • Meet our SBT commitment and achieve Net Zero ambition • Engage with third-party rating agencies to ensure we are fairly assessed on ESG
		NZ	Low	Medium	High	
		DT	Low	Medium	Medium	
Raw material supply/prices						
Transition	Key raw materials have lower availability, damaging our ability to fulfil orders, potentially lowering revenues, and/or higher raw material prices mean our cost base may become uncompetitive.	CP	Low	Low	Medium	• Qualification of multiple suppliers • Inventory management • Encourage climate resilience actions at key suppliers
		NZ	Low	Low	Low	
		DT	Low	Medium	Medium	

High risk Medium risk Low risk

1 Risk scores are estimated impact on Elementis multiplied by probability of occurrence.

Risk type	Why the risk is important to us	Scenario	Risk score[1] in horizon: Short	Medium	Long	Strategic mitigations
Access to renewable electricity						
Transition	Access to renewable/low carbon electricity is a crucial lever for us to make progress on our emission reduction plans in the near term. If demand outstrips supply, we may find it too costly to use renewable electricity, impacting our competitiveness.	CP	Low risk	Low risk	Low risk	• Investigate renewable/low carbon electricity supplies with multi-year contracts • Assess opportunities to build additional capacity exclusively for our use • Purchase a mix of renewable and nuclear emission certificates to secure low carbon electricity at a balanced price
		NZ	Low risk	Medium risk	Low risk	
		DT	Low risk	Medium risk	Medium risk	
Energy prices						
Transition	A high energy price causes significant increase in operating costs. Our cost base may become uncompetitive.	CP	Low risk	Low risk	Low risk	• Energy purchase strategy that balances spot, hedged and contracted purchases • Management of energy supplier contracts • Increased electrification to minimise exposure to gas and liquid fuels • Energy efficiency projects
		NZ	Low risk	Low risk	Low risk	
		DT	Low risk	Low risk	Low risk	
Water scarcity						
Physical	Our sites are disrupted by lack of access to clean fresh water for manufacturing product.	CP	Low risk	Low risk	Medium risk	• Projects to minimise water withdrawal and improve water and effluent management • Some sites have access to their own borehole for water supplies
		NZ	Low risk	Low risk	Low risk	
		DT	Low risk	Low risk	Low risk	
Extreme weather events						
Physical	Our sites are disrupted due to weather related factors, leading to delayed order fulfilment and potentially lower revenues, while increasing our cost base for repairs/prevention.	CP	Low risk	Low risk	Medium risk	• Continuous assessment maintenance and investment in extreme weather adaptations at sites • Supply chain and inventory management to cover shorter duration disruptions
		NZ	Low risk	Low risk	Low risk	
		DT	Low risk	Low risk	Low risk	

High risk · Medium risk · Low risk

1 Risk scores are estimated impact on Elementis multiplied by probability of occurrence.

Risk management

Our climate risk management approach is incorporated into our enterprise risk management framework (detailed on pages 63-71), and all nine climate related risks identified through the climate scenario analysis (described above) are included in our Group risk register. Some of these climate risks (for example, extreme weather events) also contribute to our principal risks.

The Audit Committee and Board have oversight of our climate risk and internal controls (pages 90-91) through management prepared materials.

To ensure we do not over or under emphasise climate related risks in relation to other enterprise risks, we use the same risk scoring framework as for our enterprise risks. We annually reassess our climate related risk scores under each scenario and time frame with our functional leaders.

Risk mitigations are monitored by the ELT and delivered by the ESC-coordinated working teams (such as Scope 1 and 2 emissions reduction) or by functional teams (such as new product innovation and product marketing).

Metrics and targets

We have a range of established metrics and environmental targets that we use to address our climate related risks and opportunities. Progress against our climate and environmental targets makes up part of the performance related remuneration of our CEO and CFO (page 114).

The table below shows which of these metrics and targets are relevant mitigations for which of our climate related risks. The table also shows which risk, target and metric are most strongly related with our Scope 1, 2 and 3 GHG emissions, and where in this report to find more information about our actions and progress.

We continue to review our metrics and targets in line with developing practices and regulatory requirements. For example, as we embed our use of climate scenarios deeper into strategic processes, we may introduce internal price of carbon scenarios to help assess capital investment projects.

GHG emissions

Our priority is to reduce absolute levels of emissions – which is better for the planet and all our stakeholders – and this is a focus of our climate strategy to be Net Zero by 2050. We have committed to set an SBT to help keep our focus on emission reduction over the medium term. Our GHG emissions footprint is detailed on page 41.

In 2023, we prevented 799 tonnes CO_2e by replacing heavy fuel oil with LPG in Sotkamo, Finland. Combined with lower activity, we saw a 17.7% drop in Scope 1 emissions vs 2022.

There was no change in which sites purchased clean electricity in 2023. Renewable and low carbon (nuclear) electricity made up 77% of our total purchased energy during 2023 (2022: 77%). We continue to assess opportunities to increase our purchase of clean electricity, a key element of our Net Zero transition plan.

Versus 2022, our Scope 2 (market based) emissions increased by 3,979 tonnes CO_2e, and Scope 2 (location-based) emissions increased by 1,652 tonnes CO_2e, driven by a higher activity at our Taloja, India, site which uses relatively high emission grid electricity.

Overall, our combined Scope 1 and Scope 2 (market based) emissions dropped by 6.7% vs 2022. A 19% lower overall production volume was counterbalanced by a product mix that contained lower amounts of low emission intensity talc output relative to our higher intensity specialty chemical products, and increased activity at Taloja, India.

Our target is to reduce our combined Scope 1 and Scope 2 (market based) emissions per tonne of production by 25% by 2030, from a 2019 baseline (2030 target: 0.20). Our intensity increased to 0.15 tCO_2e/tonne production (2022: 0.13). Nevertheless, we met our 2030 target for the third year in succession. This target will be revised in 2025 when we set our SBT.

Climate related targets and metrics

	2030 intensity target				Business metric				
Climate related risk	Scope 1 and 2 GHG emissions	Energy from fuels	Water withdrawn	Waste sent to third parties	Renewable electricity	Value chain emissions	Natural content of products	New products launched	Absolute GHG emissions
Carbon pricing	●	●			●				●
Customer demands	●	●	●	●	●	●	●	●	●
Consumer trends	●		●	●	●	●	●	●	●
Investor demands	●		●		●	●		●	●
Raw material supply/prices				●		●	●		
Access to renewable electricity	●	●			●				●
Energy prices		●			●				
Water scarcity			●					●	
Extreme weather events	●		●						
Related emission scope	1,2	1	3	3	2	3	3	3	1,2,3
Additional information	Page 41	Page 40	Page 42	Page 42	Page 40	Page 41	Page 29	Page 18	Page 41

In 2023, as we prepare for our SBT, we expanded the process-based data that we use in our highest contributing Scope 3 categories of purchased goods and transportation. 100% of direct raw materials purchased now use specific mass-based emissions factors from a third party database (2022: 50%). For transportation, we also use mode, mass and distance for 100% of shipped product and for an increased volume of raw materials. We also took a more pessimistic assumption about how our products are treated at end-of-life.

Methodologies for other categories were largely unchanged from 2022 – our detailed methodology document is available on the Sustainability section of our website. Due to resource limitations and absence of a current Scope 3 target, we have not recalculated 2022 Scope 3 emissions.

With these data methodology improvements, our total Scope 3 emissions were calculated to be similar to 2022 despite lower production volumes. The largest single contributor is virgin aluminium ingots (94,387 tonnes CO_2e) – our work to introduce waste aluminium can help lower these emissions.

We have screened Forest, Land and Agriculture ("FLAG") emissions across all scopes. We estimated that 7% (43,000 tonnes CO_2e) of our 2022 emissions footprint are FLAG related. Over 99% of our FLAG emissions are in Scope 3 Category 1, with the largest contributions coming from castor and palm oil derivatives. The balance falls under Scope 1 land use change at our own mines. Given this result, we do not anticipate setting a specific FLAG target as part of our future SBT. Our 2023 emission footprint includes all FLAG emissions we have identified. This year, we have obtained third party verification of our Scope 3 emissions for the first time.

Third party verification

We commissioned TÜV SÜD, an experienced and independent verification body, to verify our 2023 data for Scope 1, Scope 2 location and market based, Scope 3, energy consumption, water withdrawal and waste generation. GHG emissions were verified regarding compliance with the ISO 14064-1:2018 standard using a reasonable level of verification. TÜV SÜD's full verification statement is available on our website.

Energy

We recognise that responsible usage of energy (whatever the source) reduces demands on resources and infrastructure and helps lower our costs and emissions. Our 2030 target aims to reduce our energy use from fuels per tonne of production by 20%, from a 2019 baseline (target: 1.52). In 2023, 83% of our energy from fuels came from natural gas (2022: 85%).

In 2023, sites continued to improve energy efficiency, for example:

- Our Sotkamo, Finland, site introduced a fuel switching project to convert from fuel oil to LPG for a key drying process
- Our sites in Songjiang, China, and Livingston, UK, fixed compressed air leaks across the sites, saving almost 2,000 GJ of energy (annualised)
- Our site in Livingston, UK, introduced heat recovery to pre-heat a boiler feed, saving an estimated $40,000 (annualised)

In total in 2023, we spent $386,000 of CAPEX on energy efficiency projects (2022: $73,000) to save an estimated 9,000 GJ of annual energy demand (2022: 2,300 GJ).

Our total energy usage in our continuing operations was 13.5% lower in 2023 compared with 2022, primarily due to a drop in production volume, with a contribution from our energy efficiency projects. Our energy from fuels intensity increased by 3.9%. This was primarily due to product mix, with relatively lower talc production. Talc uses relatively low amounts of energy from fuel per tonne produced compared with our other products.

Examples of how we plan to improve energy efficiency further in 2024 include process optimisations in Songjiang, China, motor upgrades in Ludwigshafen, Germany, and electrification of a drying process in Sotkamo, Finland.

Net Zero transition financial metrics

While many of our activities are attributable to multiple drivers, we can attribute 1% of 2023 CAPEX directly to our climate response. This may increase over the medium term as we work to decarbonise our manufacturing sites. Our operating costs directly related to climate change include low carbon electricity premiums and projects to enhance our emission measurement capabilities. Compared with total operating expenditure, these costs are low (<0.5%). Our revenue generating activities are not eligible for current climate taxonomy frameworks. However, our natural and naturally-derived revenue metric is an indicator (page 29) of how we generate value from renewable rather than fossil-derived feedstocks.

Global energy metric	% change in year	2023	2022	2021	2020	2019 (baseline)
Total energy (GWh)	**-13.5**	**416.0**	480.7	518.4	517.3	598.4
Total energy (GJ)	**-13.5**	**1,497,493**	1,730,694	1,866,229	1,862,302	2,154,225
Energy from fuels (GJ)	**-15.7**	**787,982**	934,364	958,322	952,622	1,145,924
Purchased energy (GJ)	**-10.9**	**709,510**	796,331	907,907	909,680	1,008,301
Purchased energy certified renewable/low carbon (%)	**0**	**77**	77	72	0	0
Total energy intensity (GJ/tonne produced)	**6.5**	**3.59**	3.37	3.05	3.46	3.58
Energy from fuels intensity (GJ from fuels/tonne produced)	**3.9**	**1.89**	1.82	1.57	1.77	1.90

Global GHG metric[1]	Scope 2 basis	% change in year	2023	2022	2021	2020	2019 (baseline)
Scope 1 (tonne CO_2e)		-17.7	39,217	47,666	49,060	49,050	58,469
Scope 2 (tonne CO_2e)	Market	20.5	23,380	19,401	26,183	94,332	99,957
	Location	3.8	44,608	42,956	53,447	60,501	64,457
Total Scope 1 and 2 (tonne CO_2e)	Market	-6.7	62,597	67,067	75,243	143,382	158,426
	Location	-7.5	83,825	90,622	102,507	109,551	122,926
GHG intensity (total Scope 1 and 2 tonne CO_2e/tonne production)	Market	16	0.15	0.13	0.12	0.27	0.26
	Location	11	0.20	0.18	0.17	0.20	0.20
GHG intensity (total Scope 1 and 2 tonne CO_2e/\$m revenue)	Market	-3	88	91	106	237	225
	Location	-4	118	123	145	181	175
Outside of scopes – GHG from biomass (tonne CO_2e)		-4	3,850	4,011	5,165	5,732	6,301

Scope 3 GHG emissions by category (tonne CO_2e)		% change in year[2]	2023	2022[2]
Purchased goods and services		21.0	386,217	319,208
Capital goods		-31.6	15,338	22,421
Fuel and energy related		-1.9	20,916	21,321
Upstream transportation		-45.4	86,449	158,201
Waste generated		-53.5	4,371	9,397
Business travel		0.1	4,779	4,772
Employee commuting		-41.1	873	1,483
Upstream leased assets		29.7	191	147
Total upstream Scope 3 emissions		*-3.3*	*519,133*	*536,950*
Downstream transportation		37.4	16,257	11,832
Processing of sold products	Not calculated, not relevant	–	–	–
Use of sold products	Not calculated, not relevant	–	–	–
Product end-of-life		212.0	31,698	10,159
Downstream leased assets		2.4	319	311
Franchises	Not applicable	–	–	–
Investments		-17.3	95	115
Total downstream Scope 3 emissions		*115.8*	*48,368*	*22,417*
Total Scope 3 emissions		1.5	567,502	559,367
Total Scope 1, 2 (market based), 3 emissions		0.6	630,100	626,434
Total Scope 1, 2 (location based), 3 emissions		0.2	651,329	649,989

UK only GHG and energy metric[1]		2023 % of global	2023	2022	2021	2020	2019 (baseline)
Scope 1 (tonne CO_2e)		13.6	5,350	7,726	7,740	5,866	7,735
Scope 2 (tonne CO_2e)	Market	4.2	973	321	2,712	2,686	3,026
	Location	3.4	1,532	1,737	2,062	1,986	2,031
Total Scope 1 and 2 (tonne CO_2e)	Market	10.1	6,323	8,047	10,452	8,552	10,761
	Location	8.2	6,882	9,463	9,802	7,852	9,766
GHG intensity (total Scope 1 and 2 tonne CO_2e/tonne production)	Market	–	0.48	0.42	0.52	0.53	0.56
	Location	–	0.52	0.50	0.49	0.48	0.51
Total energy (GWh)[3]		8.8	36.6	51.3	51.4	40.9	50.4
Total energy intensity (GWh/tonne produced)		–	0.0028	0.0027	0.0026	0.0025	0.0026

1 For further data breakdowns, see the environmental data tables on our website.
2 2022 data not recalculated with 2023 methodology due to resource limitations and absence of a specific Scope 3 reduction target.
3 1 GWh = 1 million kilowatt hours (kWh). Total 2023 UK energy was 36,631,594 kWh.

We calculate GHG emissions in line with the GHG Reporting Protocol. For GHG emissions and all other environmental metrics, we report with an operational control boundary that aligns with our financial statements. For more information on our calculation approach, see our non-financial data reporting methodology document on our website.

Environment

Ensuring we minimise the negative impacts of our activities on the natural world is crucial to how we operate our business, helping the planet and supporting our own sustainable access to the natural materials we require.

Our Health, Safety and Environment ("HSE") team manages environmental compliance and performance is monitored monthly by our manufacturing organisation. Our ESC and the ELT reviews performance of our strategic environmental KPIs and major improvement projects on a quarterly basis. Seven of our sites have an environmental management system certified to ISO 14001. Further information on our environmental data methodologies is available on our website.

Water

We see water as a precious natural resource, and we continue to work to mitigate our water use, risks and impacts. Our target is to reduce water withdrawal per tonne of production by 10% by 2030, from a 2019 baseline (2030 target: 3.38). Our Water Stewardship Policy is available on our website. We have also considered climate related water risks at our sites (page 38). We publicly report our water performance through CDP, achieving a B rating in 2023 (2022: C).

Overall, our water withdrawal decreased by 17% compared with 2022 (page 43), primarily due to lower production volumes. We met our 2030 target for the third year in succession, although product mix effects meant our actual intensity metric was 2.5% higher year on year. We will publish an updated water target alongside our SBT in 2025.

We have worked to increase efficiency of water use across our portfolio. For example, we changed how we allocated products to our filtering equipment in Ludwigshafen, Germany, and were able to save approximately 30,000 m^3 of water withdrawal (annualised). We also located and repaired a leak in our underground supply pipe in Songjiang, China.

Our water discharge (page 43) is significantly higher than withdrawals, primarily due to groundwater and rainwater management at our mines in Finland. For the rest of our sites, discharge is generally lower than withdrawal due to process water being lost to evaporation as we dry our products, and sometimes shipped as part of a product.

We use the World Resources Institute ("WRI") Aqueduct tool to help us understand water risks. This year, our site in Newberry Springs, US, has been newly classified as within a high water stress area, along with our two manufacturing sites in China (Songjiang and Anji). Our water withdrawal intensity in those areas was 6.1 m^3 per tonne produced in 2023 (2022: 4.1 m^3 per tonne produced).

Waste

We recognise how valuable resources are and we aim to use them as efficiently as possible to support a more circular economy. To this end, our target is to reduce the waste (including hazardous waste) we send for third party treatment per tonne of production by 10% by 2030, from a 2019 baseline (2030 target: 0.032).

We have re-baselined our data for this metric as we better standardised our data management of this KPI to exclude wastewater trucked offsite at two sites. Data from 2019 to 2022 has been corrected.

Our waste per tonne of production increased by 9.7% in 2023 (page 43). We will publish an updated waste target alongside our SBT in 2025.

We conducted activities to reduce our waste, including at our Hsinchu, Taiwan, facility where the recycling of process residues and recycling of raw material drum packaging saved over five tonnes of waste (annualised). Future projects include the potential reclassification of clay wastes from our Livingston, UK, site as products for use within agricultural and construction businesses. If realised, this could reduce our waste by thousands of tonnes. Similar wastes from our Anji, China, site are treated by our waste services provider and then used in construction materials.

In 2023, 50% of our total waste sent offsite for third party treatments was landfilled, the majority of this being non-metallic mineral wastes. 8% of waste was incinerated and 41% was recycled or reused. 8% of our waste was classified as hazardous (2022: 4%).

Air emissions

We control the emission of dust and gaseous pollutants – including VOC, Nitrogen Oxides ("NOx") and Sulfur Oxides ("SOx") – in compliance with our local operating permits, using scrubbers where necessary. Significant air emissions are detailed on page 43. The large drop in SOx emissions in 2023 is due to the replacement of heavy fuel oil with LPG at our Sotkamo, Finland, site.

Photo: Our site in Sotkomo, Finland.

This site has prevented 799 tonnes of GHG emissions and approximately 20 tonnes of SOx emissions by executing a fuel switching project, moving from heavy fuel oil to LPG, with future potential to electrify the process.

Water metric	% change in year	2023	2022	2021	2020	2019 (baseline)
Total water withdrawal (m^3)	-16.7	1,310,825	1,573,678	1,700,117	2,048,730	2,254,182
Water withdrawal intensity (m^3/tonne produced)	2.5	3.15	3.07	2.78	3.80	3.75
Water withdrawn from high water stress areas (m^3)[1]	-8.4	188,033	205,248	308,809	291,866	223,422
Water withdrawn from high water stress areas intensity (m^3/tonne produced)	48.8	6.1	4.1	5.2	10.4	6.4

1 Newberry Springs, CA, US, was classified as in a high water stress area in the WRI Aqueduct tool for the first time in 2023. The site water withdrawal has been added to 2019-2022 figures to aid comparison of trends.

Water metric (m^3)		All locations	Water stressed locations
Water withdrawal by source	Ground	248,877	48,461
	Surface	185,539	103,531
	Third party	876,410	36,041
Total water withdrawn		1,310,825	188,033
Water discharge by destination	Ground	0	0
	Surface	3,286,514	68,370
	Third party	756,977	11,785
Total water discharged		4,043,491	80,156
Total water consumed		-2,732,666	107,878

Waste sent for third party treatment	% change in year	2023	2022	2021	2020	2019 (baseline)
Mass of hazardous waste (tonne)	70	1,276	750	293	–	–
Mass of non-hazardous waste (tonne)	-15.9	14,269	16,728	18,842	–	–
Total waste (tonne)	-11.1	15,545	17,478	19,135	19,704	21,297
Total waste intensity (tonne generated/tonne produced)	9.7	0.037	0.034	0.031	0.037	0.035

Treatment method of waste (tonne)	Hazardous waste	Non-hazardous waste	Total
Landfilled	138	7,664	7,802
Incinerated	1,126	185	1,310
Recycled/reused	12	6,420	6,432
Total	1,276	14,269	15,545

Emission to air (tonne)	2023	2022	2021
Sulfur oxides	0.5	24.0	33.5
Nitrogen oxides	19.5	29.6	37.3
Volatile organic compounds	65.6	48.8	58.3
Hazardous air pollutants	6.3	4.1	3.9
Particulate matter	1.7	2.5	20.3

Production volume (tonne)	% change in year	2023	2022	2021	2020	2019 (baseline)
Global total	-19	416,738	513,300	611,533	538,495	601,753
UK only	-30	13,253	19,056	19,926	16,282	19,233

Responsible mining

We operate mines in Finland and California, US, that give us direct access to key mineral resources incorporated into our products. We work to protect the environment and nature, reducing or avoiding our impact on sensitive species, habitats and ecosystems. Our biodiversity statement is available on our website. We engage openly and constructively with local communities, seek continuous improvements in our practices, and work to minimise negative impacts of our operations.

Overburden, tailings and ore beneficiation residues remain in tailing storage facilities on our mine sites. Some of these materials are sold as products, and there is further potential for valorisation in the future.

Photo: Our California mine.

Finland

We operate four active open cast mines for high purity talc minerals. Our talc mines are members of the Finnish Network for Sustainable Mining, which aims to advance responsible mining practices, and we are committed to the Finnish Towards Sustainable Mining Standard.

We continuously monitor environmental impacts with our own laboratories or qualified third parties, including the quality of groundwater and surface water. We reuse the water from our tailings storage facility in our ore processing, minimising freshwater withdrawal and resulting in a water recycling rate of over 95%. As we mine, we pump out accumulating groundwater and rainwater, treating it before discharge.

As we process the talc ore, we produce nickel concentrate and magnesite sand as by-products, which are utilised in on-site infrastructure or sold externally. We also use rocks in road construction on site.

The land area actively mined at these sites is 1,792 hectares. Our land management and remediation plans include consideration of landscape value when designing landfill areas.

There are no endangered species identified in our mining areas. The impact of our mining activities on biodiversity is monitored in compliance with local operating permits and regulations.

Our permits are susceptible to challenges from environmental lobbyists and where this occurs, we work constructively with the permitting authorities and follow legal due process to defend our rights.

California, US

We operate one open cast mine in California for hectorite clay mineral. We can mine 220 hectares of land and have additional claims (mineral rights) on US federal land surrounding the current operation.

By design and geological location, no stormwater leaves the site. Occasionally, rainwater in active mining areas is pumped to other parts of the property to evaporate while allowing mining to continue. Water from an on-site owned well is used for dust control, to remain in compliance with the reclamation plan and regional California Air Quality Management District requirements.

All mined material is segregated such that further uses can be found for it in future (e.g. in agriculture, highway construction or landfill liners). We sell a small amount of rock as storm erosion protection and clay for agriculture amendments and residential pond liners.

Our mine is within the habitat range of the Mojave Desert tortoise, which is on the International Union for Conservation of Nature red list as critically endangered. We have an approved tortoise barrier surrounding the site to prevent tortoises entering the site. Should a tortoise be found inside the fence, we work with a trained biologist to return the animal safely to its natural habitat.

Supporting reforestation

We partnered with Forestmatic to plant a tree for every visitor who left a business card at our marketing stand at a major conference. We planted 275 trees in Peru, supporting a project run locally by Camino Verde. The local community benefits economically from the resulting non-timber products, and degraded land is rehabilitated to a healthy forest.

275
Trees planted in Peru

Sustainability

People

At Elementis, our people are the key ingredients of our success. They are vital members of a local team and a dynamic, global, inclusive company, and they play a pivotal role in bringing our purpose to life – delivering unique chemistry and sustainable solutions to the world.

Our Values define our culture and guide our journey. **Safety** is more than a standard; it's a way of life, showcasing our unwavering commitment to our workforce's well-being. Our **ambition** is demonstrated in our passion for excellence and our drive to create **solutions** that bring value. **Respect** is woven into all interactions, whether with colleagues, customers, communities or the environment. And **teams** are the foundation of our success, creating an environment where collective efforts result in exceptional achievements.

Health and safety

Safety is a core value at Elementis. Our focus is on keeping our employees safe, protecting people, and operating responsibly. Accountability for health and safety is held by our CEO, supported by the Senior Vice President ("SVP") Global Supply Chain and Manufacturing and the Global Director for HSE. Our Board receives a detailed update on our health and safety performance at each meeting and the ELT receives updates monthly as part of the review of overall Group performance.

Our health and safety strategic plan reflects how we turn focus into action. Our objective is to deliver excellence in HSE performance and drive continuous improvement through continual investment in our people, management systems and our facilities. A copy of our HSE Policy is available on our website.

We operate a comprehensive management system that supports our Values and the delivery of our health and safety programme TogetherSAFE. We continuously develop key parts of the management system. This year, we expanded our development of a global HSE framework and publication of HSE standards in line with International Organisation for Standardisation ("ISO") standards. We continued our safety leadership certification programme for new site management, certifying six new leaders on performance, compliance and risk management. We awarded our third annual CEO TogetherSAFE Award to our Huguenot and Wallkill (US) sites for their safety initiatives in merging TogetherSAFE and hazard recognition, expanding 'Stop Work Authority' reporting, and increasing the number of HSE champions.

We held our third annual Global Safety Week in April, with all our sites uniting globally to celebrate and nurture our safety culture. Speakers covered topics on wellness, sustainability and a shared personal story on confined space hazards.

Organisational roles and responsibilities, and mechanisms to communicate information and data management supporting the measurement and tracking of HSE incidents, are operated under our global HSE Leadership Council. The Council meets monthly and comprises functional and business segment representatives spearheading the HSE management system throughout the organisation. All sites' local management systems are based on Plan, Do, Check, Act principles to ensure sufficient control and drive continual performance improvement. Each manufacturing site operates a safety committee covering matters that impact employee health and safety, performance, incidents and concerns. All suggestions are tracked as corrective and preventative actions.

To ensure compliance with our safe work procedures and compliance with legislative requirements, employees are given training tailored to their specific job requirements and required level of competence. Training consists of both in-person and virtual, with each site maintaining a training plan. Safety critical training and competencies are clearly identified and kept up to date.

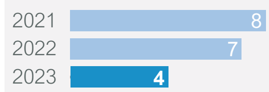
Our corporate HSE team conducts regular audits to determine compliance with country and local regulations, completing five audits (eight in 2022) of our manufacturing sites.

Health and safety performance

Our total recordable injury and illness rate was 0.33, compared with 0.67 in 2022. There were four employee recordable injuries (2022: eight). There were four lost time accidents ("LTAs") (2022: three). Most of our employee injuries were lacerations (32%) and sprains/contusions (24%). Key improvement opportunities identified from these incidents are risk assessment of tasks before work commences, overseeing work during operations, safe lifting practices, early reporting of symptoms, and adherence to procedures and rules. There were zero fatalities reported in 2023 (2022: zero).

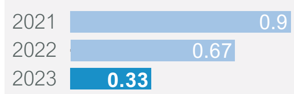
Total recordable injuries

4



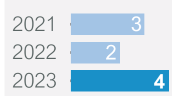
Total recordable injuries rate

0.33



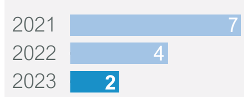
Total lost time injuries

4



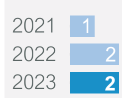
Contractor recordable injuries

2



Total PSE Tier 1 and 2

2



2021 and 2022 data excludes divested sites.

Process safety

Process safety management ensures that systems and procedures are implemented to prevent and control hazards associated with toxic releases, fires, explosions, uncontrolled reactions and energy releases that can result in catastrophic incidents.

A formalised process safety management standard was created in 2023 to guide our plants in managing risk according to requirements and best practices. Aligned with the standard increased training in process safety events ("PSE"), hazard analysis, and defined competency requirements, were conducted and a process safety improvement plan for high risk processes executed. Phase 1 of the plan included sites identified as high hazard, which were prioritised due to overall risk (severity and frequency). The plan included completion of associated process hazard analysis ("PHA"), management of risks raised in PHAs and identification of deficiencies in the maintenance of safety critical equipment. Phase 2 will include the remaining high risk locations as well goal of 100% PHA coverage by 2025.

A PSE is an unplanned incident or accident that occurs during the operation of a chemical or industrial plant, where a hazardous material is being used or processed. We had two Tier 1 or Tier 2 PSEs in 2023 (2022: two). Both incidents involved seal failure. One resulted in the loss of primary containment to secondary containment; the other a slow leak over a period of several days. Corrective actions implemented include upgraded preventative maintenance plans and increased visual inspections of critical equipment.

In 2023, we had seven Tier 2 environmental incidents (2022: zero). Our local incident response teams followed procedures to recover the situation and declared each incident to the local authorities as soon as we became aware of a problem. The two most potentially impactful of these events were caused by third party tampering of a pipeline, and investigation is ongoing. Four of the incidents have been closed in collaboration with the authorities. The root cause was either equipment malfunction (three incidents) or failure to follow procedure (one incident). A thorough analysis of each incident was conducted and learnings communicated across our manufacturing network to prevent future occurrences. The remaining incident was an administrative error made during an air permit renewal application.

Safety metric methodology

We use the US OSHA Regulation definition for a recordable injury:

A work related accident or illness that results in one or more of: death; loss of consciousness; absence of more than one day; medical treatment beyond first aid; restricted work or transfer to another job.

TRIR is the number of recordable cases multiplied by 200,000 divided by total hours worked by all employees (including directly supervised contracted/temporary employees) over a calendar year. We exclude contractors from the TRIR calculation, separately tracking the number of contractor recordable injuries.

A LTA is a work related injury or illness that requires greater than three days away from work (excluding the day of the incident).

A Tier 1 or Tier 2 PSE involves loss of primary containment with consequence. It is an unplanned or uncontrolled release of any material from a process. Tier 1 has a higher magnitude of consequence than Tier 2, as defined in the American Petroleum Institute Recommended Practice 754.

A Tier 1 or Tier 2 environmental incident is a release of materials at a level in breach of our permit limits that requires notification to the authorities. Tier 1 has a higher magnitude of consequence, either in impact or in remediation costs.

Contractor safety

A contractor is defined as a third party contracted to undertake work on behalf of the Company, or to provide a specific service to the Company. All new contractors are given HSE orientation prior to commencement of work to understand their on-site responsibilities and to ensure compliance with our safe work procedures. Each site conducts specific contractor orientation, covering life critical rules, safe work permitting, emergency procedures and incident reporting.

Contractors deemed as high risk are vetted by reviewing the suitability of their programmes and training, and their organisation for regulatory violations. A contractor recordable injury is a work related accident, meeting the definition of recordable injury, that occurs to a contractor while working at an Elementis site. Contractor recordable injuries decreased in 2023 to two (2022: four).

Focus for 2024

In 2024, we will continue implementation of global HSE standards and framework within the operations and develop meaningful KPIs to support the rollout. We will heighten engagement by leveraging the success of initiatives such as the TogetherSAFE CEO Award, Global Safety Week and our 'Call to Action' initiative and embed process management practices by continuing to drive execution of the process safety improvement plan. To reduce associated injury risks, continued work is needed on ergonomic assessments of our manual handling tasks, promotion of hazard recognition, work permitting and risk assessment processes at all manufacturing sites. We will support training of new HSE leaders, and promote stop work authority and near miss reporting.

In 2023, several of our sites celebrated extended periods of safe operation.

90%
of sites had zero recordable injuries for >1 year

52%
of sites had zero recordable injuries for >3 years

The following sites celebrated significant milestones without an employee recordable injury, showing strong employee engagement in driving continuous improvements in safety culture and taking responsibility for their own and others' safety:

- Katwijk (12 years)
- Milwaukee (11 years)
- Newberry mine (8 years)
- Middletown (7 years)
- Livingston (6 years)
- Songjiang (4 years)
- Palmital, Huguenot, Anji (3 years)

'Call to Action' initiative

600 employees, 46 meetings and over 100 actions developed

Following an increase in incidents in the first half of the year, all sites globally were requested to step up efforts to improve HSE performance by engaging with employees, which sent a clear message about the value we place on safety.

To ensure future occurrences are minimised, all sites participated in small group sessions discussing the events, suggesting areas for improvements, and documenting key learnings for follow up sessions. Key improvement areas identified included reducing risk from manual handling tasks, improved employee and contractor training, better oversight of work and permits, promotion of Stop Work Authority ("SWA"), reporting near misses, and a continued drive towards hazard recognition within operations.

Our people

In 2023, we continued to promote and further integrate our employee value proposition – Connect, Grow, Make an Impact – launched in 2022. These areas were identified by our employees as our core areas of strength. Connect – as our people value the collaboration and being part of a global team. Grow – as there are plenty of opportunities to participate in projects and gain new perspectives and experiences. Make an Impact – because everyone's contributions are valued, and our work has a meaningful impact.

Our policies and practices

Our HR policies demonstrate how our values are put into practice. They underscore our commitment to providing equal opportunities in employment, striving to ensure that the work environment is free of harassment and bullying and that everyone is treated with dignity and respect. Our policies are available to all employees via the company intranet and local HR. Mandatory training is provided to all employees.

While the Company has fewer than 250 employees in the UK and is therefore not required to report under the gender pay gap regulations, the Group reviews gender pay globally on a biennial basis, with the most recent one completed and reviewed by the Board in December 2022. This showed significant progress globally with the UK data showing that female employees were paid slightly higher than their male counterparts. A further review will take place in 2024.

We are committed to providing fair, market competitive, pay and benefits to attract, engage and motivate employees at all levels. We aim to pay fully competent individuals who consistently meet performance expectations at competitive market levels. We review benchmark salary increase data on an annual basis and complete a full survey every three years to ensure we maintain this position.

We are accredited by the UK Living Wage Foundation in respect of our pay commitment to direct and third party employees at all UK locations.

We provide a variety of leave programmes to support employees through life events, including family leave to care for sick family members, paternity and maternity leave, and bereavement leave. Leave entitlement varies greatly across countries but the offerings are all in line with or above market norms.

Employee headcount by gender and region

Effective as of 31/12/2023

Metric	Male employees	Female employees	Total
Americas	293	110	**403**
Europe[1]	326	128	**454**
Asia	320	103	**423**
Global	939	341	**1,280**

1 One employee chose not to disclose.

In addition, each country offers multiple forms of personal and family support which aim to enhance work-life balance and increase employees' sense of well-being. Examples are child education and childcare support, meal allowance or meal vouchers, on-site canteen, transportation support, and gifts for holidays and life events.

From our employee population, 7.3% are union members and 28% are subject to collective bargaining agreements (data excludes Ludwigshafen, Germany, where we have no right to this information).

Voluntary attrition reduced to 8.8% (2022: 10.6%), well below manufacturing industry benchmarks.

Metric	2023
Union membership	**7.3%**
Collective bargaining agreement	**28%**
Voluntary attrition	**8.8%**

Human rights

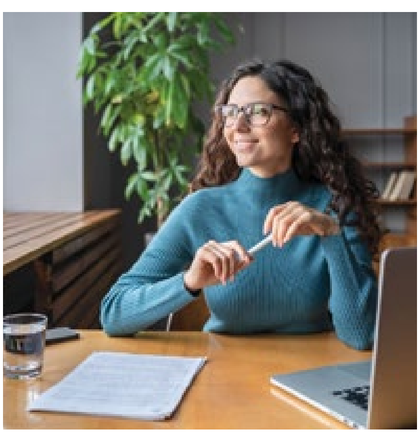
Our approach to upholding human rights is guided by international conventions and standards, including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We prohibit the use of child and forced labour throughout our supply chain. We are committed to the principles of freedom of association, equality of treatment and non-discrimination.

Benefits and rewards

Our total rewards package goes beyond competitive compensation and benefits. It encompasses a safe and healthy work environment, a commitment to work-life balance, meaningful recognition and continuous learning and development. Guided by our global principles, benefit programmes vary from one country to another as government mandates, cultural factors and market norms shape local programme design and employee expectations. These local offerings are well aligned to and within the scope of our global principles.

All countries offer some form of retirement scheme, ranging from the employee invested 401k plan in the US to wholly state provided and cash lump sums after retirement. In countries where state programmes are at a basic level, the Company offers private plans in addition to the mandatory contributions to the state programme.

Employees in all countries have access to a government health plan, to which the company contributes, and/or a company sponsored plan. Employees in India, the US and Brazil are provided with company sponsored healthcare plans as there is no national healthcare system or the coverage is limited. In the UK and Germany, the Company offers supplemental health insurance in addition to mandatory contributions to the national programmes. The offering of a supplemental plan in UK is above market norms as private medical schemes are not common and only offered by 10% of employers. Our new site in Portugal will be set up on the same basis, aligned to our global principles.



% female	2023	2022	2021	2020	2019
Senior leaders[1]	**37**	35	31	30	25
Total employees	**27**	24	24	24	23

1 ELT and direct reports, excluding administrative personnel. Numbers do not include Ludwigshafen.

% ethnically diverse (US only)	2023	2022	2021	2020
Total	**26**	26	22	21

A diverse and inclusive environment

Elementis strives to create a culture where all employees feel safe, respected, valued, and empowered to contribute ideas and perspectives. We recognise that the diversity of our people and the inclusive nature of our culture are intrinsic to better business decisions and fundamental to the success of our strategy.

During the year, the Board has received updates on Diversity, Equity and Inclusion ("DE&I") matters and has performed in line with the Board Diversity Policy and objectives. We have a Board composition of 37.5% female Board members, a Director from an ethnic minority background and one of the four senior Board positions occupied by a female. By the end of 2024, we expect to reach our goal of >40% female, surpassing the requirements of the Women FTSE Leaders and the Parker review. In 2023, we ascended from 74th to 49th place in the FTSE Women Leaders Review. Additionally, we attained the leading position within the Chemical sector.

Our DE&I Leadership Council, created in 2020, is co-chaired by the CEO and Chief Human Resources Officer ("CHRO") and is represented by senior leaders who have a passion for DE&I. During 2023, the Council delivered functional and business segment DE&I strategies, driving greater accountability within the organisation. The Council has continued to deliver against its road map, with initiatives centred around knowledge and culture, process and policy, and communications and reporting.

One of the significant developments in our commitment to DE&I is the introduction of a Culture of Inclusion Index, measured through our engagement survey. Our Culture of Inclusion index currently stands at a 3.9 mean out of 5.0, an indicator of the positive impact of our DE&I efforts on our workplace culture.

Our strategy to increase gender diversity continues to result in a greater proportion of females in senior positions, up to 37% in 2023 (from 35% in 2022). We align with the FTSE Women Leaders definition of senior positions: that is, our ELT and direct reports excluding administrative roles. Across the whole employee population, gender diversity increased to 27% (2022: 24%).

US ethnic diversity has held steady over 2022 at 26% (against a target of 30%) and increased 5% since 2020. We continue to ensure diverse candidate pools and interviewing panels. We expect our diverse talent to be reflected within our Board and leadership teams, and have started our journey to voluntarily collect ethnic diversity data globally.

Elementis is an equal opportunities employer and considers applications for employment from all backgrounds. We provide facilities, equipment and training to assist all employees. Should an employee become disabled during their employment, efforts would be made to retain them in their current role or to explore opportunities for redeployment in the Group. In 2023, we completed the vast majority of the Facility Access Programme removing physical barriers in all but one of our sites.

Employee-led initiatives foster DE&I

In 2023, our Women in Leadership forum conducted listening lounges globally coupled with local initiatives. This plays a crucial role in understanding the unique challenges faced by women in the workplace, allowing us to address these issues effectively. They also gathered inspiring career stories from five women leaders for International Women's Day and hosted a global workshop on resilience.

We also saw the establishment of a new Employee Resource Group – the Women Engineers of Elementis. This initiative aims to create a supportive community for our women engineers, offering networking opportunities, resources for professional development, and a collaborative environment that empowers women to reach their full potential.

Listening to our colleagues: engagement survey

Elementis is committed to improving employee engagement throughout the business. Our engagement survey enables our people to provide feedback about what they need to become happier and more successful at work. We use the feedback and external trend analysis to make data driven decisions that improve employee engagement and Company performance.

In 2023, we changed providers and started using Gallup, the leading provider of insights into employee engagement. The process is now biannual, with surveys occurring on a fixed schedule in March and September, no matter what is happening in the business. Previously employees were only surveyed once per year.

In both surveys of 2023, we had over 80% participation rates. Overall, our grand mean score in the 12 key areas (also known as 'Gallup Q12') remained the same in both surveys: 3.86 out of 5. Our ambition is to be at the 75th percentile of companies by 2025. Currently, we are at the 35th percentile and with the right focus, we are confident we can achieve this.

The survey results serve as a foundation for managers to initiate meaningful discussions with their teams. These discussions involve recognising and celebrating successful practices, as well as adapting strategies to enhance engagement where necessary. In the September 2023 survey, 62% of participants agreed/strongly agreed with "My team has made progress on the goals set during our action planning sessions after the last Employee Engagement Survey".

We disseminate survey highlights globally, fostering a culture of transparency and shared understanding across the organisation.

Supporting the wellbeing of our people

We continue to highlight the importance of wellbeing and mental health. In 2023, we extended our employee assistance programme to all the countries where we have operations, offering counselling, legal and financial consultation, and crisis intervention services to all our employees and their family at no cost to them.

We are committed to accommodating flexible work arrangements including working from home, flexible work schedules and part-time work, as long as the role allows, and we promote meaningful and open conversations about what works best to balance individual needs and deliver against goals and business requirements.

Continuous learning and development

We encourage our people to develop their expertise and expand their skills, so we can all confidently create value in everything we do. We embed learning and development in our core processes via Performance Management and Talent & Succession. With these processes we have a fair and consistent approach to assess individual learning and development needs, provide clear learning and development targets and create learning and development opportunities.

Through live (virtual and in-person) workshops and via our online platform, we provide training supporting our key priorities. All employees have unlimited access to LinkedIn Learning where they can take e-learnings that suit their personal learning needs. Over 1,720 hours were logged on LinkedIn Learning in 2023. In China we also provide unlimited access to a local learning platform called Lzdxedu.com, where 2,747 hours were logged during 2023.

We recognise the importance of developing talent internally, as well as attracting talent from outside the organisation, to provide our employees with the skills they need to succeed in the future.

Managing and supporting performance

With the performance management process in Elementis, we align individual and business goals to drive organisational success. We stimulate a culture of performance and develop our employees. This connects the different HR processes and ensures a fair and consistent approach. The performance management process starts with goal setting, where employees are asked to set goals that contribute to the key priorities of Elementis. We use the mid-year review to review the goals and actions and adjust if needed. During the year end review employees and managers evaluate their performance and managers are asked to give a performance rating. The ratings are calibrated to ensure fairness. The final performance rating is connected to a salary increase and bonus. All employees who join before October in the year participate in the performance management process.

Supporting our communities

We offer our employees paid time off to spend volunteering and encourage them to participate in volunteering activity as teams. A few examples of activities done in 2023:

- The Women in Leadership group at SciPark, New Jersey, US, organised an offsite volunteering activity at Lawrence Community Centre. A total of 11 employees from SciPark helped paint and refresh the classroom, game room and bathroom of the community centre that is used during the summer by young children in need
- Employees from our Hsinchu site, in Taiwan, participated in a beach clean-up organised by the Government of Hsinchu City, and collected litter and debris from the local beach
- Employees from Elementis' Anji site, in China, visited a school in Anji for immigrant workers' children. They provided books and stationery to the children. The Anji Plant Manager spoke to the children about the importance of studying to build a bright future
- The HR team from our Taloja, India, operation supported a local school with International Yoga Day celebrations on 21 June, providing free yoga lessons with an accredited instructor, emphasising the benefits of the practice for health and wellbeing

Fit for the Future

In 2023, Elementis announced a series of proposed changes to the organisation and our ways of working that will make Elementis Fit for the Future. These changes started in Q3 2023 and will be completed during 2025. They include a simpler and more efficient organisational structure based around our three regions; the opening of an R&D unit and global centre of excellence in Porto, Portugal; and the outsourcing of several financial processes. As a result of the proposed changes, around 190 roles will be impacted globally and the Cologne site, in Germany, will be closed. Employees were notified as soon as possible, and consultation took place with the Dutch and German works councils and the Finnish shop stewards, with the appropriate agreements being finalised from October 2023 to January 2024 and communicated to employees.

As a way to demonstrate our value of respect, we are committed to being as transparent as possible with employees about the changes. We created an intranet page with FAQs and other relevant content in all languages, and we have provided frequent updates via leadership briefings and town hall meetings.

Supporting leaders through change

To support leaders through these changes, the ELT undertook change readiness workshops in London and in the US. In addition, approximately 60 senior leaders within the business in the US and Europe undertook change leadership workshops and approximately another 70 people managers attended a virtual change workshop in December 2023. We will continue to review support for our people managers and leaders over 2024 to ensure that they are effectively leading the organisation through the changes over the next year.

Sustainability

Responsible business

We are committed to ensuring that Integrity is our Specialty by conducting business fairly and ethically.

Ethics and compliance

We are committed to conducting business with integrity around the world and to fair and ethical behaviour throughout our organisation. Our Code of Conduct and Ethics ("Code"), entitled 'Integrity is our Specialty', is the cornerstone of our ethics and compliance programme. It helps us communicate our commitment to responsible business and promotes a culture of complying with the law and doing business ethically. It provides the framework for:

- Making a culture of ethics and compliance apparent and accessible to all employees and third parties doing business with Elementis
- Providing training, information and guidance on key compliance areas
- Guaranteeing that all concerns are addressed appropriately
- Ensuring ethical and compliance matters are considered and weighted appropriately in all Elementis' business decisions

Our Code is available on our intranet and our website in seven languages. The Code is also promoted through our organisation via printed materials as well as in communications on compliance topics. Our Integrity is our Specialty logo is used as a visual reminder of the importance of ethics and compliance at Elementis.

Our governance structure

The Ethics and Compliance Council ("ECC") continued to hold quarterly meetings throughout 2023. The ECC comprises the Group General Counsel & Chief Compliance Officer (Chair), the Head of Compliance, the executive leaders from each business segment and function, and Internal Audit. The ECC reports to the CEO after each meeting and to the Board twice a year. Its purpose is to uphold and oversee an ethics and compliance culture at Elementis and to ensure the Code, and related Elementis policies and standards, are effectively communicated and implemented.

Risk assessment

Following on from the risk assessments conducted in 2022, we continue to monitor our compliance risks. This includes reviewing internal data from the compliance programme as well as external information on new laws, enforcement proceedings, corruption risks and benchmark data.

Key topics in 2023

Trade sanctions continued to be a major area of focus: in particular, compliance with international sanctions on Russia, covering products, organisations and individuals. The Legal & Compliance team worked closely with colleagues across the business units to manage compliance and resolve questions. Adjustments were also made in our ordering system to improve control mechanisms in relation to trade sanctions.

We implemented our new screening system for customers and suppliers during 2023, and supported the launch with a new Global Policy on Customer and Supplier Screening, as well as providing training and guidance on use of the system to colleagues. The system is a key part of our compliance and responsible sourcing efforts. We also launched our first Business Partner Code of Conduct, setting out the expectations we have of our suppliers and other third parties with whom we work. The Business Partner Code is available on our website in English and Chinese languages. We also ran e-learning training on trade sanctions and Modern Slavery to further enhance employee understanding of those risks and the role of screening in managing them.

Another major project in 2023 was designing and implementing a new system for the management of our Global Policies to improve controls and increase efficiency. The new system is explained in our new Policy on Creation, Approval and Review of Global Documents, including a Document Hierarchy and a Standard Template for Global Policies. A functional review of documentation was conducted, to identify and document our current Global Policies. Following this review, a new searchable Global Policies library, available on our intranet, was created, so that the standards we expect everyone to follow are easily accessible.

Ethics & Compliance week

Our first Ethics & Compliance Week was held in May 2023 to mark a year since the launch of our new Code of Conduct. Colleagues gathered together at various sites, including London, Amsterdam, Hsinchu and Livingston, to celebrate that milestone and learn more about ethics and compliance. The theme of the week was 'Speak Up, Listen Up, Follow Up', and it was publicised throughout our company with branded posters and digital media.

Global events through the week included:

- Training for line managers on creating psychological safety and trust
- Keynote speech by a former FBI agent entitled 'Wilful & inattentional blindness: Why we fail to see what we need to see'
- South East Asia compliance case study session
- A webinar on ethical decision making and sustainability
- A virtual townhall, in which our CEO and members of the ELT focused on the importance of speaking up and shared powerful personal experiences across different compliance areas

Events were well attended, with good engagement levels and very positive feedback.

Our Speak Up culture

We increased our focus on Speak Up to ensure that we foster a culture where everyone feels able to speak up and be heard. In March 2023, we conducted a Speak Up survey to gain insights into whether employees felt comfortable speaking up, and potential barriers to speaking up within our organisation. The results were reviewed by the ELT and the Board, and discussed during the Ethics & Compliance Week townhall. Appropriate actions were taken based on the findings, including promoting Speak Up throughout Ethics and Compliance Week and delivering bespoke line manager training.

We value open and honest communication, and encourage employees and third parties to speak up about any concern as it arises, to their manager, HR, other Elementis function (such as HSE or Finance), or Legal & Compliance. Where an individual does not feel able to raise the matter with anyone at Elementis, it can be raised confidentially and anonymously (where local law permits) to a reporting service hosted independently of Elementis, IntegrityCounts, which is available 24 hours a day, 7 days a week, in multiple languages. These Speak Up channels are publicised in various ways including in our Code, on our intranet, on the training portal and on posters at sites.

All reports are reviewed and appropriate action taken, which may include investigation at the direction of the Group General Counsel & Chief Compliance Officer. We ensure that all necessary steps are taken based on the outcome of the investigation, following our internal investigations procedures, including provision of regular updates to the reporter. We have a clear stance on non-retaliation and are committed to protecting from retaliation any employee who reports a violation in good faith, even if the report is not substantiated in an investigation.

We received a total of 17 reports (three in 2022). Of these, six reports were received via the independent reporting service (2022: one) and 11 via other routes such as direct contact with Compliance (2022: two). This increase brings our Speak Up rate closer to the benchmark level for a company of our size, reflecting the work we have done on improving our Speak Up culture. No issues which were material in the context of the Group were reported to the helpline or via other means during the year.

Our training programme

We delivered an updated programme of e-learning, tailored to the risks to which Elementis and its employees were exposed over the year. There were over 2,700 hours of compliance training completed on the portal in 2023. This was supplemented by bespoke in-person training to targeted groups to address specific compliance risks arising during the year.

Data privacy

We remain committed to ensuring the security and confidentiality of our data. The Data Protection Steering Committee continues to meet regularly, overseeing the Group's compliance with the ever-changing landscape of privacy and data protection regulation.

In 2023, as cyber attacks continued to surge across the globe, we launched a revised Incident Response Plan which provides a structured and systematic incident response process for all information security incidents. We remain committed to the security of our network and systems and continue to run regular simulated phishing campaigns to raise employee awareness of cyber security threats. The overall simulated compromise rate remained considerably below the average predicted rate. To address incident reports, we introduced technical controls to help prevent emails being sent in error and launched advanced anti-phishing technologies which help guide our users and raise security awareness through coaching-in-context. We continue to encourage the timely, open and transparent reporting of actual and potential incidents concerning personal data, and have dealt with the following reports during 2023:

Cause of report

	Reports
Disclosed in error	7
Technical/ procedural failure	4
Loss or theft of data/device	3
Third party	3
Cyber	1
Other	2

Replacing phthalates in clear sealants

Phthalates are a class of chemicals under increasing scrutiny by regulators, with many being listed in Europe as SVHC and under Annex XIV for 'restrictions'. They may become restricted for certain uses in various US states.

Our innovative rheology additive with high natural content (>75%) allows formulators to replace phthalate-based plasticisers in clear sealants, such as those used in home kitchens and bathrooms, eliminating these hazardous materials while simplifying the formulation with a more sustainable alternative.

Product stewardship

We are committed to a safer future, minimising product and chemical-related hazards to people or the environment by design where possible, and throughout product manufacture, use and disposal. We are active members of the Scientific Association of European Talc Producers and the European Bentonite Association, which are both sections of the Industrial Minerals Association Europe.

Our global Product Stewardship organisation monitors local and regional regulations for impacts to our products and supply chain and ensures our products are compliant with current regulations. A member of the ELT oversees the group and provides the consistency and strategy needed to ensure harmonised approaches to global customers while ensuring local regulatory compliance.

Our Product Stewardship team is actively involved with our R&D and Supply Chain organisation. When a new product is conceptualised, Product Stewardship is engaged from the beginning to ensure the materials, processes, and sales are compliant with appropriate regulations. If they are not, we manage the authorisation process so that the product can be safely sold and used as intended.

We track Substances of Very High Concern ("SVHC"), taking proactive action to eliminate these substances whenever it is technically feasible and when required by customers. SVHC and other chemicals of concern are brought to the attention of the Product Development teams so they can either avoid them or manage them to expectations.

We use a software system to ensure that our safety data sheets ("SDS") and product labelling comply with current regulations in the region where the product is sold. Commercial SDS for our products are available on our website in English and in local languages.

Lowering the use of biocides

We have launched new dry powder non-ionic associative thickeners as an alternative to our water-based version. These powders avoid the use of toxic biocides in the product, which are necessary to prevent microbial growth in the water-based versions. In addition, the technical performance of the dry powder product is also improved, and its much lower weight means shipping emissions are reduced.

Elementis seeks to avoid animal testing whenever possible. If we are required by regulation to do so (for example, under European Union ("EU") Registration, Evaluation, Authorisation and restriction of Chemicals ("REACH") requirements), we engage third parties to conduct the tests in the least impactful way possible. Our Animal Testing Policy is available on our website.

Responsible sourcing

We operate a complex, international supply chain of over 500 suppliers for our direct materials, and thousands more for indirect procurement. Supported by our new Business Partner Code of Conduct and enhanced supplier screening system (page 51), we are committed to improving supply chain transparency, improving how we assess and manage sustainability risks in the supply chain, and partnering with suppliers who share our commitments. We conducted site visits to 12 key suppliers in 2023 to better understand their operating environment and potential risk areas. One of these suppliers is in a high risk location, and we checked specifically for indications of child or forced labour, and reviewed their human rights policies for alignment with our requirements. No concerns were noted during the visit.

We continue to develop ways to systematically integrate supplier sustainability risk analysis into our business systems. One tool we are assessing is the EcoVadis platform. For example, we analysed our 2022 direct material supplier base and found that 25% of our spend was with 28 suppliers who had an EcoVadis Gold rating or higher, indicating they have a higher level of sustainability maturity and a lower level of sustainability risk.

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 Mass Balance Supply Chain Model. In 2023, we engaged directly with our key palm oil derivative suppliers to better understand their processes for managing slavery and labour risks further upstream in the palm-derivative supply chain, receiving satisfactory responses.

We purchase a small quantity of tin-containing chemicals in the UK and China. Using the conflict minerals reporting template from the Responsible Minerals Initiative, we confirmed there was no conflict mineral risk associated with these purchases.

Tax transparency

On an annual basis, we develop and publish our tax strategy. This statement is approved by the Board and is available on the Company's website. We aim for proactive and transparent relationships with relevant tax authorities to facilitate meeting our statutory and legislative obligations. For further details, see page 89.

Non-financial information statement

Sections 414CA and 414CB of the Companies Act 2006 require the Company to provide information to help stakeholders understand our position on non-financial matters. The table below sets out where you can find this information.

Reporting requirement	Policies and standards that govern our approach[1]	Where to read more in this Report about our impact, including the principal risks relating to these matters	Page
Anti-corruption and anti-bribery	— Code of Conduct — Business Partner Code of Conduct — Anti-corruption Policy — Anti-trust Policy (global competition)	— Responsible business — www.elementis.com	51-53
Employees	— Code of Conduct — Business Partner Code of Conduct — Health, Safety and Environmental Policy — Life saving rules — Data protection and privacy policies — Equality and diversity policies — Whistleblowing policies	— People — Data privacy — Responsible business — Workforce engagement — Diversity Policy and objectives — Whistleblowing — Directors' Remuneration report	45-50 52 51-53 80-81 86-87 91 96-122
Environmental matters	— Code of Conduct — Business Partner Code of Conduct — Health, Safety and Environmental Policy — Net Zero transition plan — Water Stewardship Statement and Policy — Biodiversity Statement	— Sustainability — Materiality and strategy — Climate — Environment — People — Responsible business — www.elementis.com	29-32 33 34-41 42-44 45-50 51-53
Respect for human rights	— Code of Conduct — Business Partner Code of Conduct — Equality and diversity policies — Data protection and privacy policies — Purchasing Code of Practice — Modern Slavery Statement	— People — Data privacy — Diversity Policy and objectives	45-50 52 86-87
Social matters	— Code of Conduct — Volunteering Policy — While we do not have a specific policy on social/community matters, we engage directly with our communities wherever we operate	— Stakeholder engagement — Environment — People	26-27 42-44 45-50
Stakeholders	— Section 172	— Section 172	05, 28
Description of the business model		— Business model	07-09
Description of principal risks and impact on business activity		— Climate — Risk management — Principal risks and uncertainties — Audit Committee report	38 63-66 67-71 88-91
Innovation		— Strategic progress — Innovation	16 18-19
Non-financial KPIs		— Non-financial KPIs — Sustainability — Materiality and strategy — Climate — Environment	24-25 29-32 33 34-41 42-44

1 The Company's policies, statement and codes are available on the Company's website, www.elementis.com

Further information

Reference to our policies, due diligence processes and information on how we are performing in these areas is contained throughout the Strategic report. Information on key performance indicators used to assess progress against targets used to manage climate-related risks and opportunities can be found on page 39. Certain Group policies and internal standards and guidelines are not published externally.

Finance report

Ralph Hewins
Chief Financial Officer

Significant leverage reduction and further improvement in performance.

Group results

In 2023 revenue decreased 3% on a reported basis to $713m (2022: $736m) with improved pricing and mix offset by lower volumes across all businesses. On a constant currency basis, revenue decreased 4%. Reported operating profit increased to $59m (2022: loss of $42m) as a result of a reduction in one-off items during 2023.

Adjusted operating profit increased 2% on a constant currency basis, 3% on reported basis, to $104m (2022: $101m), with cost savings and improved price/mix more than offsetting the impact of lower revenues. Profit from continuing operations for the year was $28m (2022: loss of $63m).

$m	2023	Effect of exchange rates	Decrease 2023	2022
Coatings	*367.6*	*(1.5)*	*(20.0)*	*389.1*
Talc	*136.5*	*3.1*	*(2.4)*	*135.8*
Performance Specialties	**504.1**	1.6	(22.4)	524.9
Personal Care	**209.3**	1.3	(3.5)	211.5
Revenue	**713.4**	2.9	(25.9)	736.4

	2023			2022		
$m	Operating profit/(loss)	Adjusting items	Adjusted operating profit/(loss)[1]	Operating profit/(loss)	Adjusting items	Adjusted operating profit/(loss)[1]
Coatings	*55.2*	*0.9*	*56.1*	*66.2*	*4.1*	*70.3*
Talc	*8.6*	*5.4*	*14.0*	*(134.0)*	*133.6*	*(0.4)*
Performance Specialties	**63.8**	**6.3**	**70.1**	(67.8)	137.7	69.9
Personal Care	**43.2**	**7.1**	**50.3**	40.6	8.4	49.0
Central costs	**(48.1)**	**31.6**	**(16.5)**	(14.6)	(3.8)	(18.4)
Operating profit/(loss)	**58.9**	**45.0**	**103.9**	(41.8)	142.3	100.5

1 After adjusting items, see Note 5 for further detail.

Adjusted operating profit

$m	**Operating profit 2023**[1]	Effect of exchange rates	Increase/ (Decrease) 2023	Operating profit 2022[1]
Coatings	*56.1*	*0.3*	*(14.5)*	*70.3*
Talc	*14.0*	*(0.3)*	*14.7*	*(0.4)*
Performance Specialties	**70.1**	–	0.2	69.9
Personal Care	**50.3**	1.2	0.1	49.0
Central costs	**(16.5)**	–	1.9	(18.4)
Adjusted operating profit	**103.9**	1.2	2.2	100.5

1 After adjusting items, see Note 5 for further detail.

Adjusting items

In addition to the statutory results the Group uses alternative performance measures, to provide additional analysis of the performance of the business. The Board considers these non-GAAP measures as an alternative way to measure the Group's performance. Adjusting items in 2023 resulted in a charge of $44.7m before tax (2022: $135.7m). The key categories of adjusting items are summarised below. For more information on adjusting items and the Group's policy for adjusting items, please see Note 5 and Note 1 to the financial statements respectively.

Business transformation

In November 2020, the closure of the Charleston plant was announced. Costs of $0.7m (2022: $2.9m) associated with the closure of the site are classified as an adjusting item and the site is planned to be disposed of in the future. Since November 2020, $23.4m has been incurred in relation to the closure of the site. In September 2023, the Fit for the Future organisation restructuring programme was announced, for which a restructuring provision of $25.4m was recognised in 2023, in line with the requirements of IAS 37. Total overall estimated costs for the programme are $31.3m, of which $5.4m was utilised in 2023. The programme is expected to be completed in 2025.

Environmental provisions

The Group's environmental provision is calculated on a discounted cash flow basis, reflecting the time period over which spending is estimated to take place. The movement in the provision relates to changes in discount rates which has resulted in the reduction of $0.4m to the liability (2022: $7.2m), and extra remediation work identified in the year which has resulted in a $6.6m increase to the liability (2022: $3.4m). As these costs relate to non-operational facilities they are classified as adjusting items.

Amortisation of intangibles arising on acquisitions

Amortisation of $12.7m (2022: $14.9m) represents the charge in respect of the Group's acquired intangible assets. As in previous years, these are included in adjusting items as they are a non-cash charge arising from historical investment activities.

Unrealised mark to market of derivatives

The unrealised movements in the mark to market valuation of financial instruments that are not in hedging relationships are treated as adjusting items as they are unrealised non-cash fair value adjustments that will not affect the cash flows of the Group.

Interest on EU state aid receivable

Finance income of $1.4m has been recognised in respect of interest due to the Group if the EU state aid case settles in favour of the Group. Refer to Note 30 for further details on the tax recoverable asset.

Hedging

The Group uses cash flow hedges to manage exposure to interest rate and commodity price risks, particularly those associated with US dollar and euro interest payments and aluminium and nickel pricing. In 2023 interest rate and commodity price movements resulted in a net gain from the hedge transactions of $6.3m (2022: loss of $1.6m) recycled to the income statement.

Central costs

Central costs are those costs that are not identifiable as expenses of a particular business segment and comprise expenditures of the Board of Directors and corporate head office. Adjusted central costs reduced to $16.5m (2022: $18.4m), reflecting continued focus on cost discipline.

Other expenses

Other expenses are administration costs incurred and paid by the Group's pension schemes that relate primarily to former employees of legacy businesses. These costs were $2.3m in 2023 (2022: $1.3m).

Credit/(charge) $m	*Coatings*	*Talc*	Performance Specialties	Personal Care	Central costs	**Total**
Business transformation	*(0.7)*	*–*	**(0.7)**	**–**	**(25.4)**	**(26.1)**
Environmental provisions	*–*	*–*	**–**	**–**	**(6.2)**	**(6.2)**
Amortisation of intangibles arising on acquisitions	*(0.2)*	*(5.4)*	**(5.6)**	**(7.1)**	**–**	**(12.7)**
Total charge to operating profit	*(0.9)*	*(5.4)*	**(6.3)**	**(7.1)**	**(31.6)**	**(45.0)**
Unrealised mark to market of derivatives	*–*	*–*	**–**	**–**	**(1.1)**	**(1.1)**
Interest on EU state aid receivables	*–*	*–*	**–**	**–**	**1.4**	**1.4**
Total	*(0.9)*	*(5.4)*	**(6.3)**	**(7.1)**	**(31.3)**	**(44.7)**

Net finance cost

$m	2023	2022
Finance income	**0.5**	0.2
Finance cost of borrowings	**(17.5)**	(19.5)
	(17.0)	(19.3)
Net pension finance income	**1.0**	0.6
Discount unwind on provisions	**(1.4)**	(0.7)
Fair value movement on derivatives	**0.4**	9.1
Interest on EU state aid receivable	**1.4**	–
Interest on lease liabilities	**(1.3)**	(1.4)
Net finance costs	**(16.9)**	(11.7)

Net finance costs increased to $16.9m (2022: $11.7m). Net finance costs comprise interest payable on borrowings, calculated using the effective interest rate method, facility arrangement fees, the unwinding of discounts on the Group's environmental provisions, net pension interest income/expense, fair value movement on derivatives, interest receivable on the EU state aid receivable balance and interest charged on lease liabilities.

The increase in net finance costs is primarily due a lower fair value movement on derivatives of $0.5m (2022: $9.1m). Reduction in the fair value movement on derivatives, which are unrealised mark to market movements on derivatives that are not in hedging relationships, was driven by the contractual maturity of these derivative contracts in 2023. These benefits are not expected to recur in the next financial year.

Finance cost of borrowings have decreased by $2.0m, primarily due to a lower net debt level during 2023.

Net pension finance income of $1.0m (2022: $0.6m) is a function of discount rates under IAS 19, and the value of the schemes' deficit or surplus positions.

The Group's environmental provisions are calculated on a discounted basis, reflecting the time period over which the spending is estimated to take place. The discount unwind on provisions of $1.4m in 2023 was greater than prior year due to higher discount rates.

Interest receivable of $1.4m has been recognised in respect of interest due to the Group if the EU state aid case settles in favour of the Group. Refer to Note 30 for further details on the tax recoverable asset.

Both finance income and the interest on lease liabilities were broadly consistent with the prior year.

Taxation

	2023		2022	
	$m	**Effective rate %**	$m	Effective rate %
Reported tax charge/(credit)	**11.5**	**29.0**	7.8	(14.2)
Adjusting items tax credit	**(8.4)**	**–**	(8.3)	–
Adjusted tax charge	**19.9**	**23.5**	16.1	20.0

The Group incurred a tax charge of $19.9m (2022: $16.1m) on adjusted profit before tax, resulting in an effective tax rate of 23.6% (2022: 20.0%). The increase in effective tax rate was largely due to an increase in the UK corporation tax rate to 25% from April 2023.

Tax on adjusting items relates primarily to the amortisation of intangible assets and the Fit for the Future restructuring programme.

The medium-term expectation for the Group's adjusted effective tax rate is around 26%.

Earnings per share

To aid comparability of the underlying performance of the Group, earnings per share ("EPS") reported under IFRS is adjusted for items classified as adjusting.

	2023	2022
Profit after tax ($m)	**28.2**	(62.6)
Adjusting items net of tax ($m)	**36.3**	127.4
Adjusted profit after tax ($m)	**64.5**	64.8
Weighted average number of shares for the purposes of basic EPS (m)	**585.7**	582.6
Effect of dilutive shares options (m)	**11.2**	9.7
Weighted average number of shares for the purposes of diluted EPS (m)	**596.9**	592.3
Basic EPS before adjusting items (cents)	**4.8**	(10.7)
Diluted EPS before adjusting items (cents)	**4.7**	(10.7)
Adjusted basic EPS (cents)	**11.0**	11.1
Adjusted diluted EPS (cents)	**10.8**	10.9

Adjusted diluted EPS decreased by 1% to 10.8 cents (2022: 10.9 cents), primarily due to a lower adjusted profit after tax. Basic EPS before adjusting items increased to 4.8 cents (2022: negative 10.7 cents), principally due to a higher profit after tax.

Note 9 provides disclosure of EPS calculations both including and excluding the effects of adjusting items and the potential dilutive effects of outstanding and exercisable options.

Distributions to shareholders

The Board has considered the strength of the balance sheet and the near-term prospects for the business and recommended the reinstatement of the ordinary dividend to an amount of 2.1 cents per share, which will be paid in pounds sterling.

Dividend of 1.65 pence per share has been determined by converting the 2.1 cents into pound sterling using the forward rate of £1.00:$1.2705, as determined on 4 March 2024. If approved at the AGM, the dividend will be paid on 31 May 2024 to shareholders included on the share register on 3 May 2024.

Cash flow

As per the statutory cash flow statement, net cash inflow from operating activities of $76.8m (2022: $77.0m), was in line with the prior year. A net working capital inflow of $2.1m (2022: outflow of $37.2m) related to movements in inventories, debtors and creditors, offset by higher interest and tax payments, and net cash outflow from discontinued operations of $12.5m (2022: inflow of $5.6m).

Net cash inflow in relation to investing activities increased to $101.1m (2022: negative $46.9m) primarily due to the gross cash proceeds from the sale of the Chromium business of $139.2m.

Net cash outflow in relation to financing activities increased to $168.0m (2022: $57.8m) primarily due to the repayment of borrowings following the sale of the Chromium business.

The adjusted cash flow, which excludes the effect of adjusting items from operating cash flow and is therefore distinct from the statutory cash flow referenced above, is summarised below.

A reconciliation between statutory operating profit to EBITDA is shown in the alternative performance measures ("APM") section on page 190.

Adjusted cash flow

$m	2023	2022
EBITDA[1]	145.8	141.8
Change in working capital	2.1	(43.3)
Capital expenditure	(38.2)	(33.1)
Other	(4.4)	0.3
Adjusted operating cash flow	105.3	65.7
Pension payments	(3.3)	(0.7)
Interest	(17.8)	(14.4)
Tax	(27.3)	(13.3)
Adjusting items	(5.6)	(5.2)
Payment of lease liabilities	(6.3)	(7.1)
Free cash flow	45.0	25.0
Issue of shares, net of share repurchases by ESOT	(1.0)	0.9
Dividends paid	–	–
Acquisitions and disposals	139.2	–
Discontinued operations	(12.5)	(2.1)
Currency fluctuations	(5.9)	10.4
Movement in net debt	164.8	34.2
Net debt at start of year	(366.8)	(401.0)
Net debt at end of year	(202.0)	(366.8)

1 Earnings before interest, tax, adjusting items, depreciation, and amortisation.

Adjusted operating cash flow increased to $105.3m (2022: $65.7m), primarily driven by a $2.1m working capital inflow compared to an outflow of $43.3m in the prior year.

Free cash flow increased to $45.0m (2022: $25.0m), primarily driven by improved operating cashflow, partly offset by higher tax payments as a result of higher corporation tax rates in the countries in which the Group operates, an increase in net interest paid and an increase in pension payments.

Net debt decreased to $202.0m (2022: $366.8m), a reduction of $164.8m. Net debt to adjusted EBITDA decreased to 1.4x in 2023 on a pre-IFRS 16 basis (2022: 2.2x). The decrease in leverage was largely driven by lower net debt as well as the improvement in adjusted EBITDA, reflective of the Group's higher earnings.

Balance sheet

$m	2023	2022
Intangible fixed assets	650.6	660.2
Tangible fixed assets	423.6	386.4
Working capital	147.2	141.5
Net tax liabilities	(101.5)	(102.2)
Provisions and retirement benefit obligations	(48.8)	(12.2)
Financial assets and liabilities	11.3	5.9
Lease liabilities	(36.2)	(36.3)
Unamortised syndicate fees	3.1	4.3
Net debt	(202.0)	(366.8)
Net assets held for sale	–	103.1
Total equity	847.3	783.9

Group equity increased to $847.3m (2022: $783.9m), principally driven by lower net debt. Intangible fixed assets decreased by $9.6m due to $13.3m of amortisation, offset by $4.1m of foreign exchange gain. Increase in tangible fixed assets was driven by gross additions of $66.6m, right-of-use asset capitalisation of $5.1m and exchange gains of $24.0m, offset by depreciation of $41.6m.

Working capital, which comprises inventories, trade and other receivables and trade and other payables, increased to $147.2m (2022: $141.5m). The increase was driven by lower payables and higher receivables, partially offset by lower inventories at the end of the year.

Net tax liabilities decreased to $101.5m (2022: $102.2m) primarily as a result of the amortisation of the intangible fixed assets leading to a reduction in the associated deferred tax liability.

Adjusted ROCE (excluding goodwill) increased to 15% (2022: 14%), with higher adjusted operating profit partially offsetting increased total operating capital employed (see the APM section on page 190 for detail).

Foreign currency

The financial information is prepared and presented in US dollars, the Group's reporting currency. The main dollar exchange rates relevant to the Group are set out below.

	2023		2022	
	Year end	Average	Year end	Average
Pounds sterling	0.78	0.81	0.83	0.81
Euro	0.91	0.93	0.94	0.95

Provisions

The Group records a provision in the balance sheet when it has a present obligation as a result of past events, which is expected to result in an outflow of economic benefits in order to settle the obligation and the amount can be reliably estimated. The Group calculates provisions on a discounted basis. At the end of 2023, the Group held provisions of $81.9m (2022: $29.7m) consisting of environmental provisions of $60.5m (2022: $27.5m), self-insurance provisions of $0.5m (2022: $0.5m), restructuring provisions of $20.1m (2022: $0.6m) and other provisions of $0.8m (2022: $1.1m).

The increase in environmental provisions was largely driven by additional rehabilitation and closure costs of $28.4m in relation to the Group's Finnish talc mines, arising from increased rehabilitation standards imposed by the Finnish regulators. These costs will be incurred over the expected life of our talc mines and are not expected to have a material cash impact in the near term.

The remaining increase related to an expense of $6.6m relating to extra remediation work required primarily at the Eaglescliffe site, which was partially offset by a $0.4m credit relating to a change in the discount rate applied to the liabilities. The remaining movement in the environmental provisions relates to the unwind of the discount in the year of $1.5m, offset by currency translation of $1.3m and utilisation of $4.4m.

The self-insurance provision represents the Group's estimate of its liability arising from retained liabilities under the Group's insurance programme and remained flat during the period.

The restructuring provision reflects the adjustment to head count and other costs of restructuring where a need to do so has been identified by management. The restructuring provision increased by $25.4m as a result of the Fit for the Future restructuring programme, of which $5.4m was utilised in 2023.

Pensions and other post retirement benefits

$m	2023	2022
Net (surplus)/liability:		
UK	(38.7)	(26.4)
US	–	3.5
Other	5.6	5.4
	(33.1)	(17.5)

UK plan

The largest of the Group's retirement plans is the UK defined benefit pension scheme ("UK Scheme"), which at the end of 2023 had a surplus, under IAS 19, of $38.7m (2022: $26.4m). The UK Scheme is relatively mature, with approximately two thirds of its gross liabilities represented by pensions in payment, and is closed to new members. The increase in net surplus was largely driven by returns on plan assets of $9.7m (2022: loss of $200.4m) which was offset by liability adjustments, primarily due to lower discount rates, of $0.3m (2022: $3.0m). Company contributions of $1.8m (2022: $0.5m) reflect the funding agreement reached with the UK trustees following the 2020 triennial valuation, which concluded in 2021. The 2023 triennial valuation will be concluded in 2024.

US plan

In the US, the Group reports two post retirement plans under IAS 19: a defined benefit pension plan with a net surplus at the end of 2023 of $3.4m (2022: $nil), and a post retirement medical plan with a liability of $3.4m (2022: $3.5m). The US pension plans are smaller than the UK plan and in 2023 the overall deficit on the US plans decreased by $3.5m, as a result of the return on plan assets of $4.3m (2022: loss of $26.1m) and employer contributions of $1.4m being offset by actuarial increases in the liability of $1.3m (2022: $28.7m).

Other plans

Other pension plans amounted to $5.6m (2022: $5.4m) and relate to pension arrangements for a relatively small number of employees in Germany, certain UK legacy benefits and one pension scheme acquired as part of the SummitReheis transaction in 2017.

Financial assets and liabilities

Net financial assets are represented by net derivative financial assets of $11.3m (2022: $5.9m) which relate to the valuation of various risk management instruments.

The movements in the mark to market valuation of cross-currency swaps that are not in hedging relationships are treated as adjusting items, as they are unrealised non-cash fair value adjustments and will not affect the cash flows of the Group. The cross-currency swaps matured in 2023.

Events after the balance sheet date

On 6 March 2024, Elementis entered into an agreement to sell its former Chromium manufacturing site at Eaglescliffe to Flacks Group for negative purchase consideration of £11.5m ($14.5m). Completion of the transaction is conditional on regulatory approval.

There were no other significant events after the balance sheet date.

Ralph Hewins
Chief Financial Officer

6 March 2024

Operating review

Personal Care

Stijn Dejonckheere
SVP Global Personal Care

Revenue

$209.3m

Adjusted operating profit

$50.3m

Revenue by region %

Asia	15%
Europe	37%
Americas	48%

Financial performance

Personal Care revenue reduced 2% (or 1% excluding currency impact) to $209.3 million (2022: $211.5 million), reflecting continued strong growth in cosmetics, offset by weaker revenues in antiperspirant actives.

Volumes remained below the strong prior year, reflecting the prolonged destocking of our customers. Lower volumes were partly offset by $15 million of new business, improved pricing and higher value product mix, especially in Cosmetics. In Cosmetics, sales increased in all regions, with a particularly strong growth in Asia.

Adjusted operating profit was 3% higher at $50.3 million (2022: $49.0 million), or flat on an underlying basis. The adjusted operating margin improved to 24.1% (2022: 23.2%).

Strategy

Personal Care operates in attractive growth markets globally. It develops and delivers high-value additives to its customers, based on unique chemistry and formulation expertise. Our medium term growth strategy is focused on three core market segments, in which we built a strong competitive position: Colour Cosmetics, Skin Care and Antiperspirants.

We have seen good growth in Colour Cosmetics, especially in Asia, where we significantly enhanced our sales and marketing capabilities, in recent years. This provides better access and penetration into new and existing Asian regions, either direct or via a specialised distributor.

We expect further growth in Colour Cosmetics sales in the coming years, supported by our innovative products, such as Bentone® Luxe XO and Bentone® Plus Glow. Those combine our white hectorite clay with either emulsifiers or actives, allowing our customers to make, for example, skincare claims for make-up products. We have a strong new products pipeline for 2024, which includes a range of patent pending Bentone® Ultimate products, with a higher load of hectorite clay and a new activation mechanism. We also plan to launch a natural film former that will enhance the wear resistance of colour cosmetics, for example in lipsticks.

These innovative products will further strengthen our leading position in colour cosmetics and support further growth. We target a delivery of $10 million of above market revenue growth by 2026, in this application.

Skin Care is an attractive part of the personal care market, where we have historically had limited participation. The natural rheology and film formers market segment has been growing at around 4-5% annually, supported by increasing demand from consumers looking for more sustainable products with natural ingredients. Our hectorite-based additives are well positioned to benefit from this trend, as they work equally effectively in both water-based and oil-based products.

Since 2019 we generated $10 million of incremental sales for this application, and have more than doubled our NBO pipeline. We now have strong foundation on which we will build.

Going forward we will continue our innovation efforts on natural rheology with more sophisticated products, and in addition, we will create products that offer attractive new functionalities. As an example, in 2024, we plan to launch water-resistant film formers for sun care, as well as ingredients supporting ultra-light and highly liquid skin care products, which are highly desirable by Asian consumers. We are also developing skincare ingredients that leverage the unique chemical properties of hectorite as a natural active.

Our ambition is to deliver growth at two to three times the market by 2026.

Finally, the third area of focus, Antiperspirants, where we have a global leading position in antiperspirant actives. Sales in 2023 were below the strong prior year, due to softer market demand and destocking, especially in the second half of the year.

Looking ahead, our leading position in this market positions us well for future growth, further supported by favourable industry trends. We see trends for longer lasting sweat protection, and increasingly, growing demand for more natural products, including natural actives.

Performance Specialties

As recognised innovation leaders in this field, we are focusing on new products, that address these demands. For example, our new range of antiperspirants utilising waste aluminium will reduce emissions for Elementis, as well as our customers. In addition, we have an ambition to develop actives that bring antiperspirant benefits for the deodorant product category.

Our production plant in Taloja, India is now fully operational. Throughout 2023 we continued to test and qualify products with our major customers. We expect this to strengthen our competitive position in AP Actives through lower production and distribution costs. Furthermore, it enhances our supply resilience, allowing us to deliver products to customers from multiple sources.

We believe, that our ambitious plans in the area of AP Actives, will help us deliver mid-single digit revenue and margin growth over the next three years.

Colour cosmetics, Skin care and AP Actives all represent material growth opportunities with a $70 million NBO pipeline. We remain focused on helping our clients with their formulation challenges and building strong partnerships with global key accounts.

Innovation remains a key driver of growth in Personal Care. We have introduced 25 new products since 2020, many of which are gaining good momentum with our customers and driving revenue growth. Sales from new and innovation products increased to 11% in 2023 (2022: 9%). Those products offer sustainability benefits to our customers, either because of a higher efficacy or because they are replacing a product of synthetic origin. As a result, we increased revenues from natural or naturally-derived products, which in 2023 represented more than 80% of our total Personal Care sales.

We continue to invest in our capabilities, having recently announced the opening of new R&D facility in Porto, Portugal, which will support further growth and strengthen our customer proposition.

Luc van Ravenstein
SVP Global Performance Specialties

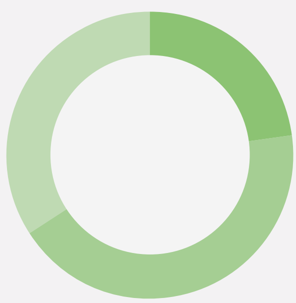
Revenue

$504.1m

Adjusted operating profit

$70.1m

Revenue by region %



Asia	23%
Europe	43%
Americas	34%

Performance Specialties was created at the beginning of 2023, by combining the Talc and Coatings businesses.

As the two businesses share many distribution channels and end markets, the combined segment will enable a stronger end market focus on attractive growth opportunities, under a single leadership team.

We will continue to report Coatings' and Talc's performance separately, for transparency.

Coatings

Revenue

$367.6m

Adjusted operating profit

$56.1m

Financial performance

Overall revenue decreased 6% on a reported basis, down 5% excluding currency impact, to $367.6million (2022: $389.1 million).

Performance in the year reflected a combination of customer destocking and weaker demand environment. In Asia, where over 80% of our sales come from industrial activity, we saw underlying revenue marginally up, with modest growth across a number of countries including China, helped by the easing of COVID-19 restrictions in the second half of the year.

The premium decorative sector in the Americas was affected by weaker housing market and customer destocking. European revenues were also lower, reflecting the continued weak macro-economic environment, and inflationary pressures impacting customer demand in both the decorative and industrial coatings sectors.

Coatings also includes our specialised Energy business, which accounts for just over 10% of total Coatings sales.

Adjusted operating profit decreased 20% on both the reported and underlying basis, to $56.1 million (2022: $70.3 million), reflecting lower volumes, offsetting price and mix benefits.

Adjusted operating margin of 15.3% (2022: 18.1%) demonstrates resilience in the challenging market conditions.

Strategy

At our November CMD, we unveiled our ambitious new targets for the Group, supported by efficiency and growth initiatives. To drive growth and enhance our margins in Coatings, we will focus on three differentiated, technology-led growth platforms. These are all positioned to respond to specific market needs or to meet major market trends.

The first of these, architectural coatings, is an important market for Elementis, with the premium decorative segments estimated at approximately $1 billion and growing 4% per annum. We have developed a suite of innovative, high-performance products, including rheology solutions for one-coat hide paint and powdered associative thickener which gained significant traction with major customers in the US and Europe.

Encouraged by this success and seeing increasing demand from Chinese paint manufacturers for high-quality and more sustainable paints, we started producing architectural additives in our Shanghai site, aimed at the local market. We believe this, alongside our manufacturing footprint across three key regions, will support our ambition to grow at twice the market by 2026, in this attractive market segment.

The second growth platform is industrial coatings, where we see growing demand for more sustainable coatings and coating additives, driven by regulations and market trends. We focus on an addressable market of around $800 million, which includes additives for high-performance segments such as marine, protective and automotive industries, growing at c.4% annually.

Across this market segment, we expect to deliver $30 million of above market revenues by 2026, focusing on ingredients that make customers' formulations more sustainable, without sacrificing performance. Those include bio-based organic thixotropes and defoamers, and additives for water-based systems. In addition, we see powder coatings gaining traction as a more sustainable option compared to traditional solvent- or water-based solutions. Powder coatings do not require solvents and the latest technology developments are enabling lower curing temperatures. This makes them suitable for heat sensitive materials such as wood coatings, creating additional growth opportunities.

Our third growth platform comprises adhesives, sealants and construction additives, where we offer high-performance additives for a range of applications, for example, pressure sensitive adhesives, water-based construction sealants or cement-based tile mortars. This is a relatively new application for Elementis, with the target market valued at around $700 million, growing at 5% per year.

Growth in this market segment is driven by trends such as light weighting and more efficient manufacturing processes. Our ambition is to double our market share from 3% to 6% by 2026 by focusing on innovative products, such as, our low activation temperature Thixatrol® technology. Today it is mainly used as an adhesives additive. This innovative technology can reduce energy processing costs when compared with other amide-based technologies, also leading to lower overall emissions. In addition, when compared with fumed silica, it offers improved process efficiency and safety benefits (through reduced exposure to inhalation).

A major component of our growth strategy is our key account management programme. We have built strong technical and commercial relationships with major customers and cooperate in the development of new formulations to enhance their products and processes. This drives volume and revenue growth and deepens our relationships with major customers. In 2023, we worked on 19 joint development projects with our customers, generating material revenues and contributing to improved product mix.

This approach, combined with our innovation focus, is helping us explore new market segments and create new growth opportunities.

Talc

Revenue

$136.5m

Adjusted operating profit

$14.0m

Financial performance

Talc revenue remained broadly flat at $136.5 million (2022: $135.8 million) or 2% down, excluding currency impact. Pricing actions and a better product mix successfully offset lower volumes, due to weaker demands in many end markets.

The automotive sector remains our main market for talc, and sales into this market were below the prior year, impacted by destocking in the auto plastic segment.

Despite the flat revenues, we saw material improvement in Talc profitability, with adjusted operating profit growing to $14.0 million (2022: loss $0.4 million). Profit growth was driven by improved pricing and product mix, which offset the lower volumes.

As a result, we delivered a much improved operating margin of 10.2% compared with the prior year (2022: negative 0.3%).

Looking ahead, we see attractive growth opportunities in higher value talc applications and remain focused on driving improvement in this business.

Strategy

Our medium term strategy focuses on high-value applications across selected market segments, with an estimated market size of $800 million, and growing at approximately 4% per annum. Those include, for example, electric vehicle manufacturing, which utilises lighter, reinforced plastics. We recently launched the Finntalc K-line, which can strengthen plastic by up to 20%, helping us gain share in this high-growth market.

Talc is also a key raw material used in gas particular filters, enhancing the ceramic's thermal stability. We have a strong track record of identifying and developing new product applications, with five new products launched over the year, and a new business pipeline of $50 million. We believe this will help us deliver $15 million of above market revenue growth by 2026.

Risk management

Elementis faces a number of risks, uncertainties and opportunities in the ordinary course of its operations. The effective identification, mitigation and ongoing management of these risks underpins the delivery of the Group's strategic objectives. Elementis has an established risk management framework and system of internal controls to support decision making throughout the financial year.

Risk management systems are intended to mitigate and reduce risk to the lowest possible level, as complete elimination of all risks is not possible. Risk management processes can therefore only provide reasonable assurance against material misstatement or loss.

Our framework for risk management

The Board has overall responsibility for risk management and sets the Group's policies, culture and tone on risk as well as providing oversight to management. A comprehensive risk management framework is in place to identify, assess, mitigate and monitor the risks faced.

The Company places the highest priority on preventing loss of life, harm to people and the environment, legal and regulatory breaches, and damage to reputation or brand. The Group has in place policies, procedures and guidance in order to help the ELT and employees manage risk in these areas.

Our risk management framework

Board

The Board has overall responsibility for risk management and sets the Group's policies, culture and tone on risk as well as providing oversight to management.

Audit Committee

The Audit Committee supports the Board and has specific responsibility for monitoring financial reporting as well as the internal and external audit programmes, one of the primary purposes of which is to provide assurance on financial, operational and compliance controls.

CEO

The CEO is responsible for implementing Group policies, risk management performance, identifying principal risks and ensuring that resources are allocated for effective risk management and mitigation.

ELT individuals and risk champions

ELT members have responsibility for managing and monitoring risks relevant to their business or function on an ongoing basis, and work with the support of risk champions to further embed risk management within the organisation.

Operational and supporting functions

Data Protection Steering Committee, HSE Council, Manufacturing Council, Ethics & Compliance Council, Environmental Sustainability Council, Diversity, Equity and Inclusion Council, Investment Commitment Forum (Capital expenditure and allocation), Product Stewardship & Regulatory Affairs and Internal Audit.

Top down
Oversight, identification, assessment and mitigation of risks at a Group level

Bottom up
Identification, assessment and mitigation of risks across operational and functional areas

1 First line roles: Business operations

Our first line of defence is our employees. They have a responsibility to manage day-to-day risk in their own areas, guided by Group policies, procedures and control frameworks. Local management, and ultimately the ELT, ensure that risks are managed, maintained, reviewed and actioned according to these frameworks.

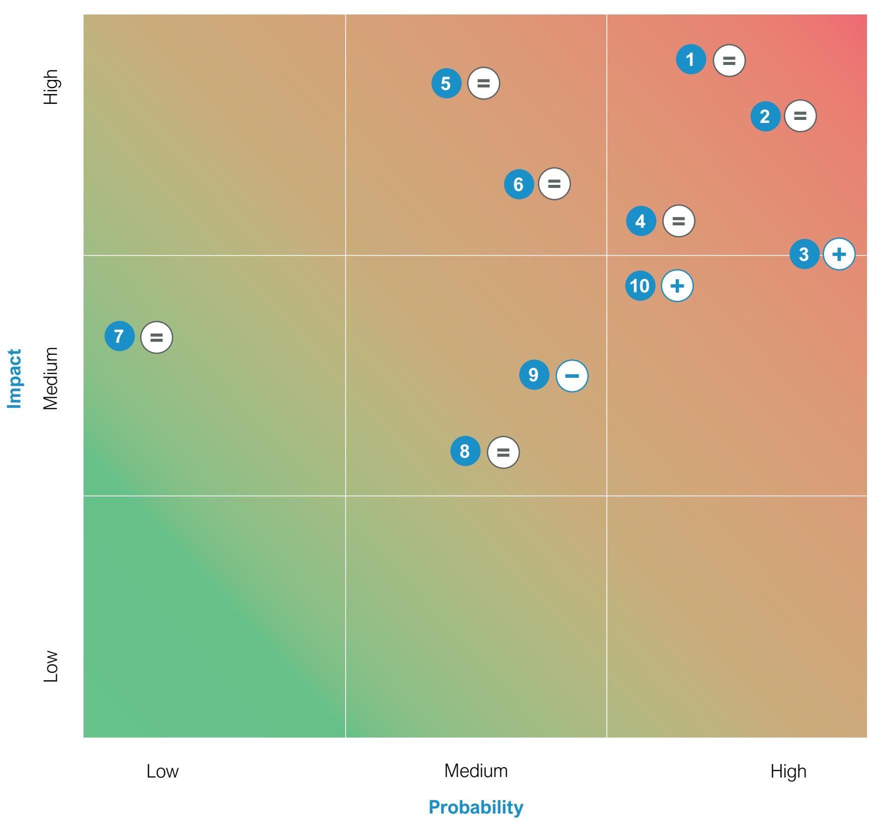
2 Second line roles: Oversight functions

The second line of defence is provided by the oversight functions, which review and monitor current and emerging risks using a bottom up and top down approach and provide relevant frameworks, policies and processes for managing those risks.

3 Third line roles: Internal audit

The third line of defence is assurance over the effectiveness of mitigating controls. This is provided by internal and external assurance providers, which are reviewed by management and monitored and challenged by the Audit Committee and the Board.

Risk heat map (gross impact)



1. Global economic conditions and competitive market pressures
2. Business interruption as a result of supply chain failure of key raw materials and/or third party service provision
3. Cyber security, IT networks, data security and privacy
4. Regulatory compliance and product stewardship
5. Business interruption as a result of a major event or a natural catastrophe
6. Major regulatory enforcement action, litigation and/or other claims arising from products and/or historical and ongoing operations
7. Intellectual property and know-how/protection
8. Portfolio innovation and technology
9. Health and safety
10. People, talent and succession

Change vs 2022

= Same
+ Increasing
− Decreasing

Risk culture

Every individual at Elementis has a responsibility to manage risk, irrespective of function, business or role. Risk awareness exists throughout decision making processes and is embedded in systems, policies, procedures, leadership and behaviours, and specific standards such as the Code of Conduct. All Company employees are responsible for complying with related Company policies and guidance and share responsibility for ensuring that the Company conducts its business in a safe, lawful and ethical manner.

Risk appetite and tolerance

Risk appetite at Elementis is understood as being the amount of risk that the Board is prepared to accept in return for reward. There is a degree of variability in determining risk appetite, which may be based on strategic objectives, as well as guidance from management or advisers with an understanding and analysis of the nature of the risk. The strategic appetite for risk is decided on a case-by-case basis at Board level: for example, with respect to a corporate transaction or significant capital expenditure project, and delegated to the ELT to implement as appropriate. The maximum risk that can be taken before the Company experiences financial distress is also decided at Board level and mitigated, as far as possible, by internal controls, business continuity plans, insurance, financial instruments and contracts.

Our risk review processes

Our Risk Management Policy defines our approach to risk management. The Board maintains an annual forward planner to ensure that appropriate focus is given at scheduled meetings to discuss, review and monitor business and operational performance, strategic priorities, governance, compliance and risk matters. This approach enables the Board to engage directly with each of the business units and functional departmental leaders.

Each ELT member is responsible for identifying, assessing and monitoring their respective business and functional risks as well as measuring the impact and likelihood of the risk to the business. Each identified risk is categorised as strategic, commercial, operational, financial or compliance.

On an annual basis the ELT collectively reviews the enterprise risk universe and the Board carries out a review of the principal risks and uncertainties.

During the year the following risk management activities have been carried out:

- Renewal of insurance programme
- Risk registers reviewed and updated quarterly, with clear ownership of mitigating controls
- Review of climate related risks and scenario analysis
- Launch of customer and supplier risk screening policy and new screening process
- Continued compliance activity to effectively manage risks relating to trade sanction risks

Key areas of focus during the year

During 2023 the Board carried out two comprehensive reviews of the Group's principal risks; being those which if they were to materialise, could have a significant impact on the Group's ability to meet its strategic objectives over the medium term.

The risk heat map on page 64 identifies the key risks, pre-mitigation, that Management consider most impactful to the Group's business model and the delivery of its strategic objectives. Movements on the risk heat map reflect changes to the risk environment since 31 December 2022 and are summarised below:

- Inflationary pressures and rising interest rates continued to impact the macroeconomic environment in which the Group operates. During 2023 management focused on cost reduction initiatives to help mitigate such pressures. In particular, the Group announced its Fit for the Future programme which will deliver $20m of cost savings by the end of 2025
- Cyber security continues to be a significant risk to the business. Process improvements have been made, including a new Crisis Framework and Incident Response Plan. Management continue to highlight potential cyber threats to employees and additional security controls were implemented in the IT operating environment
- People, talent and succession risks have increased in light of the Fit for the Future programme, which impacts 15% of the global workforce. Mitigating controls have been put in place to ensure adequate handover periods between departing employees and new hires, detailed knowledge transfer plans have been created, and there are frequent reviews of contingency plans by the ELT
- Health and safety risks have reduced with the sale of the Chromium business. Excluding Chromium, our TRIR in 2023 was 50% below 2022. This success is due to the implementation of robust management systems, safety culture programmes, risk management processes, and a continued focus on process safety

There have been no material changes to the risk profiles for the other principal risks, although management continue to monitor and review as appropriate.

Priorities for 2024

- Successful execution of the Fit for the Future programme
- Assessment of the opportunities and risks posed by AI
- Continued horizon scanning for new and emerging risks and detailed proposed plans for mitigating such risks
- Further enhancements to the risk management framework, including more systematic assessment of sustainability risks in the Group's supply chain, in line with corporate governance best practice
- Finalising the Group's SBT for GHG emissions reduction, thereby helping to minimise exposure to climate change risks
- Strengthen information security governance with the appointment of a dedicated Information Security Officer
- Implementation of a partner risk assessment programme for supplier selection
- Develop a supplemental database to more effectively manage and review the Group's harmonised tariff codes
- Leverage the outsourcing process to streamline, automate and conform our control processes globally
- Continue to work constructively on the challenges to the Group's Finnish mining permits, combined with wider stakeholder engagement to underpin the Group's commitment to responsible mining

Emerging risks

Emerging risks and opportunities are identified and documented through the existing risk management framework using a variety of horizon scanning methods, such as:

- Monthly performance calls with each business unit, including deep dives on new business opportunities, supply chain resiliency and procurement matters
- Annual and five year financial plans and budgets
- Board, ELT and other internal governance forums
- Customer/market insight and industry specific data
- Materiality assessment with regard to ESG

Management continue to consider how the Group could be affected by emerging risks over the longer term and how strategic, market and customer initiatives might manage risks and seize new opportunities. It is often possible to identify the potential impacts of emerging risks, but it is more challenging to predict their financial impact, likelihood and timeframe – for example, the climate scenario analysis which was carried out as part of our TCFD statement on pages 42-56.

Climate change

Climate change is an important consideration for the Group (see pages 34-41), and management's response is a crucial part of the Group's business strategy; shaping both how products are designed and how they are brought to market. Climate change also brings opportunities – for example, some of the Group's products can contribute to lower energy and resource use (see page 38). Elementis has an ambition to reach Net Zero by 2050 and in 2024 management will set an SBT (via SBTi) for GHG reductions.

The Group assesses climate related risks using the same impact and likelihood criteria as for the rest of its enterprise risks. Management have used climate scenarios from NGFS to help understand how climate risks change in different futures and time horizons. Climate change has been identified as a contributing factor to many of our principal risks and long term uncertainties and further information on the Group's approach to climate related risks can be found on pages 67-71.

Internal control

The key elements of the Group's internal control framework are monitored throughout the year. The Audit Committee has conducted a review of the effectiveness of the Group's risk management and internal control systems on behalf of the Board.

To support the Board's annual assessment, a report is prepared by the Global Head of Risk and Controls on the Group's principal risks and internal controls. The report sets out the Group's risk management systems and key internal controls, as well as the work conducted in the year to assess and improve the risk and control environment.

The internal control framework is intended to effectively manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, not absolute, assurance against the risk of material misstatement or financial loss.

In accordance with the Financial Reporting Council's ("FRC's") guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Group. This process has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. The process is regularly reviewed by the Board and accords with the relevant guidance.

For further information on internal controls, please refer to pages 90-91.

Principal risks and uncertainties

Innovation Growth Efficiency

1 Global economic conditions and competitive market pressures

Description of risks

The performance of the specific end-user markets served is affected by macroeconomic conditions. Adverse developments that may result in a downturn in macroeconomic conditions, or in the industries in which our customers operate, may include political uncertainty, retaliatory tariffs or other disputes between trading partners.

Suboptimal global economic conditions can affect sales, raw material costs, foreign exchange rates, capacity, utilisation and cash generation, which can impact the financial health of the Group.

Increased competitive pressure in the marketplace can result in significant pricing pressure and loss of market share. The impact of non-delivery of operating plans can lead to market expectations of Group earnings not being met, and slower delivery of strategic priorities.

Link to strategic objective: Innovation, Growth, Efficiency

Movement in year: =

Links with climate change

The global response to climate change introduces additional uncertainties in macroeconomic and market trends which may have both positive and negative impacts on the Group. Customers increasingly collect climate related information in preparation for future sourcing decisions. The Group understands its emissions footprint, including Scope 3, and aims to reach Net Zero emissions by 2050. Management are in the process of quantifying carbon and environmental footprints at a product level to better demonstrate impact and progress. See page 37.

Controls and mitigating activities

- Financial performance (monthly sales, profit and cash flows and position against key banking covenants) is closely monitored with full year scenario planning of key risks, regular reforecasts and prompt investigation of variances
- Contingency and cost reduction plans can be implemented in the event of an economic downturn to reduce operating costs, including non-essential capital expenditure items and discretionary spend
- Interest, currency and commodity hedging actions are taken as appropriate to mitigate the impact of rising interest rates and inflation
- Global key account management programme to deepen existing relationships with our largest customers and help to pre-empt end market changes
- Balanced geographic footprint and supply chain and broad differentiated product offering across different sectors

Developments in year

- Continued focus on cost reduction, capital expenditure effectiveness, working capital and discretionary spend
- Price rises implemented to mitigate the impact of raw material, logistics and energy cost increases

2 Business interruption as a result of supply chain failure or key raw materials and/or third party service provision

Description of risks

The Group is dependent on raw materials from various sources. In the event of a long term supply disruption, or market volatility, it may not be possible to secure sufficient supplies of raw materials from alternative sources on a timely basis, or in sufficient quantities or qualities, or on commercially reasonable terms. The lead time and effort needed to establish a relationship with a new supplier could be lengthy and could result in additional costs, diversion of resources and reduced production yields.

Link to strategic objective: Innovation, Growth, Efficiency

Movement in year: =

Links with climate change

Climate change will increase the frequency and severity of extreme weather events that may result in supply chain disruption. Elementis manages its supply chain through maintaining minimum stock levels and qualifying multiple suppliers. See page 38.

Controls and mitigating activities

- Review of single source materials; find and qualify alternatives
- Market research to understand and monitor the impact of short term events
- Recalibration of inventory stock levels and lead times on a regular basis
- Business continuity scenario planning overseen by the ELT
- Proactively identify and mitigate risks across the supply chain
- Implement robust contingency plans to address potential disruptions and maintain resilience
- Increase flexibility in the Group's manufacturing network to supply products from different regions, including new manufacturing locations

Developments in year

- Continued leverage of strategic supplier relationships to secure required raw material volume
- Accelerated production qualification programme to ensure the ability to redistribute production volume across our global manufacturing network
- Continued focus on qualification of new sources of supply
- Enhancement of the Group's global supply chain and procurement teams
- Continued focus on the Group's Global Supply strategy to ensure a resilient global production footprint, enabling Elementis to continue to produce as new risks materialise in the years to come

3 Cyber security, IT networks, data security and privacy

Description of risks

The Group increasingly relies on IT systems for its internal communications, controls, reporting and relationships with customers and suppliers.

A significant disruption could cause delays to key operations and an inability to meet customers' requirements, thereby resulting in increased operating costs, legal liability and reputational damage. In addition, continuing developments in data protection legislation globally have created a range of compliance obligations with increased financial penalties for non-compliance.

Cyber security continues to be an increasingly significant risk to the business and there remains ongoing work to review and strengthen the Group's security systems.

Link to strategic objective:

Movement in year:

Links with climate change

Not applicable.

Controls and mitigating activities

- Security controls, including policies and procedures, staff awareness and training, risk management and compliance, systems and information management and protection process
- Regular IT, cyber and data protection updates to the Board
- Business continuity and emergency response plans for each manufacturing site
- Regular internal audit reviews
- Privacy and data protection platform

Developments in year

- Continued phishing simulations in order to raise awareness and assess training needs
- Introduction of a Global Crisis Framework and a revised Incident Response Plan
- Crisis response workshop completed with ELT
- Implementation of advanced phishing controls to further address human risk
- Improved data protection through enhanced access controls
- Introduction of an operational technology detection and response tool
- Decision made to appoint a dedicated Information Security Officer in 2024

4 Regulatory compliance and product stewardship

Description of risks

Emerging and existing regulations in global markets can lead to hurdles and additional costs in delivering on strategic objectives. Non-compliance or suspected non-compliance could lead to regulatory action.

Link to strategic objective:

Movement in year:

Links with climate change

Elementis continuously works to improve energy efficiency at all sites (see page 34). International Sustainability Standards Board ("ISSB") and Corporate Sustainability Reporting Directive ("CSRD") regulations ensure rigour in our corporate disclosure and marketing documents, and management are preparing for full ISSB and CSRD compliance.

Controls and mitigating activities

- The Global Product Stewardship & Regulatory Affairs team oversees, manages and monitors regulatory developments in various jurisdictions
- SDS, labels and regulatory information are provided for global customers specific to the requirements in their jurisdiction
- Active compliance and risk management programmes in place (including policies, procedures and training)
- Regular reviews of the evolving regulatory landscape in current and new markets
- Regulatory Compliance and Product Stewardship risks continue to be regularly updated and reviewed with the Board

Developments in year

- The Company's expansion permits in relation to two of its talc mines in Finland were revoked by the Finnish courts after challenge by environmental groups. In relation to these decisions, the Company has filed an appeal and an application for leave to appeal, with decisions expected between 2025 and 2026. The Company continues to enhance its Responsible Mining programme and, as part of this, to engage with local stakeholders in Finland in relation to its activities
- UK REACH, Turkey REACH and South Korea REACH planning and assessment
- Ingredient notifications in existing markets with new requirements were completed
- Ongoing support of manufacturing optimisation change through regulatory activities

Innovation Growth Efficiency

5 Business interruption as a result of a major event or a natural catastrophe

Description of risks

The ability of the Group to manage its operations successfully and achieve performance in line with its strategy, business plans and budgets depends on the efficient and uninterrupted operation of planning processes, operational delivery capabilities and the internal control environment. Production facilities may be subject to planned and unplanned shutdowns, turnarounds and outages including for natural catastrophes, weather, climate change or disruption associated with transportation, utilities and distributors, which could result in increased costs in securing alternative facilities, significant time to increase production or customer qualification.

A major event is categorised as an operational, HSE, transport or workplace incident caused by system failure and/or human error, or by fire, storm, flood or pandemic.

Link to strategic objective: Growth

Movement in year: =

Links with climate change

Climate change is likely to increase the frequency and severity of extreme weather events which may result in operational and supply chain disruption. Elementis' sites are designed and maintained to withstand extreme weather and the Group's supply chain management ensures minimum stock levels and the qualification of multiple suppliers. See page 37.

Controls and mitigating activities

- Preventative maintenance, critical spares, process and other safety procedures to mitigate the effects of a major incident
- Property damage and business interruption insurance coverage
- Each site has developed a business continuity plan that includes emergency response and business recovery protocols, annual reviews, periodic updates, training and practising the plan via periodic drills or table top exercises
- Management verify the emergency response and crisis preparedness elements of business continuity through the HSE compliance auditing process
- Business continuity scenario planning overseen by ELT
- HSE management programme includes corporate compliance audits and insurance property surveys
- HSE matters reviewed by ELT on a monthly basis

Developments in year

- Internal audit review of manufacturing sites
- Continued focus on operational reliability
- Insurance property survey recommendations adopted and tracked

6 Major regulatory enforcement action, litigation and/or other claims arising from products and/or historical and ongoing operations

Description of risks

The scale and complexity of the Group's operations means that it is subject to a wide range of international regulation spanning all aspects of its business. The regulatory sphere includes multiple corporate taxation regimes, national and supra-national anti-corruption, fair competition and data privacy laws, as well as applicable environmental regulations and standards relating to the Group's past and present operations. Failure to comply can lead to complex cross border claims, litigation, damages, fines, penalties and remediation orders. The Group may be involved in legal proceedings and claims within the ordinary course of business, including legacy claims in relation to businesses that have been acquired or disposed of by the Group.

Adverse results in legal proceedings could result in reputational and financial damages, loss of business, and diversion of management time and resources.

Link to strategic objective: Innovation, Growth, Efficiency

Movement in year: =

Links with climate change

Not applicable.

Controls and mitigating activities

- Cross functional expertise including Legal, Compliance, Finance, HSE and Product Stewardship & Regulatory Affairs, supported by external consultants and advisers, actively monitoring emerging risks and ensuring controls in relation to known risks, is effective
- Products are routinely and rigorously tested to the highest standards
- Continuous evolution of the global compliance programme to identify, address, monitor and mitigate compliance risks, including through new processes, training and other activities
- Insurance programme and risk transfer strategy in place to mitigate potential financial losses
- Audit Committee and Board exercise oversight through regular reports on all threatened and actual litigation from the Group General Counsel & Company Secretary
- Employees are subject to a range of policies and procedures setting out required behaviours and standards, and consequences for non-compliance
- The Ethics & Compliance Council, chaired by the Group General Counsel & Company Secretary, meets regularly to monitor the Group's compliance culture and ensure that ethics and compliance considerations are appropriately weighted in business decisions
- The Data Protection Steering Committee meets regularly to oversee compliance with applicable data privacy laws
- Regulatory Compliance and Product Stewardship risks continue to be updated and reviewed with the Board as new risks arise and new developments are made on ongoing issues. Working groups are in place for a number of regulatory areas

Developments in year

- The divestiture of the Chromium business in January 2023 reduced the Group's overall exposure to claims and enforcement actions relating to environmental matters
- Launch of Customer and Supplier Risk Screening Policy and new screening process

7 Intellectual property and know-how/protection

Description of risks

Failure to adequately protect and preserve IP and proprietary know-how in both existing and new markets could harm the Group's competitive position.

Link to strategic objective:

Movement in year:

Links with climate change

Not applicable.

Controls and mitigating activities

- Active management of the Group's trademark portfolio via an internal Trademark Committee (TMC), attended by the Group's external trademark advisors, comprising the business segment's Marketing Directors, Corporate Communications and Legal. The TMC meets regularly to take decisions in relation to the registration of new trademarks and defensive activity in relation to existing marks. The TMC is supported by a global network of trademark agents who represent the Group's interests in all relevant jurisdictions
- The Group's Science Director works closely with the Legal team and external patent attorneys to ensure emerging inventions are appropriately protected
- Employees are trained on the importance of appropriate handling and disclosure of proprietary and confidential information
- The Legal team reviews confidentiality agreements entered into by the Group to assess the suitability of the proposed purpose and the duration of the confidentiality obligations. A central record of all confidentiality agreements entered into globally is maintained by the Legal team
- Contentious IP matters are reported to the Audit Committee and Board
- The Group's stage gate system incorporates IP and freedom to operate as requirements to launch new products

Developments in year

- Patent and IP disclosures to keep distinction in new launches
- Enforcement of proprietary advantage
- Annual patent portfolio review

8 Portfolio innovation and technology

Description of risks

The ability of the Group to compete is highly dependent on its ability to meet the changing needs of customers and keep pace with technological innovations and sustainability trends.

New or substitute products and technologies developed by competitors could erode the Group's ability to compete and lead to declines in sales and market share.

Link to strategic objective:

Movement in year:

Links with climate change

Climate change and increased focus on sustainability drives demand for products with lower climate impacts and more efficient resource use. The Group is increasing the range of products it offers with high naturally-derived material content. In addition, management are assessing the Group's portfolio in a systematic way to identify and prioritise opportunities to improve product sustainability.

Controls and mitigating activities

- The Global R&D team aims to develop new products and technologies used in an evolving market to meet the changing needs of the Group's sophisticated customers
- Collaborative relationships with customers and industry formulators ensures efforts are aligned with the latest market trends
- Use of an innovation tool to manage stage gate process, with systematic prioritisation to deliver high value solutions for the market
- The Group's proprietary Hectorite and Talc enable the Group to consistently deliver high performance innovation

Developments in year

- 12 new products launched in 2023
- Open innovation with strategic partners

Innovation Growth Efficiency

9 Health and safety

Description of risks

The inherent nature of manufacturing activities, such as material handling, production, storage and transport have wide ranging occupational safety and process safety risks. Failure to recognise, evaluate and mitigate health and safety risks would leave the Group vulnerable to employee and contractor injuries, lost production time, equipment damage, impact to the community, potential regulatory compliance challenges, and reputational damage.

Link to strategic objective: Innovation, Growth

Movement in year: −

Links with climate change

Not applicable.

Controls and mitigating activities

- Safety Leadership – HSE certification process required for all site leaders, setting clear expectations of their responsibility for ensuring employee safety and providing them with leadership training/tools
- Reshaped Global HSE Strategy and Roadmap (through 2026) aligned with goals and incident trends, and establishment of meaningful leading and lagging key performance indicators
- Compliance and insurance audits, root cause analyses, management of change, routine inspections, risk assessments, training, contractor management and work permits
- Safety culture promotion – increased employee engagement via an incentive programme promoting safety through SWA; near miss reporting, hazard recognition, inspections and risk assessments participation. 'Call to Action' initiative leading to over 100 actions developed based on employee feedback
- Continued implementation of hazard recognition processes to improve employee awareness and mitigation of hazards
- Process safety management – phase 1 process improvement plans for all high risk tasks through process hazard analyses, and ensuring equipment mechanical integrity through capital investment, equipment assessments and suitable preventative maintenance

Developments in year

- Improved accountability and analytics in the management of HSE and quality incidents, action tracking, audit management, and regulatory compliance
- Increased use of innovation and technology for incident reporting and risk assessments
- Development of a global HSE framework aligned to ISO standards and publication of life critical HSE standards
- Implementation of a formalised process safety management standard including key elements such as management of change, hazard analyses and mechanical integrity
- Third annual Global Safety and Health Week, including technical speakers and local activities
- Enhanced communication of HSE through centralised document repository, including HSE standards and incident learnings
- Implementation of a formalized process safety standard including integration of key essential elements such as management of change, hazard analyses and mechanical integrity
- Embedding TogetherSAFE, our value for safety, into our work planning and business processes; holding third annual CEO TogetherSAFE award promoting team safety initiatives

10 People, talent and succession

Description of risks

The Group operates in highly competitive labour markets and relies upon the expertise and services of talented individuals and teams to succeed.

Loss of key people or disruption to teams without timely action could result in disruption to business operations.

Link to strategic objective: Innovation

Movement in year: +

Links with climate change

Employees increasingly wish to contribute to addressing climate change. The Group's Net Zero ambition and commitment to SBTs supports the Employee Value Proposition.

Controls and mitigating activities

- Performance management process for all employees to set goals aligned to key priorities and actions for personal and professional development
- Career profile allowing employees to create their personal profile and future aspirations
- Succession planning to build a diverse leadership pipeline; the senior leaders are reviewed twice a year by the ELT and the ELT are reviewed once a year by the Board
- Measurement of employee engagement to create actionable plans
- People manager training and toolkits, empowering growth and impact
- Unlimited access to LinkedIn Learning to allow employees to expand their skills based on their own learning needs
- Flexible working
- Creation of knowledge transfer plans facilitated by external consultants, retention packages for key employees and creation of searchable databases to ensure historic knowledge remains accessible

Developments in year

- New engagement survey in collaboration with Gallup
- Performance management approach transitioned from task-orientation to focusing on engagement and development
- Global and local people manager training sessions conducted in local languages, aligned with the specific needs of people managers
- Change management training provided to people managers to allow additional support in leading through change as we deliver the Fit for the Future programme
- Introduction of a new onboarding app to ensure a smooth transition into Elementis for new hires
- Continued enhancements to succession planning in order to improve internal talent development and progression. Orderly transition to new leaders in global supply chain, manufacturing and procurement

Viability and going concern statement

Going concern

The Directors are satisfied that it is appropriate for the Group and the Company to adopt the going concern basis of accounting in preparing these Group and parent company financial statements and that there are no material uncertainties impacting the ability of the Group and Company to continue to operate over a period of at least 12 months from the date of approval of these financial statements.

To support this assessment the Directors produced three models, covering a future period of five years from the date of these accounts, demonstrating the position of the Group regarding its two financial covenants, net debt/EBITDA and interest cover, at each measurement period for the 12 months following the date of signing of these accounts and annually thereafter. These models comprised:

- A base case scenario, aligned to the latest Group annual operating plan for 2024, as well as the Group's five year plan;
- A possible downside scenario that assumes the global economic environment is severely depressed over the assessment period; and
- A reverse stress test, flexing sales to determine what circumstance would be required to breach the financial covenants.

No breaches in the required covenant tests were reported during the year and under both the base case and severe but plausible downside scenarios the Group is expected to remain within its financial covenants throughout the going concern period. The conditions necessary for the reverse stress scenario to be applicable were deemed to be remote.

The Directors also considered factors likely to affect future performance and development, the Group's financial position, the current excess liquidity position, the high level of cash conversion and the principal risks and uncertainties facing the Group; including the Group's exposure to credit, liquidity and market risk and the mechanisms available for mitigating these risks.

The Group's net debt position as at 31 December 2023 was $202m. It has access to a syndicated revolving credit facility of $375m, of which $71.6m has an expiry date of September 2024 and $303.4m has an expiry date of September 2025, and long term loan facilities of $100m and €142m which have an expiry date of June 2026.

The Group had further borrowing facilities available to it, aside from the syndicated revolving credit facility and term loans, of over $12m as at 31 December 2023.

In conclusion, after reviewing the base case scenario, the severe but plausible downside scenario and considering the likelihood of the reverse stress test scenario occurring to be remote, as well as having considered the uncertainty relating to the Group's principal risks and the mitigating actions available, the Directors have formed the judgement that at the time of approving these consolidated financial statements there are no material uncertainties that cast doubt on the Group's going concern status for next 12 months and that it is therefore appropriate to prepare the consolidated accounts on the going concern basis.

Business viability assessment

The basis of the assessment included a detailed review of strategic and operating plans, underpinned by five year financial forecasts, including profit and loss and cash flows. Consideration was given to capital expenditure, investment plans, returns to shareholders and other financial commitments, as well as the Company's debt bearing capacity, its financial resources, borrowings and the availability of finance. No review of business plans and financial forecasts would be complete without a robust assessment of the risks and opportunities in such planning models and the assumptions used. The review included consideration and discussion of the materials prepared and presented to the Board by management and its advisers (where appropriate), as well as additional information requested by the Board.

The Board's programme of monitoring major risks is an important component of the business viability assessment and the financial impact of the principal risks was modelled over the five year period. Business and segment growth scenarios, rate of return on investments, assumptions on global GDP growth rates, relevant currency rates, and commodity prices in business plans and financial forecasts were all considered, with stress testing on financial models where appropriate. Finally, a review of litigation and tax reports, legal and compliance risks throughout the year and a formal year end risk review, ensures that the viability statement is made with a reasonable degree of confidence.

Principal risks

For each principal risk that is deemed to be both permanent and likely to have a high impact, a severe but plausible scenario was considered. In making the business viability statement, the Board reviewed and discussed the overall process undertaken by management and assessed the outcome of the stress-testing carried out using the Group's five year financial forecast as the base case. The five year financial forecast considers the Group's cash flows, interest cover covenant, net debt/EBITDA covenant, and other key financial ratios over the period. These metrics were assessed against the Group risk register to determine the most impactful ones to stress test against. Consideration was also given to the potential impact of the Group's climate risk scenarios.

Business viability statement

In accordance with the UK Corporate Governance Code provision 31, the Directors have reviewed the Group's current position and carried out a robust assessment of the principal risks and uncertainties that might threaten the business model, future performance, and solvency and liquidity of the Group, including resilience to such threats, and consider that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over a period of at least five years. A period of five years was chosen as being consistent with the Group's business and financial planning models, R&D plans, a number of key supply contracts and requirements for external borrowing facilities. Regarding accessibility to financing, the majority of the RCF currently has an expiry of September 2025 and the term loans have an expiry of June 2026; both of these are within the five year period and so will require renegotiation or replacement. Elementis has, to date, had a very supportive banking syndicate and due to recent deleveraging there is now a materially lower requirement for debt financing; as such the Directors do not believe that there will be any issues in renegotiating lending facilities when necessary.

Strategic report

The Strategic report was approved by the Board of Directors on 6 March 2024 and is signed on its behalf by:

Paul Waterman
CEO

Ralph Hewins
CFO

Chair's introduction to governance

John O'Higgins
Chair

Dear Shareholders,

On behalf of the Board, I am pleased to introduce our Governance report for year ended 31 December 2023. 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 our stakeholders. I am grateful to my fellow Board members for their continued support.

Purpose, culture and values

Our purpose – unique chemistry, sustainable solutions – guides our strategy and priorities and underpins our decision making as a Board. The Company's values of Safety, Solutions, Ambition, Respect and Team underpin our culture, align with our purpose and drive our business success.

The completion of the sale of our Chromium business in 2023 resulted in the Company becoming a focused specialty chemicals business which will operate in a regional organisational structure in a way that is Fit for the Future, driving the innovation of specialty chemical products that deliver cleaner and better performance for our customers.

Board succession and diversity

Steve Good will step down from the Board at the conclusion of the Annual General Meeting ("AGM") after reaching a tenure of nine years on the Board in October 2023. I would like to take this opportunity to thank Steve for his very significant contribution to the Board and his leadership of the Remuneration Committee.

In anticipation of Steve's retirement from the Board, succession planning was a focus for the Board during the year and a thorough recruitment process for a new Non-Executive Director was conducted.

Following this process, we were delighted to welcome Maria Ciliberti to the Board in March 2024. Maria's skills, background and experience strongly complement the existing skills and experience of Board members. Maria will stand for election at the AGM in 2024.

I can report that, as at 31 December 2023, 37.5% of the Board were women (there were five men and three women on our Board). With the appointment of Maria Ciliberti, I am pleased to report that we now meet the new Listing Rules target (also referred to in the FTSE Women Leaders Review) for female representation on the Board to be at least 40%, with 44.5% of the Board now women. Following Steve Good's retirement from the Board at the conclusion of the AGM, female representation on the Board is expected to be 50%.

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. We will continue to ensure that the benefits of diversity are appropriately considered in the context of any future Board recruitment.

Further information on Board diversity is set out on pages 86-87.

Net Zero transition plan

The Board carefully considered the proposed adoption of a science-based target ("SBT") for reduction in our greenhouse gas ("GHG") emissions by c.2030, and a related update to the Company's long-term ambition statement from 'carbon neutral' to 'Net Zero by 2050', at the latest.

As part of these considerations, the Board took into account the expectations of its stakeholders with regard to management of the Company's GHG footprint and its alignment with the UK's commitment to a GHG reduction pathway.

As a result, the Board was pleased to approve the form of the Company's first Net Zero transition plan, and a proposal to validate an SBT via the science-based target initiative ("SBTi") by the end of 2024. Further information on our climate strategy can be found on pages 34-41.

Board effectiveness

The Board undertook the annual evaluation of its effectiveness internally this year, having completed a full externally facilitated Board performance evaluation in 2021.

I am pleased to report that this resulted in a positive assessment of the effectiveness of the Board and its Committees, with the focus on strategy seen as a particular highlight (as demonstrated during the Capital Markets Day ("CMD") held in November 2023).

Wider employee feedback from those who interacted with the Board during the year reflected the view that the Board was approachable and engaged. Further details of the process followed and its outcomes are set out on page 83.

During 2023, the Group General Counsel & Company Secretary conducted a tender process on behalf of the Board to identify and appoint a new external evaluator to perform an externally facilitated evaluation of the Board's performance in 2024 (the Board having worked with the same external evaluator for two prior external evaluations).

Annual General Meeting

The AGM is an important event in the Company's corporate calendar, providing an opportunity to engage with shareholders.

This year, we will again be holding a hybrid AGM, with shareholders able to attend the meeting in person to vote and ask questions, or view the meeting via a live webcast.

Shareholders can also ask questions in advance of the meeting via email: company.secretariat@elementis.com. Instructions on how to register and join the webcast are set out in the Notice of Meeting, which is available on the Company's website.

John O'Higgins
Chair

Board of Directors

The right skills to deliver our strategy

John O'Higgins
Chair

N R

Tenure
John was appointed 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[1]

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
- Non-executive 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

1 On appointment.

Paul Waterman
Chief Executive Officer

Tenure
Paul was appointed Chief Executive Officer ("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 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
Chief Financial Officer

Tenure
Ralph was appointed CFO-Designate and Executive Director on 12 September 2016 and became the Elementis Group Chief Financial Officer ("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 in Modern History and Economics from the University of Oxford and an MBA from INSEAD.

External appointments
None

Committee Chair | A Audit Committee | N Nomination Committee | R Remuneration Committee

Trudy Schoolenberg

Senior Independent Director

A N R

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, Wartsila 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 PhD 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 chair of Accsys Technologies plc
- Independent director of SPIE SA
- Senior independent director of TI Fluid Systems plc

Steve Good

Independent Non-Executive Director

R N

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.

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 director and non-executive board chair of Norcros plc

Dorothee Deuring

Independent Non-Executive Director

A N R

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 a senior executive in the corporate finance department at the Roche Group.

Dorothee served as non-executive director of the supervisory board of Bilfinger 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 PolyPeptide Group AG
- Non-executive director of Temenos AG

Christine Soden
Independent Non-Executive Director

A N R

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 of 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. Christine 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 antimicrobial 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 Cell and Gene Therapy Catapult
- Non-executive director of Arecor Therapeutics plc

Clement Woon
Independent Non-Executive Director

A N R

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. 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
- Non-executive director of Morgan Advanced Materials plc

Anna Lawrence
Group General Counsel & Company Secretary

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

Maria Ciliberti
Independent Non-Executive Director

Maria's appointment as a Non-Executive Director is effective as of 11 March 2024.

Maria's professional experience spans over 35 years in the petrochemical industry and includes roles in manufacturing, R&D, commercial and business management. She worked at The Dow Chemical Company, Columbia Gas of Ohio and Container Corporation of America in the USA. She also spent over a decade in global leadership roles in Europe, with Celanese, General Electric Plastics (now owned by SABIC) and Borealis, where her last role was Commercial Vice President for Borealis' Global Specialty Solutions Business.

Since 2022, Maria has held the role of President for the USA & Canada business of Royal Vopak, a global, independent infrastructure provider. Maria sits on the board of Vopak's USA and Canadian joint ventures, which include Vopak Industrial Infrastructure Americas, Vopak Exolum Houston, Vopak Energy Storage Texas, Ridley Island Propane Export Terminal and Ridley Island Energy Export Facility.

Maria holds a Bachelor of Science degree in Chemical Engineering and a Master of Business Administration – both from The Ohio State University.

Committee Chair | A Audit Committee | N Nomination Committee | R Remuneration Committee

Division of responsibilities

Governance framework

Shareholders

Board of Directors
The Board is responsible for ensuring long term sustainability and the delivery of long term value and success for our shareholders. It also provides effective challenge and support to the Executive Leadership Team ("ELT") in relation to strategy, while ensuring the Group maintains effective risk management and internal controls systems.

Board Committees
The Board is supported in its activities by Board Committees that have specific delegated responsibilities, as set out in separate terms of reference, which are available on the website: www.elementis.com

Audit Committee
- Overseeing financial reporting and the Group's financial systems
- Providing oversight and governance of internal controls and risk management
- Monitoring the independence and effectiveness of the external auditors
- Maintaining an appropriate relationship with our internal and external auditors

For further information, please see pages 88-91.

Nomination Committee
- Responsibility for the structure, size and composition of the Board, ensuring the Board and Committees have the correct balance of skills, knowledge and experience
- Ensuring and overseeing succession planning and responsibility for the annual review of Board effectiveness
- Identifying and nominating suitable candidates for appointment to the Board
- Promoting diversity

For further information, please see page 84-87.

Remuneration Committee
- Setting the Remuneration Policy and determining the review structure for the Chair, Executive Directors and ELT, to align their remuneration with the long term interests of the company
- Approving bonus plan, long term incentive plan targets and share awards

For further information, please see page 96-122.

Disclosure Committee
- Advising the Board regarding, and to ensure that Elementis makes, accurate and timely disclosure of price sensitive information that is required to be disclosed to meet its legal and regulatory obligations

CEO
The CEO is responsible for the day-to-day running of the business and overseeing its performance, development and strategy.

ELT
The ELT is led by the CEO and meets quarterly to review various reports from all areas of the business as well as the external operating environment and associated risks and opportunities. Relevant matters are reported to the Board by the CEO or the CFO.

Diversity, Equality & Inclusion Council

Ethics & Compliance Council

Health, Safety and Environmental Council

Sustainability Council

Data Protection Steering Committee

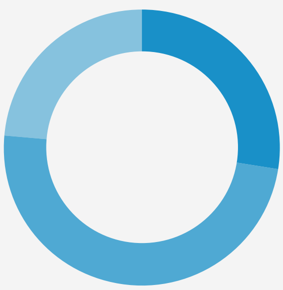
Board and engagement highlights

Board meeting attendance

The attendance of the Directors at the Board meetings in the year ended 31 December 2023 is as follows:

Member	Member since	Eligible meetings (max 8)	Attendance
John O'Higgins	February 2020	8	8
Dorothee Deuring	March 2017	8	8
Steve Good	October 2014	8	8
Trudy Schoolenberg	March 2022	8	8
Christine Soden	November 2020	8	8
Clement Woon	December 2022	8	8

Scheduled meetings during the year



Business and financial performance	27.5%
Strategic	49%
Governance, risk and compliance	23.5%

The allocation of agenda time for the eight scheduled meetings was categorised into: Business and financial performance; strategic; and governance, risk and compliance.

Board changes

There were no changes to the Board during the year. Steve Good reached a tenure of nine years in October 2023. In order to facilitate an orderly handover of the Remuneration Committee Chair to Clement Woon after the AGM, Steve was re-appointed for a six month period until the conclusion of the AGM. Further information can be found on page 85.

In March 2024, Maria Ciliberti was appointed to the Board and will stand for election at the upcoming AGM.

Shareholder engagement

Investor meetings

The Board values the importance of an active engagement programme and we are continuously looking to improve our engagements to build and develop open and trusted relationships with our shareholders.

The investor relations function has primary responsibility for managing day-to-day communications with institutional shareholders and supports the Chair, Senior Independent Director ("SID"), CEO and CFO in conducting a comprehensive shareholder engagement programme during each financial year.

The CEO and CFO are the Company's principal spokespeople. Throughout the year, they engaged extensively with existing and prospective investors during individual and group meetings, as well as conferences and fireside discussions. In 2023, a total of 70 meetings were held with investors, of which 14 were with the Chair.

The Chair conducted a governance roadshow in April, meeting with the top shareholders. Discussions focused on the Group strategy, including the successful disposal of Chromium and ways to improve Talc performance. The Chair used this opportunity to gain feedback on dividend reinstatement and other governance related matters. Later in the year, the Chair initiated meetings with top shareholders, asking for their feedback following a letter published by Elementis' largest shareholder. Feedback from the meetings was shared with the Board.

In addition, the SID and other members of the Board, for example, the Chairs of the Audit, Nomination or Remuneration Committees, are available to meet with shareholders as appropriate.

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.

Retail 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. 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 2023 which shareholders were invited to attend in person or to view the AGM proceedings via a webcasting facility, with a telephone line available for shareholders to ask questions. The proceedings of the AGM are available on demand. All resolutions were approved by shareholders on a poll.

Shareholders were able to submit questions ahead of the AGM, as well as ask them during the AGM. One question was submitted prior to the AGM and answered during the meeting; there were no questions raised during the meeting.

A recording of the AGM can be found on our website.

The 2024 AGM will be held on 30 April 2024 at 10.00am as a hybrid AGM and further information can be found in the Notice of Meeting.

Read more about how we engage with, and create value for our stakeholders on pages 7-9 and 26-27.

Board in action

Board meetings

The Board has a formal annual programme of activities which is supplemented by ad-hoc meetings and conference calls, when appropriate.

At each of its formal meetings, the Board receives standing reports on business performance, operations (including HSE performance), sustainability, innovation, IT investor engagement, governance and compliance.

During 2023, the Board considered a number of topics:

- 2023-2028 financial shape
- Five-year strategy
- Annual Operating Plan
- Capital Markets Day
- Environmental, social and governance ("ESG") and Sustainability
- Ethics & Compliance
- HSE and Global process safety review
- Innovation
- IT and Cyber Security
- Legal matters (including litigation)
- People related topics including: Fit for the Future (organisational restructure); strategy; diversity, equity and inclusion ("DE&I"); people engagement; employee value proposition; and succession
- Performance Specialties
- Personal Care
- Procurement
- The Elementis Group Pension Scheme

The Board regularly invites ELT members to Board meetings to report on their relevant business and functional areas. The Non-Executive Directors make themselves available for discussion with ELT members in advance of Board meetings where a particularly strategic subject is tabled, to enable an in-depth exploration of the subject matter in preparation for the meeting.

Time is set aside at the end of each meeting for a nominated Director to provide constructive feedback on the proceedings, including the quality and usefulness of the materials presented.

It is customary for the Board, or the Non-Executive Directors and the Chair, to meet the evening before in-person to allow them to discuss relevant matters in a less formal setting.

Key activities during the year

2023

Jan

Consolidation of business segments

We consolidated our Talc and Coatings business segments into a new segment, Performance Specialties. The integration of the product portfolio and strong market focus allowed us to further leverage synergies between these two business segments.

Completion of Chromium business divestment

The sale of the Chromium business completed on 31 January 2023, and finance, IT, sales and HR transitional services were provided post-completion.

June/ Sep

Site visits to China, Taiwan and UK

With its people as its core asset, the Board recognises the importance of ongoing face to face engagement with the workforce on all levels.

Site visits to Songjiang (China), Livingston (UK) and Hsinchu (Taiwan) during 2023 enabled to 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.

Sep

Fit for the Future

Following the sale of the Chromium business, the Board felt it was the right time to focus on creating an organisational design that would make the Company more financially and operationally resilient, and "fit for the future". The proposed changes were announced in September, with the new organisational structure to be in place by the end of 2024.

Sep

Response to open letter from major shareholder

An open letter to the Board was published by one of our shareholders requesting that the Board initiate an immediate sale process in respect of the Company.

The Board regularly considers the Company's strategic alternatives with its financial advisors, and reviewed the shareholder's letter carefully, concluding that initiating an immediate sale process would not be in the best interests of its shareholders, given the substantial value still to be realised through the execution of its strategy.

A copy of the response can be found on our website.

Nov

Capital Markets Day

We held a Capital Markets Day for analysts and investors in London and via webcast, which was attended by representatives from over half of our institutional investors.

During the event, we communicated our 2026 targets, to be delivered through our seven growth platforms and two efficiency programmes, as well as highlighting how we are living our purpose of "unique chemistry, sustainable solutions" through our sustainability strategy. Guests were able to watch live demonstrations showcasing recent innovations developed to address global trends, and a sustainability update.

Workforce engagement

Engaged activities throughout the year

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board meeting		●	●	●		●	●		●	●		●
Board site visit						●			●			
DNED engagement with employees	●					●			●			
Employee survey									●			
Speak Up survey					●							
Global townhall					●							●

Board visits

The Non-Executive Directors visit at least two of the Company's manufacturing sites each year, to gain insights into the Group's activities and to meet and engage with colleagues across the business. This enables the Directors to maximise their contribution to Board discussions and their understanding of stakeholders.

June

UK

Livingston, UK

The Board visited our Livingston plant, where organoclay is processed for the Performance Specialties and Personal Care business segments. Members of the management team gave presentations on the plant's activities, followed by a tour of the manufacturing site and laboratory, which included presentations by colleagues on specific activities undertaken at the site. A Board meeting was also held at the Livingston plant.

The Board continued the discussions with management over dinner.

Sept

Taiwan and China

Day 1 – Hsinchu, Taiwan

The Board visited our two plants in Hsinchu and received an overview of the plants' activities from management, with an opportunity for Q&A, before a full site tour of both the North Plant and the South Plant. After the tour, a Board meeting was held at the North Plant.

The Board engaged with employees from a range of functions over dinner in the evening.

North Plant

South Plant

Day 2 – Songjiang, China

Having last visited the Songjiang site in 2019, the Board was keen to hear the local team's perspectives on how the marketplace had evolved in the intervening period.

The Songjiang management team provided the Board with an overview of the plant's activities, including resilience during COVID-19 and innovative plans for the future, as well as commercial opportunities in the region, before undertaking a site tour.

This was followed by a lunch with the management team, during which employees had the opportunity to engage directly with the Board.

Non-Executive Director for workforce engagement

Christine Soden

All year

Engaged activities throughout the year

In line with the requirements of the UK Corporate Governance 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.

DNED engagement

While visiting the various sites during the year, Christine Soden, as DNED, held a number of focus groups which gave her an opportunity to meet with a selection of employees and encourage them to share their views and raise any issues or concerns.

Christine then ensures that employees' questions and concerns are heard during Board discussions, that appropriate steps are taken to evaluate the impact of proposals and developments on the workforce, and that the Board considers what steps should be taken to mitigate any adverse impact.

Learnings and responses

Themes identified from the focus group sessions during the year included:

- Importance of keeping a focus on communication with employees on Fit for the Future, which has been reflected in the communication plans at global and local levels
- The Company's approach to remuneration was generally well understood and satisfactory to employees, although clarity was sought as to how pay parity is maintained between long serving and new employees. Data examined from recent hires showed that there was parity and that current processes work
- The introduction of the Company-wide engagement survey had been well received and had provided actionable insights to teams
- Although access to IT systems was good, further training on using the Company's different IT platforms would be useful in some cases. The Company is reviewing its use of different platforms as part of the evolution of the IT function under the Fit for the Future programme

Purpose, culture and values

Our purpose

Our purpose is Unique Chemistry, Sustainable Solutions.

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.

Our culture

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

- 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 underpin the behaviours expected to cultivate an open and inclusive culture

Further information on Elementis culture can be found on pages 45-50.

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	●		●	●	●
HSE performance	●		●	●	●
Internal Audit reports and findings	●		●	●	●
Ethics & Compliance programme	●	●		●	

Our values

Our values are core to our high-performance culture and are reflected in everything that we do.

Safety
Our way of life

Solutions
Creating value for our customers

Ambition
Passion for excellence

Respect
We do the right thing

Team
The power of collaboration

Further information regarding our values can be found on page 6.

Board evaluation

Process for the year

2023

Jul
- The Group General Counsel & Company Secretary and Board Chair agreed the timetable and process of the internal evaluation, and the content of the questionnaire

Aug
- The questionnaire was sent to Directors for completion
- Anonymous feedback was solicited from employees who had interacted with the Board during the year
- The individual responses were collated into a report summarising key themes by the Group General Counsel & Company Secretary

Sep
- The Group General Counsel & Company Secretary discussed the key themes of the evaluation with the Chair and prepared a formal paper for discussion
- The Chair met with each Director individually to provide a forum for sharing any more detailed or specific feedback

Oct
- The Board discussed the key findings and agreed on focus areas for 2024

Dec
- The SID led a performance evaluation of the Chair with the other Board members

The Board undertakes a rigorous evaluation of its effectiveness and that of its Committees and individual Directors annually. The results of the evaluation enable the Board to reflect on the continuing effectiveness of its activities and quality of decisions, and to identify any areas for further focus in the coming year.

At least every three years, an externally facilitated evaluation of Board effectiveness is carried out. The last externally facilitated evaluation was carried out in 2021, with the next scheduled to take place in 2024.

In 2023, the Board undertook an internal evaluation of its performance. Board members completed a detailed questionnaire compiled by the General Counsel & Company Secretary and approved by the Chair. The questionnaire focused on:

- How the Board had managed opportunities and challenges during the year
- Board dynamics, Chair/Committee Chair and individual Board member performance
- The operation and effectiveness of the Board and its Committees
- Priorities for 2024

In addition, employees who presented to the Board during the year were given the opportunity to provide feedback on their experience anonymously.

Suggested topics for this feedback were whether they felt welcomed by the Board, that the Board listened and was actively engaged in the discussion, and asked relevant, thoughtful and challenging questions.

Evaluation findings and recommendations

The responses of Board members to the questionnaire were largely positive in relation to the continued effective operation of the Board and its Committees. The Board's relationship with management was seen as constructively challenging and characterised by a high degree of trust and respect. The Board was felt to have received robust and comprehensive reporting from management in relation to key areas such as strategic priorities, talent and succession, sustainability and financial resilience.

The wider employee feedback was largely favourable, and highlighted that the Board was felt to listen carefully and to ask challenging, but constructive, questions. The Board was considered approachable and engaged, inside and outside of formal Board meetings.

The agreed focus areas for 2024 include maintaining oversight over the implementation of the Fit for the Future programme, maintaining the strong focus on strategy and the growth agenda, and ensuring that sustainability continues to be seen as a differentiator.

With regard to the actions and focus areas agreed as a result of the 2022 Board evaluation, it was generally felt by Board members that these had progressed well, particularly in relation to the continued focus on the execution of the Chromium divestiture (which had completed in Q1 2023) and on strategy (as demonstrated during the Capital Markets Day held in Q4 2023).

Nomination Committee report

John O'Higgins
Chair, Nomination Committee

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 2023. This report should be read in conjunction with the separate section on compliance under the UK Corporate Governance Code on page 92.

Highlight areas of focus

- Ongoing Board succession planning
- Executive progression
- Oversight of Group's Diversity Policy
- Board effectiveness review

Attendance at Nomination Committee meetings

Member	Member since	Eligible meetings (max 6[1])	Attendance
John O'Higgins	February 2020	6	6
Dorothee Deuring	March 2017	6	6
Steve Good	October 2014	6	6
Trudy Schoolenberg	March 2022	6	6
Christine Soden	November 2020	6	6
Clement Woon	December 2022	6	6

The CEO and CFO were invited to attend where appropriate.

1 Four meetings were scheduled, and two were ad hoc.

Role of the committee

The Committee is responsible for the structure and composition of the Board and ensuring that the Board and Committees have an appropriate balance of skills, knowledge and experience to support the strategy of the Company now and in the future.

Key responsibilities

- Regularly reviewing the structure and composition of the Board
- Ensuring the right leadership, balance of skills and experience to deliver the Company's strategy and enable the Board to fulfil its obligations effectively
- Succession planning for the Board and ELT
- Leading on the annual performance evaluation of the Board and its Committees
- Identifying and managing any potential conflicts of interests

The Committee's terms of reference, which are reviewed and approved annually, are available at www.elementis.com.

Programme of business

- Annual review of Directors' independence and conflicts in accordance with the Committee's terms of reference
- Reviewing structure, size, diversity and composition of the Board
- Succession planning for the Board, ELT leadership development, and oversight of senior management succession plans
- Ensuring that at least annually the Non-Executive Directors meet without the Executive Directors present
- Annual evaluation of the Board Chair, led by the SID
- Approval of Nomination Committee report for inclusion in the Annual Report

Board effectiveness processes

Annually, the Board is responsible for conducting an evaluation of the performance of the Board and its Committees. The Committee oversees the effectiveness of the process, which for 2023 comprised an internal evaluation by way of comprehensive questionnaire covering the effective performance of the Board and the functioning of the Committees. The last externally facilitated evaluation was carried out in 2021 and the next external review will be conducted in 2024. Following the evaluation, the Board is satisfied of the continued effective operation of the Board and its Committees. Further information regarding the process can be found on page 83.

Directors' conflicts

The Committee has oversight of Directors' potential conflicts of interest and, during the year, in accordance with policy, considered and approved the following additional external appointments:

- Steve Good as non-executive director and non-executive board chair of Norcros plc
- Dorothee Deuring as non-executive director of PolyPeptide Group AG and as non-executive director of Temenos AG

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 87.

Re-appointments to the Board and succession planning

The re-appointments of Christine Soden (for a second three year term from November 2023) and Steve Good (for a six month period at the end of his nine year tenure in October 2023, primarily in order to facilitate an orderly handover to Clement Woon, as Remuneration Committee Chair, in early 2024) were considered and approved by the Committee, and recommended to the Board during the year. The recommendations were supported by considerations regarding the Directors' independence, experience and contribution made to the Board and its Committees. The Committee considered that Steve would continue to demonstrate independence in character and judgement despite having served nine years on the Board as of October 2023, and that the Board would benefit from his extensive knowledge of the Company and experience for the additional six month period.

These matters were subsequently confirmed following the Board evaluation process and a review of conflicts and independence.

The Board followed the Nomination Committee's recommendation to appoint Clement Woon as Remuneration Committee Chair with effect from the conclusion of the AGM. In addition to having served 16 months as a member of the Remuneration Committee, Clement has served as a member of the remuneration committee of Morgan Advanced Materials plc since May 2019.

The Chair of the Board, assisted by the Nomination Committee members, led the search process for a new Non-Executive Director during the year. A role specification was considered and approved by the Committee, with input from the Executive Directors and Korn Ferry, which was awarded the mandate by the Committee to search for the Board's next three members in 2021. (Korn Ferry was appointed as an advisor by the Remuneration Committee following a competitive tender process in 2017, but otherwise has no 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 121).

The Committee agreed that the Non-Executive Director candidates should:

- be current, proven and well-regarded executives from the broad industrial/manufacturing sector
- exhibit significant international business experience in their executive careers as either a CEO, or main board executive, of a complex multinational B2B company
- be strategic thinkers, able to play a role in Board discussions on Elementis' strategy

Korn Ferry prepared a long list comprising candidates from the widest talent pool, against the above objective criteria and with regard for the benefits of diversity, including gender and ethnicity. The Committee duly discussed the merits of each candidate and agreed a shortlist to be interviewed by Board members. Committee meetings were held to discuss feedback. Following the interviews and taking of references for the preferred candidate, external responsibilities and potential conflicts, the Committee agreed to recommend to the Board that Maria Ciliberti be appointed as Non-Executive Director, with effect from 11 March 2024. Please see page 76 for Maria's biography.

In light of the Board's programme of activity, the Nomination Committee is evaluating further strengthening the depth and expertise of the Board through the appointment of an additional Non-Executive Director during 2024.

Re-election of Directors

The Board has concluded, following the appraisal process, that each of the Directors standing for (re-)election continued to make an effective contribution to the Board and committed sufficient time to the Board and Committee meetings and any other duties. With the exception of Steve Good, who will step down from the Board at the conclusion of the AGM in April 2024 having completed a nine and a half year tenure, all Directors will stand for (re-)election at the 2024 AGM, and an explanation of how they contribute to the success of the Company can be found in the Notice of Meeting.

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. We consider overall Board balance when appointing new Board members.

Progress on our diversity objectives

- Our external advisers are selected on their commitment and ability to deliver diverse long-lists in the recruitment processes
- The composition of the Board is reviewed on an annual basis, with an assessment of skills, expertise, backgrounds and experience prior to Directors joining the Board and on an ongoing basis using a diversity matrix
- The proportion of female Directors on the Board as at 31 December 2023 was 37.5% (three women and five men). After the conclusion of the 2024 AGM, the gender balance of the Board is expected to be 50:50 (four women and four men). The Board is aware of the target specified in recent updates to the Listing Rules 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 targets referred to in the new Listing Rules for there to be at least one woman in a senior Board role (the role of Senior Independent Director being held by Dr Trudy Schoolenberg) and at least one member of the Board from a minority ethnic background (following the appointment of Clement Woon, a Singaporean national, to the Board in December 2022)
- Oversight of gender and ethnic diversity profile across the Group including promotion of talent into management roles (see page 48 for progress on female leadership)
- We note the new Parker Review target to set a percentage goal for senior management positions that will be occupied by ethnic minority individuals, to be achieved by December 2027, and have started a process to identify how best to approach this in order to set a meaningful target which will take into account our global presence. We expect to be in a position to set our target during 2024
- Oversight of executive and senior management succession
- Continuing to monitor regulatory developments and best practice in respect of diversity

Our gender identity and ethnicity data in accordance with Listing Rule 9.8.6R(10) is set out below as at 31 December 2023. To compile this data, at year end, Board and ELT members were asked to complete a diversity disclosure to confirm which of the categories contained in the tables below that they identify with.

Gender representation among Board and Executive Management as at 31 December 2023

	Number of Board members	Percentage of Board	Number of Senior Positions on Board[1]	Number in Executive Management	Percentage of Executive Management
Male	5	62.5%	3	8	88.9%
Female	3	37.5%	1	1	11.1%
Not specified/ prefer not to say	–	–	–	–	–

Ethnicity representation among Board and Executive Management as at 31 December 2023

	Number of Board members	Percentage of Board	Number of Senior Positions on Board[1]	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority white groups)	5	62.5%	4	8	88.9%
Mixed/multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	1	12.5%	0	0	0%
Black/African/Caribbean/ Black British	0	0%	0	1	11.1%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	2	25%	–	–	–

1 CEO, CFO, SID, Chair.

Priorities for the year ahead

- Review Board and senior management succession plans
- Review Board Diversity Policy and objectives
- Review management progress towards achieving diversity objectives
- Review of 2024 external evaluation outcomes and planning for 2025 internal evaluation

John O'Higgins
Chair, Nomination Committee

Diversity

Composition of the Board[1]

Chair	1	12.5%
Independent Non-Executive Directors	5	62.5%
Executive Directors	2	25%

Gender of the Board

Male	5	62.5%
Female	3	37.5%

Length of tenure

6-9 years	2	33.3%
3-6 years	2	33.3%
Less than 3 years	2	33.3%

Gender of ELT

Male	8	88.9%
Female	1	11.1%

Nationality of the Board

American	1	12.5%
Austrian	1	12.5%
British	3	37.5%
Dutch	1	12.5%
Irish	1	12.5%
Singaporean	1	12.5%

Gender balance of ELT and direct reports

Male	37	63%
Female	22	37%

Gender Company-wide

Male	939	73.4%
Female	341	26.6%

Board ethnicity

White British or other white	7	87.5%
Asian/Asian British	1	12.5%

Age

Under 50	0	0%
50-60	4	50%
60+	4	50%

1 Senior Independent Director is female.

Note: As at 31 December 2023

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	●	●	●	●	●		●	
International business and markets	●	●	●	●	●	●	●	●
Pension trustee			●		●			
M&A/capital raising	●	●	●	●	●	●	●	
Financial/accounting/risk expertise (recent/relevant)			●	●	●	●		●
Sales/marketing/customer	●	●	●		●		●	●
Strategy/business development	●	●	●	●	●	●	●	●
Research/technology/innovation/product dev	●	●		●	●	●	●	●
Risk management		●	●	●		●	●	
HR/people						●		●
Sustainability/climate				●			●	●
Digital/e-commerce/cyber			●	●		●		

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 2023. This report should be read in conjunction with the separate section on compliance under the UK Corporate Governance Code on page 92.

Highlight areas of focus

- Recommended approval of the 2022 Annual Report and Accounts and 2023 Half Year Interim Statements to the Board
- Approval of audit plans (external and internal) for 2023
- Review of going concern and viability statement
- Presentation of adjusting items
- Goodwill and indefinite life intangible assets impairment review

Attendance at Audit Committee meetings

Member	Member since	Eligible meetings (max 3)	Attendance
Christine Soden (Chair)	November 2020	3	3
Dorothee Deuring	March 2017	3	3
Trudy Schoolenberg	March 2022	3	3
Clement Woon	December 2022	3	3

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 and meetings attendance

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 87.

The Chair of the Board, CEO, CFO and Group Financial Controller & Head of Tax, and 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.

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 at www.elementis.com.

Activities during the year

The Committee's focus in 2023 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 Conduct and Ethics and the associated training and whistleblowing reports
- Technical updates on the Annual Report and Accounts key developments, 2023 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 and key operational risks
- Monitoring and assessing the Group's insurance arrangements
- Preparation, and reviewing progress, for CFD and TCFD disclosure requirements
- Identifying, assessing and mitigating climate related risks
- Monitoring proposed Audit and Corporate Governance reforms and the Group's preparedness for these

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 on behalf of the Chair of the Board. Further details can be found on page 83.

External auditors

Deloitte has 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 2023 Annual Report and Accounts

At the end of 2023, Deloitte presented its audit plan for the year ahead, which the Committee considered and approved. Deloitte highlighted the key areas of risk, which were primarily identified as areas of judgement and complexity, and were consistent with the areas identified by the Committee.

As part of the audit process, Deloitte prepared a detailed report of its audit findings, which was reviewed and discussed by the Committee. A similar process was 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 any 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 2023 audit following its completion. It is intended that a resolution to re-appoint Deloitte as the external auditors is proposed at the 2024 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 has 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 the Company's 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 its 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 (e.g. 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% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period in which the cap applies. The 70% non-audit services fee cap has been applied to the Group for the year ended 31 December 2023. The average of audit fees is $2.3m (calculated as the average of the audit fees for the three preceding financial years (2022: $2.4m; 2021: $2.2m; 2020: $2.2m).

Non-audit services fees during the year were $0.0m, (2022: $0.0m; 2021: $0.0m; 2020: $0.1m;) so significantly below the cap of $1.6m (70% of $2.3m). In 2023, fees for non-audit services represent 0% of the average audit fees on which the cap is based.

The Committee is of the view that Deloitte was objective and independent throughout the 2023 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 2023 was approved by shareholders at the Company's AGM in April 2023.

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 2023 is the third year for the lead audit partner, Lee Welham, who was appointed in January 2022.

Following this rotation of the lead external audit partner in FY2021, the Committee considers a full tender for the Group's external audit services, subject to its annual reviews, be undertaken 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 2023.

External audit – indicative tendering timeline

- 2016: Deloitte appointed as external auditors
- 2021: Mandatory appointment of new audit partner
- 2025: Full competitive tender to be undertaken
- 2026: Re-appointment of, 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 2023 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.

	2023	2022
Audit fees ($m)	**2.1**	2.4
Assurance related services ($m)	**0.3**	0.3
Non-audit fees ($m)	**–**	–
Ratio of non-audit fees to audit fees (%)	**0%**	0%
Total fees ($m)	**2.4**	2.7

Key Judgements

Key judgements	How the Committee has addressed these matters
Adjusting Items	The presentation and consistency of costs and income within adjusting items is a key determinant in the assessment of the quality of the Group's adjusted earnings. Adjusting items was a particularly important area of judgement during the current year due to the announcement of the fit for the future restructuring programme. The restructuring gives rise to an IAS 37 provision, with the expense of $25.4m being included as an adjusting item as part of business transformation costs. The Committee carefully reviewed the appropriateness of classification of the costs as adjusting items, as well as the accuracy of the costs.
Revenue recognition	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, paying particular attention to period end cut-off.

Internal controls, 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 63-66.

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

PwC provides 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 2023 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. 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. The Group has continued to remediate control deficiencies as they are identified. The Group also continues to invest in its finance, operational and IT capabilities, and management are committed to maintaining a strong control 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 67-71.

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 2023, the following audits were undertaken:

- ESG review (phase 2)
- Brazil review
- Supplier Assurance review
- Forecasting, planning and budgeting review

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 have 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 considered and confirmed 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 and quality interactions between the Board and the ELT (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
- The Company's Code of Conduct and Ethics, on which all employees receive training, and which summarises the Company's key policies, including anti-bribery and corruption, whistleblowing arrangements and anti-retaliation. In 2023, we launched our "Business Partner Expectations Document" which sets out our key requirements of third parties that we do business with, as well as our third party compliance risk screening tool

Whistleblowing

If an individual is not comfortable speaking up to their line manager, to HR or to the Compliance team regarding potential breaches of law, Company policy or values (including those related to accounting, auditing, risk, internal control and related matters), they have access to an independently hosted, anonymous (if preferred) whistleblowing facility (IntegrityCounts), available 24 hours a day, 365 days of the year. Details of how to access this service are referenced in the Code of Conduct and Ethics, and actively advertised at all Elementis locations. Information is also available online. The Committee has oversight of reports of this nature, which are investigated by the Group General Counsel & Company Secretary with the involvement of other senior colleagues as required. During 2023, there were 17 reports. As a result of the Committee's review, it was satisfied that all had been duly investigated and appropriate actions identified by management.

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 was set up to manage the process. The team consisted of members drawn from Group Finance, Company Secretariat, Investor Relations, Sustainability and Communication teams. The team 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

Compliance statement

The UK Corporate Governance Code

For the year ended 31 December 2023, Elementis plc was subject to the UK Corporate Governance Code 2018 ("the Code"). The Code sets standards of good practice in relation to all areas of corporate governance in the UK. In this Annual Report, we report on how we applied the main principles of the Code and complied with its relevant provisions.

We consider ourselves to be fully compliant throughout the year ended 31 December 2023 and from that date up to the date of approval of this Annual Report, save in relation to Listing Rule LR9.8.6R(9) due to having 37.5% female Directors on the Board as at 31 December 2023 and from that date up to the date of approval of this Annual Report. The Board focused on Board succession planning during 2023 and was pleased to announce the appointment of Maria Ciliberti, effective from 11 March 2024. The appointment of Maria brings the proportion of female Directors on the Board to 50%, bringing the Board into full compliance with Listing Rule LR9.8.6R(9). We note that Provision 10 of the Code provides that a tenure of more than nine years on the board is considered a circumstance that could, or could appear to, impair the independence of a non-executive director. Steve Good reached a nine year tenure on the Board in October 2023 and was reappointed for a further six month period, to April 2024. The Nomination Committee considered that Steve would continue to demonstrate independence in character and judgement despite having served nine years on the Board, and that the Board would benefit from his extensive knowledge of the Company and experience for the additional six month period, which would enable the conclusion of the process to appoint a new Non-Executive Director, as well as an orderly handover of the Remuneration Committee Chair. Further information regarding Steve's independence can be found on page 85.

The Code is currently available at www.frc.org.uk.

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 capital markets day and shareholder engagement.

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.

- Group financial report
- Risk management and internal controls
- Corporate governance
- Group strategy
- Acquisitions and disposals
- Talent and succession
- Culture and Values
- Sustainability
- Health and safety
- Engagement with key stakeholders
- Financial and trading statements

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.

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 Head of Investor Relations who reports to the CFO. Further information regarding shareholder services can be found on page 193.

Roles and responsibilities of the Directors

The Board members have clearly defined roles and responsibilities, as set out in the table below. 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 74-76 and Board Composition and Skills table on page 87).

Non-Executive Directors	
Chair John O'Higgins	• Leads the Board and is responsible for its overall effectiveness • Sets the agendas in consultation with the CEO, CFO and Group General Counsel & Company Secretary • Promotes open, honest and constructive debate, challenges during meetings and guides the CEO and CFO in delivery of the strategy • Ensures the Board conforms with the highest standards of corporate governance • Chairs the Nomination Committee and ensures the Board has an appropriate balance of skills, diversity and experience • Ensures effective succession planning is in place and leads the annual Board effectiveness review • Engages with shareholders and other stakeholders, and ensures that their views are understood and considered appropriately in Board decision making
Senior Independent Director Trudy Schoolenberg	• Acts as a sounding board to the Chair, providing support and advice where necessary • Is the point of contact for shareholders and other stakeholders to discuss matters of concern • Leads the Board's appraisal of the Chair's performance with the Non-Executive Directors
Independent Non-Executive Directors Maria Ciliberti, Dorothee Deuring, Steve Good, John O'Higgins, Trudy Schoolenberg, Christine Soden, Clement Woon	• Provide independent oversight objectivity to the Board's deliberations • Use their broad range of experience and expertise to challenge management and aid decision making • Serve on various Committees and play a leading role in the effectiveness of those Committees
Executive Directors	
CEO Paul Waterman	• Day-to-day management of the business • Execution of strategy and operational performance • Provides regular updates to the Board on all significant matters relating to the Group • Ensures the Company has a strong team of high calibre executives • Puts in place management succession and development plans
CFO Ralph Hewins	• Supports the CEO in the delivery of the Company's strategy and financial performance • Leads the Group Finance function and is responsible for financial reporting, investor relations, IT, risk, insurance and tax matters • Plays a key role in external stakeholder relationships, including investment community, lenders and pension trustees
Group General Counsel & Company Secretary	
Anna Lawrence	• Supports the Chair in ensuring the Board operates efficiently and effectively • Provides the Board with advice on governance developments • Facilitates the Directors' induction programmes and assists with ongoing training and development • Assists the Chair with the Board effectiveness review process
Designated Non-Executive Director for workforce engagement	
Christine Soden	• Represents the Board when engaging and communicating with employees and provides communication on any outcomes

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 85.

The biographies of the Directors can be found on pages 74-76 and details of the membership of each Board Committee can be found on pages 84, 88 and 96 respectively.

Time commitment

Following the Board evaluation process, as detailed on page 83, 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 74-76. 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 March 2023 and April 2023, Dorothee Deuring notified the Board of her wish to take on additional appointments as a board member of PolyPeptide Group AG and Temenos AG. The Board considered Dorothee's external commitments and additional time required for the new proposed roles and concluded that Dorothee would still have sufficient time to perform her role with the Company.

In May 2023, Steve Good notified the Board of his wish to take on an additional appointment as non-executive director and non-executive board chair designate of Norcros PLC. The Board considered Steve's external commitments and additional time required for the new proposed role and concluded that Steve would still have sufficient time to perform his role with the Company.

In September 2023, Trudy Schoolenberg notified the Board of her wish to take on an additional appointment as Senior Independent Director of Accsys Technologies 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 new appointments for Dorothee, Trudy and Steve would be a conflict of interest and concluded that they 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 123.

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 nor 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.

Board induction

The Chair, with support from 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, supported by external legal advisers, if required.

Board induction programme

Induction – general topics	• The role of the Director • Board and Committees • Board meetings • Rules, 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: • All ELT members • IT Director • Group Financial Controller & Head of Tax • Head of Investor Relations • Global Director Sustainability
Induction – site visits	• Key Elementis operating and corporate sites globally

Directors' Remuneration report

Annual statement of the Chair of the Remuneration Committee

Steve Good
Chair, Remuneration Committee

Dear Shareholders,
As Chair of the Remuneration Committee the ('Committee'), I am pleased to present the Directors' Remuneration report for the year ended 31 December 2023. This report should be read in conjunction with the separate section on compliance under the UK Corporate Governance Code on page 92.

The Directors' Remuneration report

The Directors' Remuneration report is set out in the following parts:

1. This Annual Statement from the Chair of the Remuneration Committee summarising how our Remuneration Policy has been implemented and the key decisions taken by the Committee
2. At a glance section providing an overview of how we implemented the Remuneration Policy during the year under review
3. The Directors' Remuneration Policy for which shareholder approval was received in a binding vote at the AGM held on 26 April 2022 with c.97% votes in support
4. The Annual Report on Remuneration which provides full detail on how we paid Directors during 2023 and how we propose to implement the Policy in 2024

The Directors' Remuneration Report (excluding the Directors' Remuneration Policy) will be presented to shareholders for approval at the AGM on 30 April 2024 and I hope you will vote in support of the resolution.

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Directors' Remuneration Policy

Annual Report on Remuneration

Attendance at Remuneration committee meetings

Member	Member since	Eligible meetings (max 4)	Attendance
Steve Good (Chair)	October 2014	4	4
Dorothee Deuring	March 2017	4	4
John O'Higgins	February 2020	4	4
Christine Soden	November 2020	4	4
Trudy Schoolenberg	March 2022	4	4
Clement Woon	December 2022	4	4

Remuneration policy

As a global specialty chemicals company, Elementis offers performance driven additives that help create innovative formulations for consumer and industrial applications. We have market leading positions in high performance ingredients in the Performance Specialties and Personal Care markets. We have a global footprint, with sites in Europe, Asia and the America's, and a talented leadership team located across the world. Our strategy is to deliver long term sustainable shareholder value through innovation-led growth and the execution of efficiency savings. We continue to deliver solid progress against this strategy, improving both our margin and leverage.

Our Remuneration Policy has been purposefully designed to support our strategy detailed above. Our overall policy is set with reference to UK benchmarks, with flexibility retained to pay above UK norms where executives are recruited from overseas. Our pay model is UK-centric and includes base salary, pension and benefits, annual bonus, and a performance share plan (the same policy cascades below Executive Director level but includes restricted stock as well as performance shares in recognition of local market practice in the geographic locations in which we operate).

Remuneration is weighted towards long term variable pay which supports the long term nature of the investment decisions we make. Our performance metrics are fully aligned with strategy as set out above.

At the 2022 AGM, we received 97% support from shareholders for the 2022 Directors' Remuneration Policy which is intended to apply until the 2025 AGM.

Remuneration in 2023

As detailed in the Strategic report, performance in 2023 was extremely resilient with good progress against our Innovation, Growth and Efficiency strategy. This was achieved notwithstanding the challenging external market context and as a direct result of the strong leadership of our executive team and the commitment and motivation of our talented workforce. In 2023, adjusted Group profit before tax grew 4% representing strong performance in very challenging markets. However, our performance in relation to average trade working capital to sales ratio, one of our bonus metrics, was marginally below the lower end of the range of bonus targets with our performance against this metric continuing to be impacted by a combination of industry destocking and supply chain disruption. In line with the strategic focus on Innovation, Growth and Efficiency, we achieved a 14.3% contribution to revenue from our innovation pipeline, delivered $51m of new business, increasing our future pipeline, and delivered over $10m of annualised cost savings. This was all achieved while delivering our safety targets and continuing to progress our sustainability agenda. Furthermore, we also completed the sale of our Chromium business in January 2023 which resulted in Elementis becoming a more focused specialty chemicals business.

Annual bonus

As a result of the above, following the Committee undertaking a formal assessment of performance against the targets, bonuses were payable at 74% of maximum for the Executive Directors.

Across Elementis, circa 95% of employees are expected to receive a bonus with awards to be paid up to circa 80% of maximum depending upon individual performance and specific bonus plan targets.

The Committee was comfortable with the bonus earned in the context of the performance delivered, and the bonuses awarded across the Company, and so did not consider it necessary to use discretion in relation to the bonus outturn.

Further details of the targets set for 2023 and the actual performance achieved are disclosed on page 100.

Long term incentive plan ("LTIP")

The 2023 LTIP awards were granted on 3 April 2023 based on normal award levels of 200% of salary for the Chief Executive and 175% of salary for the Chief Financial Officer.

The metrics were equally weighted on earnings per share ("EPS"), total shareholder return ("TSR") and cash conversion. The vesting of the award is also subject to a return on capital employed underpin which requires the Committee to consider whether the return generated is in line with the Board's expectations and, if not, to reduce the vesting to a more appropriate level. In addition, the Committee will retain discretion to reduce the number of shares on vesting should it be considered appropriate to do so (e.g. in the event that there was perceived windfall gain).

Full details of the targets and the awards are set out on page 100. To the extent these awards vest at the end of the three year performance period, shares will be required to be held for a further two years.

Based on the performance measured over the three years to 31 December 2023, the 2021 LTIP awards will vest at 54.7% of the maximum. This is based on achievement against the targets set at grant, including delivering a growth in earnings per share of 66% and a TSR of 21.5% over the three year period, and satisfying the ROCE financial underpin to the award, with ROCE increasing significantly over the three year performance period in challenging market conditions.

Following the divestment of the Chromium business, the 2021 LTIP performance targets were reviewed with EPS re-stated to reflect the change (also applied to the 2022 Awards). This ensured the targets were no more or less challenging than when originally set (i.e. Chromium was excluded from the base and end targets so the condition was tested on a consistent basis).

In determining vesting, the Committee also considered the potential for windfall gains and concluded that the value on vesting of the 2021 awards did not benefit from windfall gains. In reaching this conclusion, the Committee noted that the share prices used as the basis of converting awards set as a multiple of salary into shares was £1.2550 which was consistent with the share price in February 2020 prior to the onset of the Covid pandemic and the market wide fall in share prices. Accordingly, the Committee did not use any discretion in connection with the 2021 award. Further details are included on page 100.

The Committee believes that the overall incentive outturns and approach to target setting (as detailed above) were appropriate based on the Company's performance over the whole performance period and demonstrates that the Committee has, and will continue to, set performance targets which it considers to be meaningful and appropriately stretching. As a result, the Committee is comfortable that its general approach to remuneration and the overall policy framework are working as intended. In reaching this conclusion, the Committee did consider the quantum of remuneration earned at both executive level and across the Company (including considering pay ratios) and determined that our overall remuneration policy and outcomes were appropriate and proportionate. As detailed in the sections above, the Committee did not use discretion during the year.

Remuneration in 2024

The Committee considers the Policy to be operating effectively. As a result, the only change that the Committee is making for FY 2024 is a modest refinement to the choice of performance metrics for this year's long term incentive award. The change will better align our long term incentive plan performance targets, measured to the end of the 2026 financial year, with the 2026 financial targets set out in our November 2023 CMD presentation.

Annual statement of the Chair of the Remuneration Committee
continued

Salary review: The Executive Directors' base salary increases will be 4% for the CEO and CFO for 2024. These increases are below the workforce salary increase budgets for each location, which was 4.5% in both the US and UK, in recognition of current market conditions and a modest weighting of salary budgets towards the wider workforce.

2024 annual bonus: There will be no change to the quantum of the Executive Director bonus opportunity and as such the CEO will have the opportunity to earn up to 150% of salary and the CFO up to 125% of salary.

As for 2023, the bonus will be based 70% against a challenging range of financial targets (50% on adjusted Group profit before tax and 20% on average trade working capital ("AWC") to sales ratio on total operations), with the remaining 30% based on non-financial strategic objectives which are specific and measurable objectives that are related to the Company's strategic priorities.

The non-financial targets for 2024 will again be focused on sustainability and strategic targets. Reflecting the continued Group-wide focus, half of the non-financial targets will relate to sustainability, with the balance of the non-financial targets relating to Innovation, Growth, and Efficiency which aim to support strengthening of our operating margin over the next three years.

Summary details of our approach to target setting are detailed on page 101 and full details of the financial target ranges and our performance against them will be disclosed on a retrospective basis in next year's report. The Committee has discretion to modify the overall amount of bonus payable to ensure it is appropriate. 50% of any bonus earned is deferred in shares for two years.

2024 LTIP awards: Subject to final Committee review prior to grant, awards are expected to be granted at 200% of salary for the CEO and 175% of salary for the CFO. The awards will be subject to an overriding Committee discretion to reduce the awards at vesting should there be a perceived windfall gain.

The primary performance targets will be as per the 2023 awards plus the addition of an operating profit margin target to align with CMD, with 25% based on EPS, 25% based on cash conversion, 25% based on TSR performance conditions and 25% based upon operating profit margin.

- The EPS targets will be set based on the level of EPS achieved in 2026, with vesting to take place from 14.0 cents to 18.5 cents, with threshold vesting set at 0% and to take place from 14.0 cents, with vesting increasing to 50% at 17.0 cents and then increasing further to maximum vesting at 18.5 cents or greater. Vesting between performance points will occur on a straight line basis. The range of EPS targets is more demanding than those set for the 2023 LTIP award. The target range was set to align with the outcomes of our CMD commitments. External expectations for our future performance were also considered as part of the target setting process
- The three year average operating cash conversion targets will be set based on a range of 80% to 100%, consistent with the range that applied to the 2023 awards, reflecting market conditions, and aligned with the Company's publicly stated ambitious medium term target of 90% (or greater) three year average operating cash conversion by 2026. Threshold to maximum vesting runs from 0% to 100% on a straight-line basis
- TSR will continue to be assessed against the constituents of the FTSE All-Share Index (excluding investment trusts). Threshold vesting starting at 25% for median performance, increasing on a straight-line basis, with 100% vesting for achieving at least upper quartile performance
- Operating profit margin ("OPM") targets will be set based upon the level of OPM achieved in 2026 to align with the CMD commitments, with vesting to take place from 18.0% (threshold) to 20% (maximum). Threshold vesting is set at 0% and to take place at an OPM of 18%, with vesting increasing to 50% at an OPM of 19%, and then increasing further to maximum vesting at an OPM of 20%. Vesting between performance points will take place on a straight-line basis

Vesting based on the primary performance conditions will be subject to a return on capital employed underpin. This will require the Committee to consider the vesting result determined based on the application of the EPS, TSR, OPM and operating cash conversion performance conditions in light of the return on capital employed achieved during the three-year period ending 31 December 2026 relative to the Board's internal targets and planning over the period. If the Committee does not consider the vesting result appropriate considering the return on capital employed achieved, the underpin enables vesting to be reduced to a more appropriate level.

Context of Directors' pay within the Company

Christine Soden is the Designated Non-Executive Director ("DNED") for workforce engagement. During the year Christine held focus groups with employees in UK, China and Taiwan, each of which included discussion around compensation. Two further focus groups were held with all people managers globally (c.250) in January 2023 by myself, Christine Soden and Chris Shepherd, Chief Human Resource Officer ("CHRO") to explain governance of remuneration at Elementis, to show how the policy is applied throughout the organisation, and to take feedback. The session 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.

A Company-wide external pay benchmarking exercise was undertaken during 2022 as part of a standard three year review process. This review concluded that employees are generally well positioned against industry benchmarks.

The Group is not required to provide disclosure of the CEO to all-employee pay ratio given the Group has less than 250 employees in the UK. However, given the external focus on pay ratios, the Committee has included full pay ratio disclosure on page 119 and is comfortable that the ratio is in line with the Company's pay policies and in line with current FTSE market practice.

The Group is also not required to report under the gender pay gap regulations. Despite this, the Group reviews gender pay on a biennial basis. The last gender pay review was completed towards the end of 2022 concluding that the approach to pay was fair and equitable with any anomalies adjusted accordingly. The CEO pay ratio and gender pay gaps are taken into account when there is a full review of the Executive Director and wider Remuneration Policy.

Concluding remarks

The Committee believes that the Policy and our approach to implementation are in the best interests of the Company and we hope that you will support the actions the Committee has taken by voting in favour at the 2024 AGM. If you have any feedback, please feel free to contact me via the Group General Counsel & Company Secretary at company.secretariat@elementis.com.

Steve Good
Chair, Remuneration Committee

2023 at a glance

Our 2023 measures

Annual bonus

Adjusted Group profit before tax ("PBT"):
50% weighting

Adjusted AWC to sales ratio:
20% weighting

Non-financial objectives (aligned with strategic implementation, safety and environment, and people):
15% weighting – Sustainability targets
15% weighting – Strategic targets

2023 LTIP

EPS:
33% weighting

Relative TSR:
33% weighting

Cash conversion:
33% weighting

ROCE underpin

2023 LTIP How our measures link to strategy

		Strategic priorities		
	Performance metrics	Innovation	Growth	Efficiency
Bonus	**Financial: (70%)**			
	Adjusted Group PBT	●	●	●
	AWC to sales ratio		●	●
	Non-financial: (30%)			
	Sustainability targets	●	●	●
	Innovation, Growth and Efficiency	●	●	●
LTIP	EPS (33%)	●	●	●
	Relative TSR versus FTSE All-Share (33%)	●	●	●
	Cash conversion (33%)			●
	ROCE underpin	●	●	●

Implementation of Remuneration Policy in 2023

The section below summarises how the Policy was implemented in the financial year ended 31 December 2023. Further details are provided on pages 109 to 118.

Key Policy features	Performance assessment	How we implemented in 2023
Salary • Increases normally guided by the general increase for the local workforce and/or broader workforce as a whole	Not applicable	

	Paul Waterman	Ralph Hewins
2023 salary	£804,197[1]	£397,691

1 Equivalent to $995,033.

The salaries of the CEO and CFO were increased by 3.2% and 4.5% respectively. These were below the average increases awarded to the US and UK salaried workforce. These changes were effective from 1 January 2023.

Key Policy features	Performance assessment	How we implemented in 2023
Pension/benefits/all employee share schemes • Pension: In line with the phased pension contribution detailed in the 2021 Remuneration Policy, the CEO and CFO pension contribution reduced to a maximum of 21% from 1 December 2022, to align with the typical UK workforce pension funding rate of 21% of salary • Benefits: Directors receive market competitive benefits and may participate in all-employee share schemes	Not applicable	

	Paul Waterman	Ralph Hewins
Pension	£161,842[1]	£83,515

1 Equivalent to $200,247.

Key Policy features	Performance assessment	How we implemented in 2023

Annual bonus

Key Policy features

- Performance related scheme which delivers value for achievement against annual targets
- Committee may adjust outturn where formulaic assessment is inconsistent with Company's overall performance
- 50% of bonus earned deferred into shares for two years
- Recovery and withholding provisions apply

Performance assessment

	Paul Waterman	Ralph Hewins
Opportunity	150% of salary	125% of salary
PBT	$84.5m vs target of $71.2m	
Payout (50% of bonus)	**100% of PBT maximum**	
AWC to sales ratio	25.1% vs target of 22.3%	
Payout (20% of bonus)	**0% of AWC maximum**	
Non-financial	See page 115	
Payout (30% of bonus)	**80% of Non-financial maximum**	**80% of Non-financial maximum**
Total	**74% of maximum**	**74% of maximum**

Further information can be found on pages 113-114.

How we implemented in 2023

As detailed in the Annual Statement on page 96, 2023 was a year of continued progress against our Innovation, Growth and Efficiency strategy.

We delivered 4.4% growth in adjusted operating profit to $84.5m which was above our internal planning; however the AWC ratio of 25.1% was slightly below the lower end of the performance range.

The PBT targets for 2023 were lower than 2022 as a result of excluding Chromium post its sale but were no more or less challenging when they were set than in prior years.

Long term incentive plan

Key Policy features

- Performance measures based on financial and/or relative TSR metrics and measured over three years
- Committee may adjust outturn where formulaic assessment is inconsistent with Company's overall performance
- Holding period applies for two years following vesting
- Recovery and withholding provisions apply
- ROCE underpin

Performance assessment

2021 Award	EPS growth	Average cash conversion	TSR vs FTSE All Share
Weighting	33.3%	33.3%	33.3%
Threshold target	8.4 cents	85%	Median
Maximum target	10.9 cents	95%	Upper quartile
Actual	10.82 cents	77%	66.5 percentile
Vesting	32.3%/ 33.3%	0%/ 33.3%	22.44%/ 33.3%

Further information can be found on pages 115-117.

How we implemented in 2023

The relative TSR and EPS over the performance period were above the threshold target; however, the average operating cash conversion target was not met. Overall, this has resulted in 54.7% of the award vesting. With regard to the ROCE underpin, the Committee considered the vesting result appropriate having had regard to the ROCE increasing during the period by 64% with this achieved in difficult economic conditions.

The Committee considered the potential for any windfall gains on vesting, but noting that the awards were granted from a share price of £1.2550, which was consistent with the share price in February 2020 prior to the onset of the COVID-19, concluded that there were no windfall gains. Shares are subject to the two year holding period. Further details are set out on page 113.

Share ownership guidelines

Key Policy features

- Build up and maintain a shareholding equal to 200% of salary
- The guideline also applies for two years post cessation of employment

Performance assessment

	Paul Waterman	Ralph Hewins
Guideline	200% of salary	200% of salary
Level	Achieved 203% of salary[1]	On track 97% of salary[1]

1 For the purposes of the guideline, an estimate has been made in relation to the after tax number of shares in relation to vested/unexercised share awards.

How we implemented in 2023

Both the CEO and CFO increased their holdings during the year.

Further information can be found on page 118.

Implementation of Remuneration Policy for 2024

As a UK Listed business, our primary reference points for both quantum and remuneration structure for our Executive Directors are UK benchmarks. However, as noted in our policy, we retain flexibility as to where we position individuals against UK benchmarks to take into account the locations in which they work and also the relevant market for talent. With our CEO being a US Citizen, based in the US, splitting his time between the UK and US, his remuneration quantum is set to be aligned with UK market practice both in terms of structure and quantum. However, recognising that remuneration quantum is above UK levels in US businesses of a similar size and complexity, his total remuneration package is positioned towards upper quartile versus UK FTSE 250 benchmarks. For completeness, this market positioning is considered appropriate on the basis that versus US companies of a comparable size and complexity his remuneration quantum falls between lower quartile and median.

The section below summarises how the Committee intends to implement the Policy for the forthcoming financial year ending 31 December 2024.

Key Policy features	2024 implementation
Salary • Level based on the scope and responsibilities of the role • Increases normally guided by the general increase for the local workforce and/or broader workforce as a whole	• The Committee reviewed salaries and decided to award Paul Waterman and Ralph Hewins each a salary increase as shown in the table below, which is lower than 4.5% budgeted for the US and UK salaried workforce

	Paul Waterman	Ralph Hewins
Salary as at 1 January 23	$995,033	£397,691
Salary as at 1 January 24	$1,034,834	£413,599
2024 increase	4.0%	4.0%

Key Policy features	2024 implementation
Pension/benefits/All-employee share schemes • Pension: CEO participates in US specific arrangements and receives a salary supplement and the CFO receives a salary supplement • Any new Director appointment will have pension set at 8% of salary in line with that offered to new joiners across the wider workforce • Benefits: Directors receive market competitive benefits and may participate in all-employee share schemes	• Implementation in line with the Policy • Pension rates for incumbent Directors for 2024 are aligned with the typical UK individual pension funding rates (see page 118 for further detail)

Annual bonus

- Policy maximum of 150% of salary for CEO and 125% of salary for CFO
- Performance related scheme which delivers value for achievement against annual targets
- Committee may adjust outturn where formulaic assessment is inconsistent with Company's overall performance
- 50% of bonus earned deferred into shares for two years
- Recovery and withholding provisions apply

Link to KPIs

- Adjusted Group PBT
- AWC to sales ratio
- Individual objectives linked to sustainability and strategic priorities

	Paul Waterman	Ralph Hewins
Opportunity	150% of salary	125% of salary

Performance metrics

- Adjusted Group PBT: 50%
- AWC to sales ratio: 20%
- Non-financial strategic priorities: 30% of which 15% based on appropriately structured sustainability priorities with the remaining 15% set on Innovation, Growth and Efficiency targets.
- The targets are fully aligned with the Company's current strategy and have been set to be challenging in the context of the Company's performance expectations for the year ahead
- The Committee considers that the bonus targets are commercially sensitive and therefore plans to disclose them only on a retrospective basis in next year's Directors' Remuneration report
- The range of targets around budgeted performance levels to apply in 2024 has been calibrated to take into account the current external environment and internal planning

Key Policy features	2024 implementation

Long term incentive plan

- Policy maximum is 250% of salary
- Awards vest to the extent performance conditions are achieved
- Performance measures based on financial and/or relative TSR metrics and measured over three years with a ROCE underpin
- Committee may adjust outturn where formulaic assessment is inconsistent with Company's overall performance and/or there is a perceived windfall gain
- Holding period applies for two years following vesting
- Recovery and withholding provisions apply
- ROCE underpin introduced for the 2019 awards continues to apply

Link to KPIs

- EPS
- Relative TSR
- Cash conversion
- OPM
- The choice of targets relates to measuring the Company's success in delivering profitable growth and sustainable shareholder returns

	Paul Waterman	Ralph Hewins
LTIP Award	200% of salary	175% of salary

Performance metrics

	Weighting	Threshold target	Threshold vesting	Intermediate Target	Intermediate Target vesting	Maximum target	Maximum Vesting
2026 EPS	25%	14 cents per share	0%	17 cents per share	50%	18.5 cents per share	100%
2026 OPM	25%	18.0%	0%	19%	50%	20%	100%
Cash conversion	25%	80%	0%	N/A	N/A	100%	100%
Relative TSR vs FTSE all-share index	25%	Median	25%	N/A	N/A	Upper quartile	100%

Straight line vesting takes place between performance points.

- The range of EPS targets is more demanding than those set for the 2023 LTIP award. The target range was set to align with the outcomes of our CMD commitments and external expectations for our future performance. Note (i) that vesting takes place from 0% (as opposed to the market norm of 25%), and (ii) in line with institutional investor expectations, the range straddles consensus growth expectations
- Cash conversion is the three year average operating cash conversion. The target remains set to align with the medium term goal, whilst the wider range used in 2023 continues to apply in recognition of continuing market conditions
- OPM – introduced in 2024 to align with CMD commitments made in November 2023 for end 2026
- The terms of the above awards will be subject to a final review prior to grant and the awards will be subject to an overriding Committee discretion to reduce the awards at vesting should there be a perceived windfall gain

Chair and NED fees

- To attract individuals with the relevant skills, knowledge and experience that the Board considers necessary in order to maintain an optimal mix that ensures the effectiveness of the Board as a whole in carrying out its duties and responsibilities

- Fees will increase by 4% for the upcoming year, which is lower than the UK workforce, where the budgeted increase is 4.5%.

	2024	2023	2023 increase
Basic fees			
Chair	£216,225	£207,909	4.0%
Non-Executive Director	£58,538	£56,286	4.0%
Additional fees			
Senior Independent Director	£10,172	£9,780	4.0%
Chair of Audit or Remuneration Committee	£10,172	£9,780	4.0%
Workforce engagement NED	£5,087	£4,891	4.0%

Remuneration Policy report

The 2021 Remuneration Policy (approved by shareholders at the AGM on 26 April 2022) has been summarised here for ease of reference, with factual data updated where appropriate (e.g. scenario charts, contractual terms, page references etc.). The Policy as approved by shareholders can be found in the Elementis plc Annual Report and Accounts 2021 available on the corporate website.

The Committee determines the Remuneration Policy taking into account all relevant factors. The Committee receives input from management and external advisers with respect to the design of the Policy and consider the context of the relevant stakeholders when considering their input. The Committee determines the Policy applicable to the Executive Directors and the Chair, with the Policy for Non-Executive Directors agreed by the Board, excluding the Non-Executive Directors. This also applies when with respect to the implementation of the Policy so that no individuals are involved in decisions as to their own remuneration. The Committee concluded that the Policy continues to support the long term strategy of the company and as such only minor changes were required.

The Policy is aligned with the six factors listed in Provision 40 of the UK Corporate Governance Code:

- **Clarity** – the Policy is set out as transparently as possible and the workforce engagement Director retains oversight of employee communication and education. We proactively consult our shareholders on any proposed changes to remuneration policy
- **Simplicity** – the Remuneration Policy is structured as simply as possible; however, a degree of complexity is required to align pay and performance. Performance metrics are chosen to focus on the key operational, financial and strategic performance objectives of the business
- **Risk** – the Remuneration Policy has been shaped to discourage inappropriate risk taking, including long term performance measurement, deferral and shareholding guidelines which extend into post employment. The Committee retains discretion to override formulaic outcomes
- **Predictability** – elements of the Policy are subject to caps and dilution limits. Examples of how remuneration varies depending on performance is set out in the scenario charts
- **Proportionality** – there is a sensible balance between fixed pay and variable pay, and incentive pay is weighted to sustainable long term performance
- **Alignment to culture** – the Policy is weighted towards performance related pay which supports a performance based culture and the non-financial targets encourage innovation and optimisation which are also central to the Elementis culture and is aligned to Company Values

Policy table

The information in the table below sets out the Remuneration Policy for Directors.

Basic salary	
Purpose and link to Company's strategy	Targeted at a level to attract and retain world class executives who are essential to drive the business forward and deliver the Company's strategic goals.
How it operates in practice	Annual salary increases that are broadly in line with the local workforce (in percentage of salary terms), subject to Committee approval. Increases beyond the average of those granted to the local workforce (in percentage of salary terms) may be awarded in certain circumstances, such as where there is a material change in responsibility or experience of the individual, to recognise exceptional performance over a sustained period or a significant increase in the complexity, size or value of the Company. Where new joiners or recent promotions have been placed on a below market rate of pay initially, a series of increases above those granted to the local workforce (in percentage of salary terms) may be given over the following few years subject to individual performance and development in the role. Salaries are normally reviewed in December and any changes are effective from 1 January in the following year.
Maximum potential value	There is no prescribed maximum for salary increases. The Committee will be guided by the general increase for the local workforce and/or broader workforce as a whole, as well as the circumstances listed above.
Benefits	
Purpose and link to Company's strategy	To aid retention and to remain competitive in the marketplace. Healthcare benefits in order to minimise business disruption. Executive Directors may also participate along with other employees in the Group's HMRC approved SAYE or other equivalent savings based share schemes to share in the success of the Group.
How it operates in practice	Life assurance and private medical health insurance are provided. Provision of either a company car (for business and personal purposes) or a car allowance. Payments in connection with an international assignment and payments in connection with a relocation, which would typically be paid for a transitionary period only, tailored to the location of each executive. The benefits may include provision of tax advice where, at the Company's request, the international location (or balance of time spent in different locations) is changed. Participation in all-employee/savings based share option schemes as above. In addition, benefits in the US, where it is standard, include cover for dental costs, accidental death and disablement, long term disability and club membership.
Maximum potential value	SAYE/savings based schemes are subject to individual limits. These are $2,000 per month in the US and up to the HMRC prescribed limit (£500 per month) in the UK. Other benefits: the Committee will determine the level of benefit as it considers appropriate, taking into consideration local market practice.
Pension	
Purpose and link to Company's strategy	To aid retention and remain competitive in the marketplace. To provide appropriate retirement benefits commensurate with local market practice, seniority of the role and tenure with the Company.
How it operates in practice	Executive Directors are eligible to participate in a Company sponsored pension scheme, a statutory pension arrangement, receive cash in lieu of a Company pension or a combination of these.
Maximum potential value	For incumbent Executive Directors, pensions are set to be aligned with the rate of pension provision most commonly provided to a typical UK employee (as at the time of setting the current remuneration policy) of 21%. Any new Director appointment will have pension set to be aligned with the average of the appropriate wider workforce rate (currently 8% of salary).

Annual bonus scheme	
Purpose and link to Company's strategy	To incentivise the senior management team to exceed the annual operating plan approved by the Board at the start of each financial year. To ensure that a significant proportion of an executive's total remuneration is based on corporate/business financial performance that is linked to the Company's annual operating plan. Through the part deferral of bonuses into deferred shares this enables incentive pay to help executives build and maintain meaningful shareholdings and thereby provides a long term focus.
How it operates in practice	An annual bonus is based on over performance against selected performance measures which are linked to the Company's key performance indicators, or the achievement of strategic and/or operational objectives. Bonus payments are paid following the approval of full year results. Payments are based on salaries at the time of payment. Bonus deferral element: 50% of any cash bonus payable is normally awarded in shares and deferred for two years. Dividends accrue on deferred shares (which are normally structured as nil cost options or conditional share awards) that vest during the vesting period. Deferred shares are forfeitable for gross misconduct (dismissal for cause). The Committee may seek recovery and/or withholding of bonuses paid that are later found to have been based on performance that was mis-stated or incorrectly calculated, or where the amount of any bonus may have been reduced or withheld due to reasons of gross misconduct. Recovery and withholding provisions will apply for a period of three years following payment of any bonus. Detailed provisions are incorporated into the rules of the various schemes which govern the terms of a bonus payment and/or the making of any deferred share or conditional award.
Maximum potential value	CEO: 150% of basic salary. CFO: 125% of basic salary. A higher annual bonus limit of 200% of basic salary may apply for new recruits.
Framework used to assess performance	Performance measures will be mainly financial measures. The Committee reserves the right to select other non-financial targets (including the basis of their measurement) as appropriate considering the Company's strategic objectives for the year ahead. The financial element of the bonus may include (but is not limited to) the Company's key performance indicators which include: • Profit before tax or other measures of profitability • Group average trade working capital to sales ratio expressed as a percentage or other cash flow indicators For any profit related metric, targets will be set at threshold, plan and stretch levels and the amount payable for threshold performance is 0% for financial targets rising on a graduated basis through to 100%, becoming payable at the stretch performance level. With regard to non-financial targets, it is not always practicable to set targets on a sliding scale and so targets may be set based on the achievement of specific milestones and/or on a graduated scale. The Committee will consider the bonus outcome each year based on the Company's performance against the measures set at the start of the year. If it considers the quantum to be inconsistent with the Company's overall performance during the year it can override the result of the performance test. For the avoidance of doubt, this can be to zero and bonuses may not exceed the maximum levels detailed above. Any use of such discretion would be detailed in the Annual Report on Remuneration. The Committee keeps performance metrics under review on an annual basis to ensure they continue to remain appropriate and has the discretion to introduce new metrics or remove existing ones and amend their relative weightings. As a result, the performance metrics and weightings may vary in line with the Company's evolving strategy during the life of the Policy. The profit related element of annual bonus shall not be less than 50% of the overall bonus opportunity.

Long term incentives	
Purpose and link to Company's strategy	The LTIP is the sole long term incentive mechanism for Executive Directors and is intended to align the interests of the executives and shareholders in growing the value of the Group over the long term. When granting awards under the LTIP the Committee generally takes into consideration the need to motivate and retain the Executive Directors and other participants.
How it operates in practice	Awards are normally structured as either nil cost options or conditional share awards which are eligible to be granted annually. Options may be exercisable three years from, and within ten years of, the date of award. Share awards normally vest on the third anniversary of the date of award. A post vesting holding period of two years will normally apply to annual awards. Recovery and withholding provisions similar to those described in respect of annual bonus payments but relating to the vesting of LTIP awards will apply to awards. Dividends may accrue on shares that vest during the vesting period (and during the post vesting holding period where awards are structured as nil cost options) and may be paid in cash or shares.
Maximum potential value	The maximum award limit is set at 250% of basic salary. Current practice is as follows: • CEO: 200% of basic salary • CFO: 175% of basic salary
Framework used to assess performance	Awards are subject to achievement of financial (e.g. EPS and operating cash conversion) and/or relative TSR performance conditions, measured over a minimum of three financial years beginning with the financial year in which the award is made. The Committee also retains flexibility to introduce strategic targets as a performance measure for a minority of an award. The threshold vesting level may be up to 25% of maximum, increasing to 100% vesting on a graduated basis for achieving stretch targets. For the TSR portion of the 2022 awards, the threshold vesting for achieving median will be 25% of maximum. For the EPS and operating cash conversion performance conditions applying to the 2022 awards, the threshold vesting level will start from 0%. In relation to strategic targets, the structure of the target will vary based on the nature of the target set (i.e. it will not always be practicable to set strategic targets using a graduated scale and so vesting may take place in full if specific criteria are met in full). The metrics and their weighting and targets within the LTIP will be reviewed each year. The Committee will consider the LTIP vesting outcomes for awards based on applying the performance conditions and, if it considers the level of vesting to be inconsistent with the Company's overall performance during the performance period (including its underlying financial performance), it can override the result of the performance test. For the avoidance of doubt, this can be to zero. Any use of such discretion would be detailed in the Annual Report on Remuneration.
Share ownership guidelines	
Purpose and link to Company's strategy	To align an executive's interests with those of shareholders and to encourage executives to participate and share in the long term success of the Group.
How it operates in practice	Executive Directors are expected to build up a shareholding in the Company that is equal in value to 200% of their basic annual salaries. The guideline will also apply for two years post cessation of employment such that Executive Directors are expected to hold shares equal to the value of the lower of the actual shareholding at cessation of employment and the current guideline (200% of salary). The post cessation guideline only applies to shares vesting under incentive plans from 2022. Shares vesting from share awards, or transferred pursuant to an exercise of any option, granted under any share incentive or employee share saving scheme may not be sold (other than to meet a tax liability) until the above shareholding level has been met. In exceptional circumstances the Committee may allow the Director to sell some, or all, shares received from a share incentive scheme even if the individual has not met the share ownership guidelines, provided they are satisfied that shareholder interests are adequately aligned. The Committee monitors compliance with these guidelines and can make changes to them from time to time.

Non-Executive Chair and Directors' fees	
Purpose and link to Company's strategy	To attract individuals with the relevant skills, knowledge and experience that the Board considers necessary in order to maintain an optimal mix that ensures the effectiveness of the Board as a whole in carrying out its duties and responsibilities.
How it operates in practice	Non-Executive Directors' fees are determined by the Chair and the Executive Directors, having commitment and responsibilities of the role. In the case of the Chair, the fee level is determined by the Committee. As well as taking into consideration the above factors, the Committee sets the fee at an appropriate level necessary to attract a role holder qualified to effectively lead the board of a company of a similar size and prestige as Elementis. Fees are payable in cash and Non-Executive Directors are not eligible to participate in any pension, bonus or share incentive schemes. All Non-Executive Directors are reimbursed for travel and related business expenses reasonably incurred in performing their duties so that they are fully recompensed on a pre-tax basis for undertaking Company business. No individual is allowed to vote on his/her own remuneration.
Maximum potential value	Fees will be reviewed annually with changes taking effect from 1 January in the following year. It is the Company's policy (other than where there is a step change in the time commitment required of the Non-Executive Directors) that fees paid to the Chair and other Non-Executive Directors are increased annually in line with the average increase awarded to the UK salaried workforce.

Link between policy, strategy and structure

The Remuneration Policy is principally designed to attract, motivate and retain the Executive Directors and other members of the Executive Leadership team (senior management team) to execute the Company's corporate and business strategies in order to deliver the annual operating plan and sustainable year on year profitable growth, as well as to generate and preserve value for shareholders over the longer term, without encouraging excessive levels of risk taking. The principles and values that underpin the remuneration strategy are applied on a consistent basis for all Group employees.

The remuneration structure for Executive Directors is made up of two elements: fixed remuneration (consisting of basic salary, benefits including, for example, non-contributory health insurance and life assurance, and pension provision), and variable remuneration (annual bonus scheme and long term share incentives).

It is Company policy to reward all employees fairly, responsibly and by reference to local market practices, by providing an appropriate balance between fixed and variable remuneration.

Choice of performance measures and approach to target setting

The performance metrics that are used for annual bonus, and long term incentive plans are drawn from a suite of Company KPIs monitored by the Board that are closely linked to the financial KPIs on pages 24-25.

In the annual bonus scheme, the financial measures currently used are adjusted Group PBT and AWC to sales ratio. Adjusted Group PBT is a clear measure of the Company's trading performance and AWC to sales ratio encourages the most efficient use of working capital and is how earnings are converted into cash. These metrics are aligned with the Company's objectives and strategy.

In addition, non-financial criteria also form part of the targets set in the bonus scheme and these are based on Company specific sustainability objectives (e.g. health and safety, DE&I and environment) and/or strategic business objectives (e.g. relating to Innovation, Growth and Efficiency targets).

With regard to long term performance targets, EPS is currently used since it is aligned with the Company's strategy of delivering profitable growth and creating long term shareholder returns. Cash conversion is also used to encourage efficient working practices. Use of relative TSR also further aligns shareholders and executives. OPM is being introduced to align to CMD commitments.

Targets for financial metrics are set relative to internal planning expectations after having regard to general economic conditions, external market data, current and past performance of the business and any organic or acquisitive growth plans.

Where appropriate, targets are set based on sliding scales. Only modest rewards are available for delivering performance at threshold levels or above, with maximum rewards requiring outperformance of our challenging plans approved at the start of each year.

The Committee keeps the choice of metrics and targets under review for both the annual and long term incentive plans each year to ensure they are appropriate in light of the Company's current circumstances. The Committee retains discretion to revise the choice of metric and weightings within the incentives as detailed above. Should the Committee make material changes to the application of the Remuneration Policy from year to year the Committee would give consideration to an appropriate form of dialogue with the Company's major shareholders.

Differences in Executive Remuneration Policy compared with other employees

The Committee is informed of pay structures across the wider Group when setting the Remuneration Policy for Executive Directors. The Committee considers the general basic salary increase for the broader Group and, in particular the employees based in the US, UK and Europe, when determining salary increases for the Executive Directors.

The same principles and values behind the design of remuneration for the Executive Directors apply to other members of the ELT and employees throughout the rest of the Group, with modifications to reflect local market practice and the level of seniority and ability to influence Group performance. Overall, the Remuneration Policy for Executive Directors is more heavily weighted towards variable pay than for other employees. This ensures that there is a clear link between the value created for shareholders and the remuneration received by the Executive Directors, given it is the Executive Directors who are considered to have the greatest potential to influence shareholder value creation.

The level of variable pay varies by level of employee within the Group and is informed by the specific responsibilities of each role and local market practice as appropriate.

In 2018, the Board introduced the ability to grant restricted shares into the new LTIP. The majority of the ELT are based in the US where it is common market practice to grant restricted shares. It is considered that the ability to grant restricted shares in tandem with performance related share awards enables the Company to compete for the best talent. Where restricted shares are used, the award levels are generally lower than if performance shares were granted, since restricted share awards are more valuable to a recipient given there is no performance requirement attached to the vesting of the award. Restricted shares will not be granted to Executive Directors.

How the views of employees are taken into account

The Board has established a DNED for workforce engagement as a direct response to the UK Corporate Governance Code, enabling the workforce voice in Board matters. The role of the workforce engagement Director is to review and monitor employee insight informed by engagement activities and employee engagement surveys. During 2021, global reward principles were communicated with additional detail on determination of pay, irrespective of position. The DNED engaged with the workforce on these principles during 2023, and feedback was sought during focus groups held. For more information on engaging with the workforce, please refer to pages 105-107.

Committee discretion with regard to incentive plans

The Committee will operate the annual bonus plan, Deferred Share Bonus Plan, LTIP and all employee plans according to their respective rules and in accordance with the Financial Conduct Authority's Listing Rules ('Listing Rules') and HMRC rules where relevant. The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. These include the following (plan limits and performance targets restricted to the descriptions detailed in the preceding policy table):

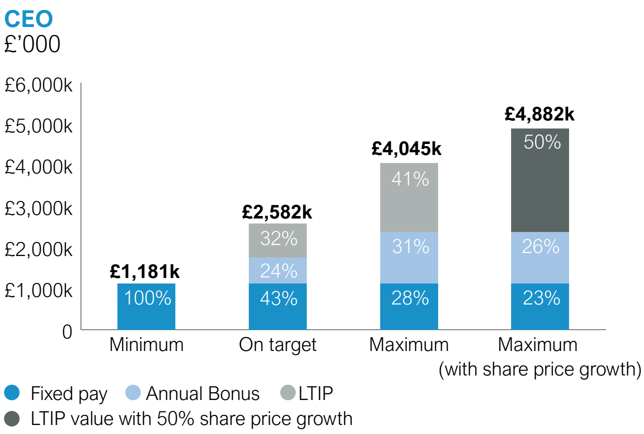
- Who participates in the plans
- The timing of grant of award and/or payment
- The size of an award and/or payment
- The determination of vesting
- Dealing with a change of control (e.g. the timing of testing performance targets) or restructuring
- Determination of a good/bad leaver for incentive plan purposes based on the rules of each plan and the appropriate treatment chosen
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring and special dividends)
- The annual review of performance conditions, including metrics and weightings, for the annual bonus plan and LTIP The Committee also retains the ability to adjust the targets and/or set different measures and alter weightings for the annual bonus plan and to adjust targets for the LTIP if events occur (e.g. material divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. The Committee has discretion to override incentive pay outcomes in the event that payouts are not considered reflective of overall Company performance having applied the performance conditions for the annual bonus and LTIP.

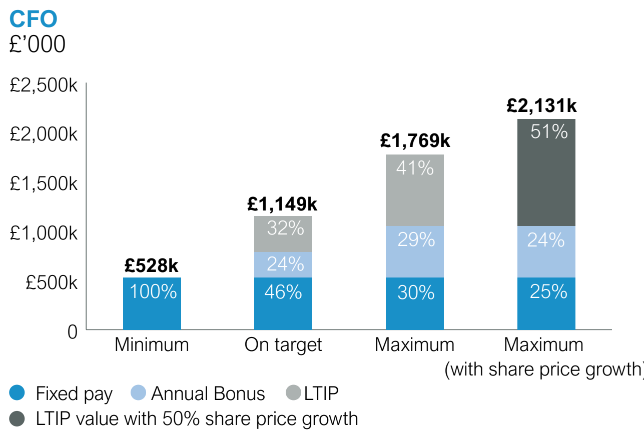
CEO and CFO rewards scenario analysis

The bar charts overleaf illustrate the potential pay opportunities for Executive Directors under three different scenarios for 2023. The CEO's remuneration has been converted into pounds sterling using the average exchange rate for 2023 ($1.2373:£1.00).

- Fixed: comprises fixed pay, being the value of salary, benefits and pension (based on 2023 Company contributions)
- On target: the amount receivable assumes performance in which 50% of annual bonus is payable and 50% of LTIP awards vest
- Maximum: the maximum amount receivable should all stretch targets be met and vesting under both the annual bonus scheme and LTIP is 100%
- Maximum with share price growth: in addition, we have provided an illustration of the maximum outcome assuming 50% share price appreciation for the purpose of the LTIP value

The LTIPs also relate to awards to be made in 2024 rather than any awards vesting in 2024.





Recruitment policy

For Executive Director recruitment and/or promotion situations, the Committee will follow the policy outlined below:

Element	Policy
Basic salary	Basic salary levels will be set in accordance with the Company's Remuneration Policy, taking into account the experience and calibre of the individual (e.g. typically around market rates prevalent in companies of comparable size and complexity) or salary levels may be set below this level (e.g. if the individual was promoted to the Board). Where it is appropriate to offer a below market rate of pay initially, a series of increases to the desired salary positioning may be given over the following few years subject to individual performance and development in the role.
Benefits	New Directors may be entitled to benefits such as life assurance, private medical health insurance, cover for dental costs, accidental death and disablement, long term disability and provision of either a company car (for business and personal purposes) or a car allowance, club membership or any other appropriate benefit as the Committee reasonably determines. Where necessary, the Committee may approve the payment of reasonable relocation expenses to facilitate recruitment for a maximum period of 12 months.
Pension	Any new Executive Directors will have their pension level set to be aligned with the appropriate wider workforce rate (currently 8% of salary).
Annual bonus	The annual bonus would operate as outlined for current Executive Directors but, where necessary to aid recruitment, the maximum bonus opportunity is 200% of basic salary for the life of this policy. Bonus will be pro-rated for the proportion of the year served. Depending on the timing and responsibilities of the appointment, it may be necessary to set different performance measures and targets initially.
Long term incentive	Awards under the LTIP will be granted in line with the policy outlined for the current Executive Directors on an annual basis but, where necessary to aid recruitment, the maximum award is 250% of basic salary for the life of this policy. An award may be made shortly after an appointment (subject to the Company not being in a prohibited period). For an internal hire, existing awards would continue over their original vesting period and remain subject to their terms as at the date of grant. In addition, if the grant of awards for that individual precedes his or her appointment as a Board Director for that financial year, the Committee's policy would include flexibility to top up awards for that year (subject to the overall individual salary limit) based on the Executive Director's new salary.
Buyout awards	In the case of an external hire, if it is necessary to buy out incentive pay or benefit arrangements which would be forfeited on leaving the previous employer, this would be provided for, taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. Replacement share awards may be granted using the Company's LTIP (up to the individual limit) or outside of the LTIP if necessary and as permitted under the Listing Rules.
Interim appointments	Where a Director is appointed on an interim basis (e.g. to cover a role until a permanent successor is appointed), the Company may pay additional remuneration to an individual in line with the policy for the role.

Outside Board appointments

The Company's policy is to support executives should they wish to take on an external board appointment, provided that there is no conflict of interest and the role does not interfere with the executive's commitment or duties. If an executive does take on an external appointment, they may retain any fees paid and will be restricted generally to only one such external appointment.

Service contracts

Executive Directors' service contracts contain a termination notice period not exceeding 12 months.

Name	Date of contract[1]	Notice period
Paul Waterman, CEO	6 November 2015	12 months
Ralph Hewins, CFO	27 June 2016	12 months

1 The date of the service contract is not the same as the date of appointment, which for Paul Waterman was 8 February 2016 and Ralph Hewins 12 September 2016.

Copies of the Executive Directors' service contracts are available for inspection at the Company's registered office during normal business hours and will be available for inspection at the AGM.

Policy on payment for loss of office

Termination payments

The maximum amount payable under both the CEO's and CFO's contract is basic salary, benefits and pension for 12 months while each serves his notice period. For the Executive Directors, the terms covering termination were agreed at the date their contracts were made and both are required to mitigate their loss in the event of loss of office by making efforts to secure a new position.

The Company may pay compensation in lieu of the notice period of basic salary only, to be paid in monthly instalments (pro-rated for the actual notice period). This would apply if the Company terminates his/her contract for any reason other than for cause, or if he/she serves notice to terminate his/her contract in 12 months' time.

Payments in lieu of notice to both the CEO and CFO may be reduced or ceased if either secures a new position. In both cases, the payments will only be ceased if the salary in a new position is equal to or more than the salary on termination; if not, the monthly payments will be reduced by the gross salary earned by the CEO or CFO in his/her new position each month.

The above summary only addresses contractual rights to payments in lieu of notice, or during the relevant Director's notice period, and may not reflect any settlement or compromise sums which are separately agreed at the point of termination.

Treatment of incentive plans

Annual bonus plan

If an Executive Director resigns and serves his/her notice period, the Committee retains discretion to make a pro-rata payment based on performance. The same applies in certain circumstances such as if the individual's employment is terminated on the grounds of ill health or disability. No bonus is payable for termination for cause.

In line with the Company's policy, rules of the annual bonus scheme incorporate a requirement to defer half of the amount of bonus vesting for two years in the form of share awards under the Deferred Share Bonus Plan. In certain 'good leaver' circumstances (e.g. ill health, death), the Committee, acting fairly and reasonably, may waive deferral.

Deferred share bonus plan

If an Executive Director's employment is terminated before a deferred share award vests (after two years), then the awards would vest in full on the date of leaving unless termination is for cause, in which case the awards would lapse.

LTIP

As with the annual bonus plan, the Company's LTIP also includes a number of discretions in connection with an Executive Director leaving employment. Other than in certain defined 'good leaver' circumstances, awards lapse on cessation of employment. Where an individual ceases employment for one of the defined 'good leaver' events (i.e. ill health, disability, redundancy within the meaning of UK legislation or its overseas equivalent, transfer out of the Group/sale of business or retirement with employer's consent and, in the case of the new LTIP, any other reason at the discretion of the Committee), the award will remain eligible to vest on its normal vesting date (unless the Committee uses its discretion to vest the award on the date of cessation of employment), in all cases subject to a pro-rata reduction to reflect the portion of the vesting period that has elapsed (unless the Committee determines otherwise) and the application of the performance condition. In the event of a death of an Executive Director, the default is for the award to vest at the date of death unless the Committee determines otherwise, in which case it will vest at the normal vesting date with pro-rating and performance conditions applied as described in other 'good leaver' circumstances.

Similar provisions apply in the event of a change of control, with performance measured up to the date of the relevant event, and a pro-rata reduction applying unless the Committee determines otherwise.

It is the Committee's policy to exercise these discretions in a way that would be in the best interests of the Company and depending on the individual circumstances of each case.

Payments agreed prior to the effective date of this policy

Any agreements entered in good faith prior to the commencement of the 2022 Remuneration Policy will remain eligible to operate on their original terms.

Non-Executive Directors' terms of appointment

Non-Executive Directors are appointed for a three year term, subject to annual re-election by shareholders. For Non-Executive Directors who have served for nine years or more, they may be appointed for a further year at a time. Each letter of appointment currently provides that the Director's appointment can be terminated by the Company on six months' notice on any grounds without claim for compensation. Following the 2018 AGM, the letters of appointment of the Non-Executive Directors were amended to 30 days' notice by either party, which is the application of the new Remuneration Policy where a limit of up to three months is permitted. All other terms will remain the same. The Chair's letter of appointment will remain with a six months' notice period.

Non-Executive Directors are not eligible to participate in any pension, bonus or share incentive schemes. No individual is allowed to vote on his/her own remuneration.

The table below provides further details of the letters of appointment that the Non-Executive Directors held with the Company during 2023.

Name	Date of appointment	Date of last re-appointment	Date of expiry
Non-Executive Director			
Dorothee Deuring	1 March 2017	1 March 2023	1 March 2026[1]
Steve Good	20 October 2014	21 October 2023	29 April 2024[2]
John O'Higgins	4 February 2020	4 February 2023	4 February 2026[1]
Trudy Schoolenberg	15 March 2022	n/a	15 March 2025
Christine Soden	1 November 2020	1 November 2023	1 November 2026[2]
Clement Woon	1 December 2022	n/a	1 December 2025

1 Dorothee Deuring and John O'Higgins' reappointments were approved by the Nomination Committee on 6 December 2022.
2 Steve Good and Christine Soden's reappointments were approved by the Nomination Committee on 29 September 2023.

Shareholder engagement

The views of shareholders are important to the Committee. Regular dialogue and engagement with the Company's shareholders is undertaken. For example, the Committee wrote to its major shareholders and the leading advisory bodies in 2021 with the proposed changes to the Policy and its operation going forward. In particular, the Committee has introduced a post cessation of employment share ownership guideline in response to shareholder views, which has applied since 2022.

Annual report on remuneration ('report')

This report details how the Company's policies and practices on Directors' remuneration were applied in respect of the financial year ended 31 December 2023 and how they will be applied in the 2024 financial year.

Remuneration payable to directors for 2023 (audited)

Although the Company reports its results in US dollars, the remainder of this report on remuneration is presented in pounds sterling because the majority of the Directors are UK based and paid in pounds sterling.

A breakdown of the Directors' remuneration for the year ended 31 December 2023 is set out in the table below.

		Fixed				Performance related				
£'000	Year	Salary/fees	Benefits[2]	Pension	Total fixed	Bonus	LTIP	Other[3]	Total variable	Total
Executive Directors										
Paul Waterman[1], CEO	**2023**	**804**	**106**	**162**	**1,072**	**928**	**710**	**42**	**1,680**	**2,752**
	2022	778	85	171	1,034	903	235	42	1,180	2,214
Ralph Hewins, CFO	**2023**	**398**	**28**	**84**	**510**	**383**	**339**	**18**	**740**	**1,250**
	2022	381	28	85	494	373	100	18	491	985
Non-Executive Directors										
John O'Higgins, Chair	**2023**	**208**	**–**	**–**	**208**	**–**	**–**	**–**	**–**	**208**
	2022	199	–	–	199	–	–	–	–	199
Dorothee Deuring	**2023**	**60**	**–**	**–**	**60**	**–**	**–**	**–**	**–**	**60**
	2022	54	–	–	54	–	–	–	–	54
Steve Good[4]	**2023**	**66**	**–**	**–**	**66**	**–**	**–**	**–**	**–**	**66**
	2022	66	–	–	66	–	–	–	–	66
Trudy Schoolenberg[5]	**2023**	**65**	**–**	**–**	**65**	**–**	**–**	**–**	**–**	**65**
	2022	50	–	–	50	–	–	–	–	50
Christine Soden[6]	**2023**	**71**	**–**	**–**	**71**	**–**	**–**	**–**	**–**	**71**
	2022	65	–	–	65	–	–	–	–	65
Clement Woon	**2023**	**56**	**–**	**–**	**56**	**–**	**–**	**–**	**–**	**56**
	2022	4	–	–	4	–	–	–	–	4
Former Directors										
Anne Hyland[7]	**2023**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2022	20	–	–	20	–	–	–	–	20
Total	**2023**	**1,728**	**134**	**246**	**2, 108**	**1,311**	**1,049**	**60**	**2,420**	**4,002**
Total	2022	1,617	113	256	1,986	1,276	335	60	1,671	3,657

1 Paul Waterman is based in the US and paid in US dollars. He received an annual salary of $995k (2022: $964k). His pension comprises a salary supplement and employer contributions to defined contribution retirement schemes. The foreign exchange rate applied is the 2023 average rate of $1.2373:£1.00 (2022: $1.2392:£1.00).

2 Taxable benefits for Paul Waterman consist of a car allowance (£19,000), private health care (£23,849), dental, life assurance, accidental death and disablement cover and long term disability insurance (£31,354), and tax advice (£24,246). The tax advice benefit allows appropriate tax filings to be made in both the UK and US as a result of Company business travel requirements during 2022/23, which exceeded the normal business expectations agreed on appointment and gave rise to the need for dual filings. Taxable benefits for Ralph Hewins consist of a car allowance (£18,000), private health care and life assurance.

3 As required by remuneration reporting regulations, the valuation of Paul Waterman's US Savings Related Share Option Scheme (SRSOS) award and Ralph Hewin's SAYE grant are based on the face value of shares at grant (September 2022), less the exercise price. There are no performance measures for either the SRSOS or SAYE.

4 Steve Good was appointed SID upon John O'Higgins' appointment as Chair until 15 March 2022. He is also Chair of the Remuneration Committee.

5 Trudy Schoolenberg was appointed a NED on 15 March 2022 and assumed the role of SID at the conclusion of the 2022 AGM held on 26 April 2022.

6 Christine Soden is the DNED for workforce engagement. She is also Chair of the Audit Committee.

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

Determination of annual bonus outcome for performance in 2023 (audited)

This section shows the performance targets set in respect of the 2023 annual bonus scheme and the level of performance achieved.

Full details of the bonus assessment for the Executive Directors is set out below. The bonus targets were set prior to the start of the financial year based on the continuing operations of the Company (i.e. excluding Chromium). The range of targets were set to be similarly challenging to those set in prior years having had regard to both internal planning and prevailing market conditions. The PBT targets for 2023 were lower than 2022 as a result of excluding Chromium post its sale but were no more or less challenging when they were set than in prior years. The total bonuses payable based on the performance achieved are 74% of maximum for the CEO and CFO. The Committee was comfortable with the bonus earned in the context of the performance delivered and did not consider it necessary to use discretion in relation to the bonus out-turn. Accordingly, and in line with the Policy, 50% of the bonus payable will be deferred over shares which will be released to the Director after two years and which are forfeitable for gross misconduct.

		2023 bonus plan targets					Percentage of maximum bonus earned		Percentage of salary earned	
Full year bonus	Relative weighting of performance conditions	Threshold	Plan	Stretch	Actual result	Percentage of maximum	Paul Waterman CEO	Ralph Hewins CFO	Paul Waterman CEO	Ralph Hewins CFO
Maximum							100%	100%	150%	125%
PBT ($m)	50%	64.1	71.2	78.3	84.5	50%	50%	50%	75%	62.5%
AWC to sales (%)	20%	24.3	22.3	20.3	25.1	0%	0%	0%	0%	0%
Non-financial	30%	n/a	n/a	n/a	24/30	24%	24%	24%	36%	30%
Total full year	100%						74%	74%	111%	92.5%

In relation to the targets, 0% is payable at the threshold performance levels, 50% at plan and 100% at the stretch performance level.

Set out below is a summary of the Committee's assessment of the challenging 2023 non-financial targets. The objectives were categorised into two categories: (1) sustainability priorities (15% weighting) and (2) Innovation, Growth and Efficiency (15% weighting).

2023 bonus assessment for CEO and CFO: Non-financial targets

Measure	Performance indicator	Achievements	Summary scoring
Sustainability objectives			
Safety, compliance, and risk management Focus on maintaining and strengthening responsible workplace practices through plant based safety engagement	• Recordable injuries: Threshold 9; Target 7; Stretch 5 • Plant safety engagement; Threshold 75% engagement minimum 2 activities/employee per quarter; Maximum 75% engagement 4 activities/ employee per quarter	• Recordable injuries: 4 • Safety engagement: Weighted average of 3.8 = 90% of maximum	Achieved in full or predominantly achieved 4.75% / 5%
Diversity, Equity and Inclusion Continue to build organisational capability through actions that increase employee engagement and create a more diverse, equitable and inclusive organisation	• Gender diversity: Increase Senior Leadership female representation towards 2025 goal of 40% • Ethnic diversity: diverse workforces throughout the organisation • DE&I Engagement Index • Progress DE&I Council lead initiatives	• Improved gender diversity in senior population from 34% to 37%, making progress towards 40% goal; overall gender diversity improved from 24% to 27% • US ethnic diversity maintained at 26% • Culture of inclusion index launched scoring 3.9/5 • Further embedded Women in Leadership programme, launched Women Engineers in Elementis, Gallup training on Inclusion and Engagement	Partially achieved 4% / 5%
Environmental Continue to demonstrate clear progress towards achieving our 2030 goals through implementation of key energy efficiency and environmental projects, and continue to put actions in place to minimise environmental tier 2 and 3 incidents. Prepare for regulatory and best practice driven changes (e.g. corporate disclosure, net zero transition plan, setting a SBT)	• Overall GHG emissions • 2030 target progress • Scope 3 data verification • Progress on carbon footprint and life cycle analysis	• Absolute GHG emissions reduced by 6.7% versus 2022 • 2 out of 4 met but all 4 declined vs 2022 due to product mix and India plant start up • Obtaining verification of our Scope 3 data for the first time for 2023 and completed FLAG (Forest, Land Agriculture) emissions screening across all Scopes • Product carbon footprints were calculated (for talc products) and full environmental life-cycle analysis ("LCA") was commenced for a range of Personal Care products (due in April 2024)	Partially achieved 3% / 5%
Strategic objectives			
Innovation and Growth Pipeline of new products in place to be launched in 2024/2025 to ensure innovation revenue contribution on track for 17% of total by 2025, from 2022 actual of 13.3% Underpin future revenue growth through continuing to maintain a healthy NBO pipeline leading to >50m NBO delivery in 2024 and 2025	• Innovation revenue contribution • New product launches • NBO revenue in 2023 • Growth of NBO pipeline	• Innovation grew from 13.3% to 14.3% of sales • 12 new products launched vs target of 15 with pipeline for 15 in 2024 • $51m of NBO revenue delivered in 2023 with pipeline growing to $363m from $291m in 2022	Partially achieved 3.25% / 5%
Strategy Set out 'Post Chromium' direction and goals in 2025-2030 strategy work, gaining Board alignment with clear implementation roadmap.	• 2025-2030 Strategy progressed with Board alignment • Execution of CMD	• Board fully engaged in strategy development process in readiness for H1 2024 approval • CMD well received with high level of attendance and engagement	Partially achieved 4% / 5%
Talc recovery plan Deliver 2023 Operating Profit, improved margin and cost savings versus 2022	• 2023 Operating Profit • Margin improvement • Performance Specialties synergies	• The target was $11m and was exceeded with $14m of Operating Profit • Operating Margins 10.2% versus 0% in 2022 supported by lower costs versus 2022 • Further revenue synergies of $5.7m	Achieved in full or predominantly achieved 5% / 5%

Key to summary scoring
- Achieved in full or predominantly achieved
- Partially achieved
- Not achieved

Directors' share based awards

Determination of 2021 LTIP awards (audited)

Under the 2021 award, the performance is assessed against EPS growth, relative TSR and cash conversion performance metrics, as summarised below.

The EPS growth and relative TSR threshold targets were partially met. However, the average operating cash conversion target was not met. Overall this has resulted in 54.7% of the award vesting. The Committee considers this to be in line with underlying performance.

In determining vesting, the Committee considered:

- ROCE (including goodwill) over the performance period which increased from 5.5% to 9.0% in challenging market conditions and as such the Committee confirmed the formulaic outcome
- The potential for windfall gains and given the share price used to determine the number of shares included in awards in February 2021 was £1.2550, which was consistent with the share price in February 2020 shortly before the impact of the COVID-19, the Committee concluded that the value on vesting of the 2020 awards did not benefit from windfall gains.

Accordingly, the Committee did not use any discretion in connection with the 2021 award.

Performance metric	Weighting	Threshold target	Threshold payout	Maximum target	Elementis achievement	Payout
EPS[1]	33.3%	8.4 cents per share	0%	10.9 cents per share	10.82 cents per share Above threshold	32.3%
Three year operating cash conversion	33.3%	85%	0%	95%	77% Below threshold	0%
Relative TSR vs FTSE All-Share Index	33.3%	Median	3.85%	Upper quartile	Above threshold	22.44%

1 As disclosed in last year's Directors' Remuneration Report , the targets were restated to exclude earnings from Chromium in connection with the sale of the business. The range of targets were reduced to reflect the forecast earnings expected from Chromium at the time the targets were set so as to ensure that the restated target was no more or less challenging than when they were originally set. Accordingly, the threshold target was adjusted from 10.0 cps to 8.4 cps and the maximum from 13.0 cps to 10.9 cps.

Based on this performance assessment, the table below illustrates the value receivable under the 2021 Awards. Any shares vesting will be subject to a two year holding period.

Award holder	Number of awards granted	Payout (% of maximum)	Number of shares due to vest	Value from share price increase[1]	Value of dividend equivalents[2,3]	Total value vesting[3]
Paul Waterman	1,789,362	54.7%	590,483	£0	£0	£710,056
Ralph Hewins	515,214	54.7%	281,856	£0	£0	£338,932

1 There was no share price appreciation from the date of grant (£1.2550) to the three-month average share price to 31 December 2023 (£1.2025).
2 Value of dividend equivalents estimated based on dividends until 31 December 2023.
3 Value of shares based on a three-month average share price of £1.2025 to 31 December 2023. This value will be restated next year based on the actual share price on the date of vesting.

Annual LTIP awards granted in the year (audited)

On 03 April 2023, LTIP awards were granted in line with the Remuneration Policy. The CEO was granted an award over shares to the value of 200% of salary and 175% of salary for the CFO. Share awards will ordinarily vest after three years, with any shares vesting (other than those sold to meet associated tax liabilities) subject to a two year holding requirement.

Details of the main terms of the 2023 LTIP awards are summarised in the table below. In addition, the Committee retain the discretion to reduce the number of shares on vesting should it be considered appropriate to do so (e.g. in the event that there was perceived windfall gain).

Award holder	Type of share award	Grant date	Number of awards	Face value of award at grant (£000s)[1]
Paul Waterman	Nil cost (restricted stock unit)	03.04.2023	1,350,978	£1,607,664
Ralph Hewins	Nil cost option	03.04.2023	584,349	£695,959

The awards are subject to EPS, TSR and operating cash conversion performance conditions (equally weighted), each measured over the three years to 31 December 2025 as shown in the table below.

Performance metric	Weighting	Threshold target	Threshold payout	Stretch target	Stretch payout	End of the performance period
EPS	33.3%	2025 EPS of 13 cents per share	0%	2025 EPS of 17 cents per share	100%	31.12.2025
Cash conversion	33.3%	80%	0%	100%	100%	31.12.2025
Relative TSR vs FTSE All-Share Index	33.3%	Median	25%	Upper quartile	100%	31.12.2025

1 The share price used to determine the number of awards granted was £1.19, based on the share price on the day prior to grant (3 April 2023).
2 The vesting of the award is also subject to a return on capital employed underpin which requires the Company to consider whether the return generated is in line with the Board's expectations and if not, to reduce the vesting to a more appropriate level. The Committee also retains discretion to reduce the number of shares on vesting should it be considered appropriate, including in the event of a perceived windfall gain.
3 The rationale for the range of financial targets set was detailed in last year's Directors' Remuneration Report.

Sourcing shares for our share plans

Employee share plans comply with the Investment Association's guidelines on dilution, which provide that overall issuance of shares under all plans should not exceed an amount equivalent to 10% of the Company's issued share capital over any ten year period, with a further limitation of 5% in any ten year period on discretionary plans. Based on the number of awards that remain outstanding as at the year end, the Company's headroom for all plans is 4.53% and for discretionary plans is 3.84% of issued share capital.

Directors' scheme interests (audited)

The interests of the persons who were Directors during the year in the issued shares of the Company were:

	Interest type	Grant date	Option price (p)	01.01.23[1]	Scheme interests: Granted during 2023	Exercised during 2023	Lapsed during 2023	31.12.23	Vested but unexercised share options
Executive Directors									
Paul Waterman	LTIP[1]	07.04.2020	–	2,037,577	–	225,967	1,811,610	–	–
	LTIP[1]	06.04.2021	–	1,079,362	–	–	–	1,079,362	–
	DSBP[2]	05.03.2022	–	490,383	–	–	–	490,383	–
	LTIP[1]	04.04.2022	–	1,236,244	–	–	–	1,236,244	–
	SRSOS[5]	20.09.2022	92.31	45,584	–	–	–	45,584	–
	DSBP[2]	08.03.2023	–	–	374,376	–	–	374,376	–
	LTIP[1]	03.04.2023	–	–	1,350,978	–	–	1,350,978	–
Total scheme interests				4,889,150	1,725,354	225,967	1,811,610	4,576,927	Nil
Ralph Hewins	DSBP[2]	07.03.2017	–	7,140	–	–	–	7,140	7,140
	RA[3]	07.03.2017	–	92,262	–	–	–	92,262	92,262
	RA[4]	07.03.2017	–	17,458	–	–	–	17,458	17,458
	DSBP[2]	05.03.2018	–	73,123	–	–	–	73,123	73,123
	DSBP[2]	06.03.2019	–	48,865	–	–	–	48,865	48,865
	DSBP[2]	05.03.2020	–	76,266	–	–	–	76,266	76,266
	LTIP[1]	07.04.2020	–	862,469	–	95,647	766,822	–	–
	LTIP[1]	06.04.2021	–	515,214	–	–	–	515,214	–
	DSBP[2]	05.03.2022	–	213,105	–	–	–	213,105	–
	LTIP[1]	04.04.2022	–	559,656	–	–	–	559,656	–
	SAYE[6]	20.09.2022	88.00	20,454	–	–	–	20,454	–
	DSBP[2]	08.03.2023	–	–	147,833	–	–	147,833	–
	LTIP[1]	03.04.2023	–	–	584,349	–	–	584,349	–
Total scheme interests				2,486,012	732,182	95,647	766,822	2,355,725	Nil

Notes

1 LTIP awards are subject to performance conditions. The same relative TSR performance conditions apply in respect of all awards. The EPS target for the 2020 awards required annual growth of 3% to 12%. The EPS target for the 2021 awards is based on FY23 EPS of between 8.4 cents and 10.9 cents, for the 2022 awards is based on FY24 EPS of between 10.9 cents and 14.7 cents. The operating cash conversion performance conditions for the 2021 and 2022 awards is based on three year targets between 85% and 95%. These awards ordinarily vest on the third anniversary of the grant date. Full detail of the vesting conditions for the 2023 awards are set out on page 97.

2 Conditional share award under the Deferred Share Bonus Plan ("DSBP"). Structured as restricted stock units for Paul Waterman and nil cost options for Ralph Hewins. The 2020 DBSP vested on 5 March 2022. Paul Waterman's tax liability crystallised on vesting which he self funded and he therefore retained the 188,130 shares. Ralph Hewin's 2020 DSBP Award has vested but has not yet been exercised. For DSBP awards granted in March 2020, the share price at date of grant was 98.95 pence. The face value of awards at grant were £186,155 and £75,466 for Paul Waterman and Ralph Hewins respectively. Both Executive Directors recommended and the Committee agreed that no bonus be payable in respect of 2020, therefore no DSBP awards were granted in 2021. For DSBP awards granted in March 2022, the share price at date of grant was 103.8 pence with the face value of awards at grant of £509,018 and £221,204 for Paul Waterman and Ralph Hewins respectively. For DSBP awards granted in March 2023, the share price at date of grant (7 April 2020) was 126.1 pence with the face value of awards at grant of £472,088 and £186,418 for Paul Waterman and Ralph Hewins respectively.

3 Replacement Awards structured as nil cost options made under standalone arrangements that borrow terms from the LTIP as amended. In line with the remuneration forfeited on leaving his former employer, the 2017 Award did not have performance conditions, but shares were required to be held for two years.

4 Replacement Awards structured as nil cost options made under standalone arrangements that borrow terms from the DSBP as amended.

5 Grant under the Elementis plc US Savings Related Share Option Scheme 2018. The options granted in 2020 became exercisable from 15 September 2022 with an option price of 63.11 pence per share. The options are made pursuant to a two year savings contract and the exercise price is based on the share price at close of business on 15 September 2020, being the date of the grant. A 2022 grant was made on 20 September 2022 with an option price of 92.31 pence per share.

6 Options held under the UK SAYE scheme. This is a savings based share option scheme that is not subject to performance conditions. The 2018 grant vested on 1 January 2022 and 10,981 shares lapsed on 1 July 2022 due to the shares being underwater. A 2022 grant was made on 20 September 2022 with an option price of 88.00 pence per share. Further details on this scheme is shown in Note 26 to the consolidated financial statements on page 178.

Directors' share interest (audited)

The interests of the Directors (including any connected persons) during the year (and from the year end to 6 March 2024) in the issued shares of the Company were:

	01.01.23	Acquired during 2023	Disposed during 2023	31.12.23	Shareholding level met as at 31.12.23
Executive Directors					
Paul Waterman	1,116,780	151,701	–	1,268,481	Yes[1]
Ralph Hewins	92,995	50,775	–	143,770	No[1]
Non-Executive Directors					
Dorothee Deuring	26,250	–	–	26,250	n/a
Steve Good	62,500	20,000	–	82,500	n/a
John O'Higgins	125,600	–	–	125,600	n/a
Trudy Schoolenberg	–	30,000	–	30,000	n/a
Christine Soden	30,000	–	–	30,000	n/a
Clement Woon	20,000	10,000	–	30,000	n/a

1 As per the Policy, Executive Directors are expected to build up a shareholding that is equal in value to 200% of their basic annual salaries. Share awards vesting over time will contribute to meeting the shareholder requirement.

The market price of ordinary shares at 31 December 2023 was £1.278 pence (2022: £1.20 pence) and the range during 2023 was £0.9775 pence to £1.296 pence (2022: £0.88 pence to £1.47 pence).

As at 31 December 2023, the trustee of the Company's Employee Share Ownership Trust ("ESOT") held 1,458,404 shares (2022: 258,404). As Executive Directors and as potential beneficiaries under the ESOT, Paul Waterman and Ralph Hewins are deemed to have an interest in any shares that become held in the ESOT.

As at 6 March 2024, no person who was then a Director had any interest in any derivative or other financial instrument relating to the Company's shares and, so far as the Company is aware, none of their connected persons had such an interest. There was no other change, so far as the Company is aware, in the relevant interests of other Directors or their connected persons.

Other than their service contracts, letters of appointment and letters of indemnity with the Company, none of the Directors had an interest in any contract of significance in relation to the business of the Company or its subsidiaries at any time during the financial year.

Directors' retirement benefits (audited)

The table below shows the breakdown of the retirement benefits of the Executive Directors, comprising employer contributions to defined contribution plans and salary supplements paid in cash.

Paul Waterman received a salary supplement and participated in US contractual retirement schemes. Further detail can be found in the Policy. The amount shown in the table below represents employer matching contributions, and both this and the salary supplement are included in the Directors' emoluments table shown on page 112.

Ralph Hewins received a salary supplement in lieu of any other retirement benefit. The amount received is shown in the table below and in the Directors' emoluments table.

	Defined contribution plans		Salary supplement	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Paul Waterman	**37**	40	**125**	131
Ralph Hewins	**n/a**	n/a	**84**	85

Note: The pensions received were consistent with the Company's remuneration policy at up to a total of 21% of salary and for Paul Waterman included contributions to his US pension arrangements (which included a tax qualified 401k plan and a non-qualified plan).

Payments to past directors or payments for loss of office (audited)

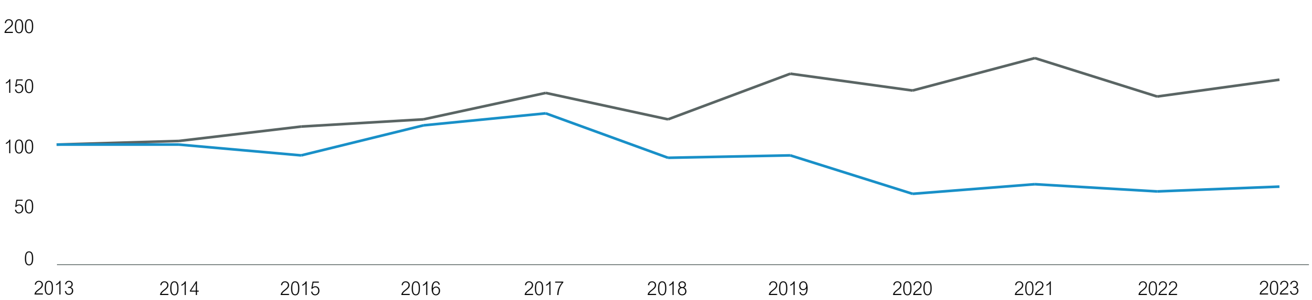
There were no payments in the financial year.

Total shareholder return performance and change in CEO's pay

The graph below illustrates the Company's total shareholder return for the ten years ended 31 December 2023, relative to the FTSE 250 Index, along with a table illustrating the change in CEO pay over the corresponding period. The table also details the payouts for the annual bonus scheme and LTIP.

As the Company's shares are denominated and listed in pence, the graph below looks at the total return to 31 December 2023 of £100 invested in Elementis on 31 December 2013 compared with that of the total return of £100 invested in the FTSE 250 Index. This index was selected for the purpose of providing a relative comparison of performance because the Company is a member of it.

TSR performance since 2013 (rebased to 100)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
CEO pay (total remuneration – £'000s)	1,573	763	1,553[1]	2,539	1,229	1,114	1,007	1,946	2,214	**2,752**
Annual bonus payout (% of maximum)	50%	0%	27.5%	93.0%	35.0%	17.3%	0%	93%	75%	**74%**
LTIP vesting (% of maximum)	65%	0%	91.2%[2]	91.4%[3]	0%	0%	0%	0%	11.1%	**54.7%**

1 Includes remuneration for Paul Waterman and David Dutro for the period in which each was CEO during 2016.
2 Relates to Paul Waterman's buy-out awards which vested in March 2017.
3 Relates to Paul Waterman's buy-out awards vesting in March 2018.

CEO to all-employee pay ratio

Whilst Elementis is not required to publish a CEO to all-employee pay ratio given it has less than 250 UK employees, voluntary disclosure of the pay ratio is included below. In line with the relevant legislation, the analysis has been completed using Option A (i.e. actual total remuneration earned has been used as the basis for comparison). The reference date for the analysis was 31 December 2023.

Whilst this is only based upon 80 UK employees, there is a mix of factory based employees (c.75%) and corporate Head Office employees. Option A was used as it was deemed the most accurate and prevalent amongst recent FTSE 250 disclosures. The 2023 ratio is greater than the equivalent 2022 figure due to the higher ratio of variable pay within the CEO's overall compensation as a result of the vesting of the 2021 LTIP award. Circa 10% of UK employees are eligible for LTIP. The ratio is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole. The pay ratio illustrates the greater leverage in Director packages versus the wider workforce in that in years where Elementis performs strongly against its performance targets, the ratio is generally higher.

CEO pay ratio	2019	2020	2021	2022	**2023**
Method	A	A	A	A	**A**
CEO single figure	£1,114	£1,007	£1,946	£2,214	**£2,752**
Upper quartile	15	14	23	24	**31**
Median	21	19	34	40	**52**
Lower quartile	25	23	42	49	**67**

The salary and total pay for the individuals identified at the Lower quartile, Median and Upper quartile positions in 2023 are set out below:

2023	Salary	Total pay
Upper quartile individual	£72,509	£90,125
Median individual	£48,346	£52,843
Lower quartile individual	£37,476	£41,214

Relative importance of spend on pay

The table below shows the total remuneration paid across the Group together with the total dividends paid in respect of 2023 and the preceding financial year.

£m	2023	2022	Change
Remuneration paid to all employees[1]	89.2	91.3	-2.4%
Total dividends paid in the year	0	0	0%

1 See Note 8 to the consolidated financial statements. The amounts for 2023 and 2022 have been converted from dollars into pounds sterling using the average USD/GBP exchange rates for those years.

Percentage change in the remuneration of the directors (unaudited)

The table below shows the change in the Directors' pay and the corresponding change of these elements across all UK employees within the Group from 2022 to 2023.

	Average percentage change 2019-20			Average percentage change 2020-21			Average percentage change 2021-22			Average percentage change 2022-23		
	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus
CEO[1,2,3,4]	2.0%	8.5%	0%	2%	26%	100%	3%	-4%	-17%	3.2%	24.7%	2.7%
CFO[1,2]	2.2%	2.8%	0%	2%	4%	100%	3%	4%	-16%	4.5%	0%	2.7%
John O'Higgins[5]	n/a	–	–	131%	–	–	86%	–	–	4.5%	–	–
Dorothee Deuring	2.2%	–	–	2%	–	–	3%	–	–	10.5%	–	–
Steve Good[6]	2.2%	–	–	7%	–	–	3%	–	–	-0.2%	–	–
Trudy Schoolenberg[7]	–	–	–	–	–	–	–	–	–	31.9%	–	–
Christine Soden[8]	n/a	–	–	512%	–	–	14%	–	–	9.3%	–	–
Clement Woon[9]	–	–	–	–	–	–	–	–	–	4.5%	–	–
Employees[3]	-9.4%	–	–	11.1%	–	–	1.8%	–	-12%	0.4%	–	-20.7%
Former Directors												
Sandra Boss[10]	2.8%	–	–	–	–	–	–	–	–	–	–	–
Andrew Duff[5]	2.2%	–	–	-31%	–	–	–	–	–	–	–	–
Nick Salmon[11]	2.2%	–	–	–	–	–	–	–	–	–	–	–
Anne Hyland[12]	2.2%	–	–	2%	–	–	-67%	–	–	–	–	–

1 All percentages are based on converting relevant local currencies into pounds sterling using the average rates for the respective year.
2 The Executive Directors recommended and the Committee agreed that no bonuses should be payable in relation to 2020 performance.
3 The 2019-20 year on year change in the CEO's benefits are driven by increased private medical insurance subscription as a result of a change in coverage, while changes in employee salary, benefits and bonus are driven by changes to the employee population and movements in exchange rates.
4 The actual benefits cost for FY2022 were effectively understated in FY2022 by approximately £15k due to the timing of the medical payments. This has been corrected for 2023 and accounts for the majority of the 26% increase. FX rates and changes in costs due to age and salary also impact 2023.
5 Andrew Duff stepped down as Chair on 1 September 2021, with John O'Higgins assuming the role.
6 Steve Good assumed the interim role of SID on 1 September 2021 until April 2022.
7 Trudy Schoolenberg was appointed NED on 15 March 2022 and assumed the role of SID in April 2022.
8 Christine Soden joined the Board as NED and DNED for workforce engagement on 1 November 2020.
9 Clement Woon was appointed NED on 1 December 2022.
10 Sandra Boss was appointed as DNED for workforce engagement in October 2019 and retired from the Board in April 2020.
11 Nick Salmon retired from the Board in April 2020.
12 Anne Hyland retired from the Board in April 2022.

Statement of shareholding voting

The resolutions to approve the 2021 Directors' Remuneration Policy and the 2022 Directors' Remuneration report were passed by a poll at the Company's 2022 and 2023 AGM respectively. Set out in the table below are the votes cast by proxy in respect of these resolutions.

	Votes for	% for	Votes against	% against	Votes withheld[1]
2022 Directors' Remuneration report (2023 AGM)	394,335,860	82.73	82,320,489	17.27	16,032
2021 Directors' Remuneration Policy (2022 AGM)	460,112,804	96.99	14,282,696	3.01	42,939

1 Votes withheld are not included in the final figures as they are not recognised as a vote in law.

Other information about the Committee's membership and operation

Committee composition

The Chair and members of the Committee are shown on pages 74 to 76, together with their biographical information. Four meetings were held during 2023 and the attendance of Committee members is shown on page 96.

The Chair, CEO and other Non-Executive Directors who are not members of the Committee have a standing invite to attend, and the CFO and CHRO also attend meetings by invitation, as appropriate. The Executive Directors are not present when their own remuneration arrangements are discussed or, if they are, they do not participate in the decision making process.

External advisor

Korn Ferry was appointed as external independent advisor to the Committee in 2017 following a competitive tender process. During 2023, Korn Ferry provided advice to the Committee in relation to emerging market practice and benchmarking. Through a separate advisory team to the remuneration advisory team, Korn Ferry provided other human capital related services to the Nomination Committee. The Committee is therefore satisfied that the advice received was objective and independent. Korn Ferry is a member of the Remuneration Consultants Group and abides by the voluntary code of conduct of that body, which is designed to ensure objective and independent advice is given to remuneration committees. More information regarding the role of Korn Ferry in advising the Nomination Committee can be found on page 85. Fees paid to Korn Ferry for remuneration advisory services in 2023 were £31,047 (excluding VAT) and were charged on a time and materials basis.

Terms of reference

A full description of the Committee's terms of reference is available on the Company's website at www.elementis.com.

Activities during the year

The Committee operated in line with its Terms of Reference during the year, setting the pay for the Executive Directors and wider senior leadership team, having oversight of pay across the organisation and setting the Board Chair's fee. The Committee considered the following at its meetings during 2023:

Committee meeting dates	Agenda items
February 2023	2020 LTIP performance outcomes 2022 Executive Director bonus awards 2023 LTIP targets/performance conditions and delegated authority to grant the 2023 awards Adjustments to 2021 and 2022 LTIP performance targets as a result of the sale of Chromium ELT salary review and bonus payments CEO pay ratio calculations Approval of final draft of Directors' Remuneration report
July 2023	Market update and Remuneration Policy review discussion proposals Employee share schemes
October 2023	Application of Remuneration Policy in 2024 Update on 2023 performance against annual bonus targets and 2021 LTIP Workforce engagement
December 2023	Institutional investor and proxy agency update Update on workforce pay reviews 2024 salary reviews for Paul Waterman and Ralph Hewins Chair's fee review Update on 2023 performance against annual bonus targets and 2021 LTIP Gender pay gap review Global benefits review Committee terms of reference

Outside of the above meeting dates, the Committee considered and confirmed operational matters in appropriate forums (e.g. the Executive Directors' annual bonus targets, and granting of the 2023 LTIP awards).

Evaluation, training and development

On an annual basis, the Committee's effectiveness is reviewed as part of the evaluation of the Board. Following the evaluation last year, there were no major issues to report. During 2023, Committee members were updated on the latest developments on executive remuneration and all members received briefings from the Group General Counsel & Company Secretary and the Committee's remuneration advisers throughout the year, to keep them updated on topical matters and developments relating to executive remuneration.

Auditable sections of the Directors' remuneration report

The sections of the Annual Report on Remuneration that are required to be audited by law are as follows: Remuneration payable to Directors for 2023 and Directors' retirement benefits; and tables headed Annual LTIP awards granted in the year, Directors' scheme interests, Directors' share interests and Directors' retirement benefits.

Approved by the Board on 6 March 2024

Steve Good
Chair, Remuneration Committee

Directors' report

The Directors present their report together with the Annual Report and Accounts, together with the audited consolidated financial statements of the Company, and the Group, for the year ended 31 December 2023.

The Directors' report is set out on pages 123 to 125, together with the information required to be disclosed (referred to below) which is incorporated by reference. The Company, in accordance with Section 414(C)(11) of the Companies Act 2006, has chosen to set out certain information required to be included in the Directors' report in the Strategic report. Such information is identified in the table below. The Governance report is set out on pages 73 to 126. Information from the consolidated financial statements referred to in this Directors' report is incorporated by reference.

Disclosure of information under Listing Rule 9.8.4

39	Carbon emissions, energy consumption and energy efficiency
77	Corporate Governance Framework
112	Directors' remuneration
117	Directors' share interests
94	Directors' training and development
48	Employee equality, diversity and inclusion
49	Employee engagement
29	Environmental matters
63	Financial instruments and financial risk management
16	Innovation, Growth and Efficiency strategy
97	Long term incentive schemes
73	Membership of Board
29	Modern Slavery Statement
54	Non-financial and sustainability information
67	Principal risks
55	Results and dividend
28	Section 172(1) statement
26	Stakeholder engagement
126	Statement of Directors' responsibilities
29	Sustainability
72	Viability and going concern

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, and as noted in this Directors' report, to include certain matters in its Strategic report that would otherwise be required to be disclosed in this Directors' report. The Strategic report can be found on pages 1 to 72 and includes an indication of future likely developments in the Company, details of important events and the Company's business model and strategic progress.

Directors

Directors and their interests

The biographical details of the Directors of the Company who held office during the year, and up to the date of the signing of the financial statements, are set out on pages 123 and 125.

Appointment and replacement of directors

The Articles of Association (the 'Articles') give the Directors power to appoint and replace Directors. Under the terms of reference of the Nomination Committee, appointments are recommended by the Nomination Committee for approval by the Board. In line with the UK Corporate Governance Code, the Articles also require all Directors to retire and submit themselves for election at each AGM except for any Director appointed by the Board after the notice of the AGM has been given. The service contracts of the Executive Directors and letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office.

Amendment of articles

Amendments to the Articles may be made by way of special resolution, in accordance with the Companies Act 2006. The most recent amendments to the Articles were approved at the AGM held on 30 April 2019.

Directors' powers

The business of the Company is managed by the Board, which may exercise all the powers of the Company, subject to the Articles, the Companies Act 2006 and any special resolution of the Company. The exercise of certain powers, including in relation to the issuing or buying back of shares, requires authority from the Company's shareholders. The Articles may only be amended by special resolution of the Company at a general meeting of its shareholders.

Directors' 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. The conflict authorisation enables Ralph Hewins to continue to act as a trustee, notwithstanding that this role could give rise to a situation in which there is a conflict of interest. The Board considers that it is appropriate for the trustees of the UK pension scheme to benefit from the financial expertise of the CFO and that his contribution at trustees' meetings demonstrates the Board's commitment to supporting the UK pension scheme. The Board's conflict authorisation is subject to annual review and, under the terms of the conflict authorisation, reciprocal provisions have been put in place with a view to safeguarding information that is confidential to the Group, as well as to the trustees. Were a conflict of interest to arise, Ralph Hewins is required to excuse himself from reading the relevant papers and absent himself from participating in relevant discussions. Procedures are in place to ensure compliance with the Companies Act 2006. These procedures have been complied with during the year. Details of any new conflicts or potential conflict matters are submitted to the Board for consideration and, where appropriate, are approved. Authorised conflicts and potential conflict matters are reviewed on an annual basis and more frequently where required.

Directors' insurance and indemnities

In addition to the indemnities granted by the Company to Directors in respect of the liabilities incurred as a result of their office (which are qualifying third party indemnity provisions under the Companies Act 2006), a directors' and officers' liability insurance policy is maintained throughout the year. Neither the indemnity nor the insurance provides cover in the event that a Director has proven to have acted dishonestly or fraudulently. Similar arrangements also exist for directors of Group subsidiary entities.

Directors' share interests

The Directors' interests in the ordinary shares and options of the Company can be found within the Directors' Remuneration report on pages 117 and 118.

Shares

Share capital

As at 31 December 2023, the Company's issued share capital was 587,824,987 ordinary shares, with a nominal value of 5 pence each. Each issued share carries a voting right of one vote per share. All of the Company's issued shares are fully paid up and rank equally in all respects. The rights attached to the shares, in addition to those conferred on their holders by law, are set out in the Company's Articles. From time to time, the ESOT holds shares in the Company for the purposes of various share incentive plans and the rights attached to them are exercised by independent trustees, who may take into account any recommendation by the Company. As at 31 December 2023, the ESOT held 1,458,404 shares in the Company (2022: 258,404). A dividend waiver is in place in respect of all shares that may become held by the ESOT. Further details of the authorised and issued share capital during the financial year are provided in Note 17 to the accounts on page 162.

Voting rights

In a general meeting of Elementis plc, the provisions of the Companies Act 2006 apply in relation to voting rights, subject to the provisions of the Articles and to any special rights or restrictions as to voting attached to any class of shares in Elementis plc (of which there are none). Shareholders are entitled to attend and vote at any general meeting of the Company and a poll will be held on every resolution. Every member present in person or by proxy has, upon a poll, one vote for every share held. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding. Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM to be held on 30 April 2024 will be set out in the Notice of Annual General Meeting.

Authority to purchase own shares

The Company did not purchase any of its ordinary shares (2022: nil) during the year. All of the Company's 5p ordinary shares held in treasury were issued in satisfaction of awards under the Company's share-based incentive plans during the year and no shares were held in treasury at 31 December 2023 (2022: nil).

A special resolution will be proposed at the forthcoming AGM to renew the Company's authority to purchase its own shares in the market up to a limit of 20% of its issued ordinary share capital. The maximum and minimum prices will be stated in the resolution at the date of the AGM. The Directors believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares. The Directors may consider holding repurchased shares pursuant to the authority conferred by this resolution as treasury shares. This will give the Company the ability to reissue treasury shares quickly and cost effectively, and will provide the Company with additional flexibility in the management of its capital base. Any issues of treasury shares for the purposes of the Company's employee share schemes will be made within the 20% anti-dilution limit set by The Investment Association. The Directors will only exercise this authority if they are satisfied that a purchase would result in an increase in expected earnings per share and would be in the interests of shareholders generally.

Employee share schemes

The Company operates a number of employee share plans, details of which are set out in Note 26 to the consolidated financial statements and on page 117 of the Directors' Remuneration report.

Substantial shareholders

In accordance with the Disclosure Guidance and Transparency Rules (DTR), as at 31 December 2023, the interests in voting rights over the issued share capital of the Company had been notified.

Information provided to the Company pursuant to the DTRs is published on a regulatory information service and on the Company's website.

	Ordinary shares	% of issued share capital
Franklin Templeton	57,618,174	9.80
Columbia Threadneedle	42,850,084	7.29
Fidelity International	35,084,692	5.97
Soros Fund Management	34,411,898	5.85
Vanguard Group	27,236,692	4.63

Between 31 December 2023 and 15 February 2024 (being the latest available register date), the Company has been notified of the following changes:

- Franklin Templeton increased their shareholding to 58,477,949 or 9.95%;
- Columbia Threadneedle reduced their shareholding to 42,508,599 or 7.23%; and
- Fidelity International increased their shareholding to 38,121,330 or 6.49%.

Employees

Employment policies and equal opportunities

Group policies seek to create a workplace that has an open atmosphere of trust, honesty and respect. Harassment or discrimination of any kind based on race, colour, religion, gender, age, national origin, citizenship, mental or physical disabilities, sexual orientation, veteran status, or any other similarly protected status is not tolerated. This principle applies to all aspects of employment, including recruitment and selection, training, development, promotion, and retirement. Employees are free to join a trade union and participate in collective bargaining arrangements. It is also a Group policy to reasonably accommodate applicants and employees who have a disability, where practicable, and to provide training, career development and promotion, as appropriate. It is Group policy not to discriminate on the basis of any unlawful criteria and its practices include prohibition on the use of child or forced labour. Elementis plc supports the wider fundamental human rights of its employees worldwide, as well as those of our customers and suppliers, and further details are set out in the People and Responsible business sections on pages 45 to 53.

Employee communications and involvement

The Company is committed to employee involvement throughout the business. Employees are kept informed of the performance and strategy of the Group via email. Videoconference calls are held by the CEO to employees worldwide and these serve as an informal forum for employees to ask topical questions about the Group. Further information can be found on page 26.

Engagement with other stakeholders

Details of engagement with other stakeholders and information on how the Directors have had regard to their interests in the context of principal decisions taken by the Board during the year are set out on pages 26 to 27.

R&D activities

Innovation is a core strategic priority. Our innovation expertise and capability is focused on delivering products that address our customers' needs. As at 31 December 2023, over 100 employees were engaged in global R&D activities. For further information on our approach to innovation, please refer to pages 18 and 19. During the year ended 31 December 2023, costs relating to R&D activities were $16m (2022: $16m).

Additional information

Going Concern and Viability Statement

The Directors consider that the Group and the Company have adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements. The UK Corporate Governance Code requires the Directors to assess and report on the prospects of the Group over a longer period. The full viability statement and associated explanations are set out on page 72.

Audit information

Each Director of the Company on 6 March 2024, the date this Directors' report was approved, confirms that so far as they are aware, there is no relevant audit information of which the Company's auditors, Deloitte LLP, are unaware and that they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Following recommendation by the Audit Committee, resolutions to re-appoint Deloitte LLP as auditors and to authorise the Audit Committee to fix their remuneration will be proposed at the forthcoming AGM. The remuneration of the auditors for the year ended 31 December 2023 is fully disclosed in Note 7 to the financial statements on page 155.

Annual general meeting

The 2024 AGM will be held at 10.00am on Wednesday 30 April 2024 at the offices of Allen & Overy LLP, One Bishops Square, London, E1 6AD. Details of the resolutions to be proposed at the AGM are set out in the Notice of AGM, which has been sent to shareholders and is available on the Elementis corporate website: www.elementis.com.

Significant agreements – change of control

There are a number of significant agreements which the Company is party to that take effect, alter or terminate in the event of change of control of the Company. The Company is a guarantor under the Group's $100m and €143m long term loans, and $375m revolving credit facility and, in the event of a change of control, any lender among the facility syndicate, of which there are 13 with commitments ranging from $10m to $93m, may withdraw from the facility and that lender's participation in any loans drawn down are required to be repaid.

The rules of the Company's various share incentive schemes set out the consequences of a change of control of the Company on the rights of the participants under those schemes. Under the rules of the respective schemes, participants would generally be able to exercise their options on a change of control, provided that the relevant performance conditions have been satisfied and, where relevant, options are not exchanged for new options granted by an acquiring company.

In the event of a takeover or other change of control (usually excluding an internal reorganisation), outstanding awards under the Group's incentive plans vest and become exercisable (including DSBP cash awards and LTIP awards), to the extent any performance conditions (if applicable) have been met, and subject to time pro-rating (if applicable) unless determined otherwise by the Board in its discretion, in accordance with the rules of the plans. In certain circumstances, the Board may decide (with the agreement of the acquiring company) that awards will instead be cancelled in exchange for equivalent awards over shares in the acquiring company.

Political donations

The Group made no political donations during the year (2022: $nil).

Branches

As a global Group, Elementis' interests and activities are held or operated through subsidiaries, branches, joint arrangements or associates which are established in, and subject to the laws and regulations of, many different jurisdictions.

Other information

Information about the Group's financial risk management and exposure to financial market risks are set out in Note 23 to the financial statements on pages 168-172.

Events after the balance sheet date

On 6 March 2024, Elementis entered into an agreement to sell its former Chromium manufacturing site at Eaglescliffe to Flacks Group for negative purchase consideration of £11.5m ($14.5m). Completion of the transaction is conditional on regulatory approval.

There were no other significant events after the balance sheet date.

By order of the Board:

Anna Lawrence
Group General Counsel
& Company Secretary

6 March 2024

Directors' responsibilities

Statement of directors' responsibilities in respect of the annual report and financial statements

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the UK. The financial statements also comply with the IFRSs as issued by the International Accounting Standards Board (IASB).

The Directors have also chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework – Disclosure exemptions from EU-adopted IFRS for qualifying entities (FRS 101).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance statement which comply with that law and regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the Directors, who are appointed at the date of approval of this report, confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 6 March 2024 and is signed on its behalf by:

Paul Waterman
CEO

Ralph Hewins
CFO

Independent Auditor's report to the members of Elementis plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Elementis plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the consolidated financial statement related notes 1 to 32; and
- the parent company financial statement related notes 1 to 11.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 7 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Adjusting items – transformation costs; and • Revenue recognition, including cut off. Within this report, key audit matters are identified as follows: (!) Newly identified Increased level of risk Similar level of risk
Materiality	The materiality that we used for the group financial statements was \$3.7 million (2022: \$3.8 million). Materiality was based on 5% of adjusted profit before tax from all operations ("adjusted PBT") (2022: 5% of adjusted profit before tax). See section 6.1 for more details.
Scoping	We have performed full scope audits or audits of specified account balances of four components which contribute 83% of the group's revenue, 90% of the group's profit before tax and 80% of the group's net assets.
Significant changes in our approach	In the current year, we reduced the scope of work previously performed in speciality operations in China. In the previous year we identified a key audit matter relating to impairment of goodwill of the Talc CGU. As this was fully impaired in 2022, we have no longer identified a fraud risk or key audit matter in relation to this balance. We have pinpointed our fraud risk in the current year to transformation costs classified within adjusting items, which has significantly increased by \$21.3m in the year due to the group's commitment to restructuring plans in 2023. We have also identified a new key audit matter in this area.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting, included:

- evaluating the group's financing facilities including the nature of facilities, repayment terms and covenants set out on page 72 of the annual report;
- recalculating and assessing of the amount of forecast headroom on the loan covenants to testing dates;
- evaluating the reverse stress test prepared by management and performing a sensitivity analysis to consider specific scenarios, including a reduction in revenue and associated profits;
- challenged management on the assumptions used in the cash flow model used to prepare the going concern forecast, including with consideration to current macro-economic factors such as the inflationary environment and international conflicts. This includes testing of clerical accuracy of the model, assessment of the historical accuracy of forecasts prepared by management and reviewing the balance sheet for items which could potentially result in a cash outflow; and
- evaluating management's going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Adjusting Items – transformation costs (!)

Key audit matter description	The group have recorded total adjusting items of \$26.1 million (2022: \$133.7 million). Adjusting items are a key determinant of the groups adjusted operating profit. We have identified new adjusting items in the year which has increased the risk associated with the accuracy and classification of the adjusting items. The group has undertaken a group-wide restructuring programme branded "Fit for Future". This was announced internally to the group in September 2023 and was announced externally at the capital markets day in November 2023. Management has recognised a current year provision of \$25.4 million in line with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, classified as an adjusting item under FRC guidance. There is an element of estimation in determining the associated future costs, and judgement in identifying which costs are appropriate to recognise within the provision. Therefore, we identified a key audit matter in this area. See note 5 to the financial statements for further details of adjusting items.
How the scope of our audit responded to the key audit matter	Our procedures included: • obtaining an understanding of the relevant controls over identification and evaluation of adjusting items; • testing a sample of adjusting items related to transformation costs by agreeing to source documentation and underlying financial records to evaluate their nature and amounts; and • verifying the nature of the costs included in the "Fit for Future" restructuring provision, to assessed whether they meet the recognition requirements in IAS 37, and are appropriate to be classified as adjusting items in line with FRC guidance.
Key observations	We completed our planned audit procedures with no exceptions noted. We are satisfied that the valuation of and classification as an adjusting item of the restructuring provision is appropriate.

5.2. Revenue recognition, including cut-off

Key audit matter description	During the year the group recognised revenue from all operations of $713.4m (2022: $736.4m) and recorded a cut off adjustment of $6.6m (2022: $5.8m). At the year end, manual adjustments are made by management for goods which have been despatched but where, under the terms of sale, the control of the goods has yet to pass to the customer; this is done because the group's systems record revenue on despatch. Management determines the point at which the performance obligation has been fulfilled based on different shipping terms and estimates the delivery times to the point at which control passes to the customer. The group trades globally and a change in the number of days estimated for shipments to transfer to the customer can have a material impact on the cut off adjustment. This remains a higher risk for the audit and an area of significant audit effort and therefore we determined it a key audit matter. The accounting policy is described in note 1 where this is also included as a critical accounting judgement. This area of judgement areas is also referred to within the Audit Committee report on page 90.
How the scope of our audit responded to the key audit matter	Our procedures included: • testing the relevant controls over each significant class of revenue transaction; • assessing the commercial arrangements, to determine the correct point of revenue recognition for different shipping arrangements and agreements with customers; • testing a sample of revenue transactions at each component and obtaining support for appropriate revenue recognition including shipping documentation and payments received; • selecting a sample of international shipments made pre-year end for time periods varying by destination port and therefore transit time for shipments and agreeing these to invoice, shipment and order details and goods receipt notes; • developing an understanding of how current global supply chain disruption could impact the timing of delivery of group's products to its customers; • assessing management's assumptions used in their cut off calculation for reasonableness and consistency with consideration to macroeconomic factors and substantively testing of international shipments both pre and post year-end; and • testing a sample of post year end credit notes raised to determine if revenue was inappropriately recognised in 2023.
Key observations	We completed our planned audit procedures with no exceptions noted. We are satisfied that management has completed appropriate cut off adjustments at the year end to take into account those sales where control has not transferred.

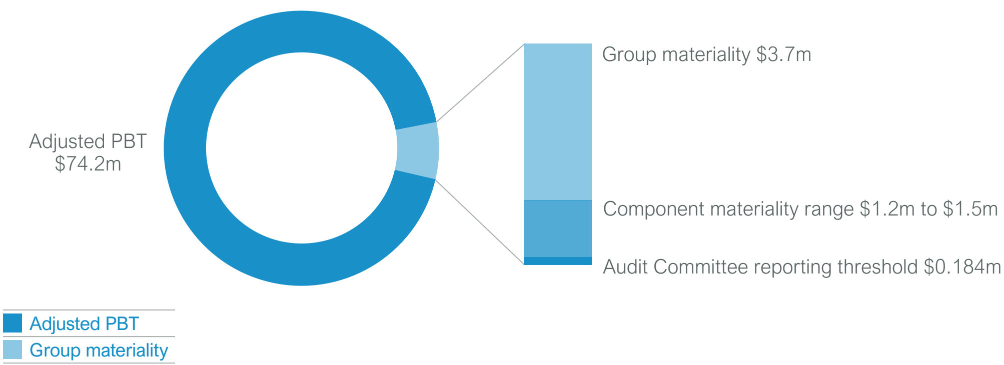
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$3.7 million (2022: $3.8 million)	$1.2 million (2022: $1.1 million)
Basis for determining materiality	The materiality that we used for the group financial statements was $3.7 million (2022: $3.8 million) which was determined on the basis of 5% (2022: 5%) of adjusted profit before tax from all operations without adjustment for amortisation of purchased intangibles arising on acquisition.	A factor of 3% of net assets (2022: 3%) was used capped to an appropriate component materiality of 50% (2022: 50%) of group materiality.
Rationale for the benchmark applied	We have considered the users of the financial statements when selecting the appropriate benchmark. Earnings based metrics tend to be of more interest to the shareholders, analyst and investor-based communities. Adjusted profit before tax is a suitable measurement for profit orientated entities.	We have used net assets in determining materiality as we believe this is an appropriate basis for materiality as it reflects the nature of the parent company as a holding company and its contribution to the group performance.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2022: 60%) of group materiality	70% (2022: 60%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our past experience of the group and our risk assessment, including our assessment of the group's overall control environment and low number of misstatements identified in the prior year.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $184,000 (2022: $191,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

There are four components in scope for the 2023 year-end audit (2022: seven including two Chromium entities which have been disposed in 2023), of which the first three below are significant to the group:

- the Talc operation in Netherlands and Finland;
- the specialty products operations in the US;
- the specialty products operations in the UK; and
- the specialty products operations in India.

All of these locations were subject to full scope audits or audits of specified accounts balances.

We have increased the number of specified account balances in the scope of work performed on speciality product operations in India because of the manufacturing plant becoming operational. Given the appropriate coverage achieved in the current year, we reduced the scope of work previously performed on operations in China to review procedures.

Each component was set a specific component materiality, considering its relative size and any component specific risk factors such as internal control findings and history of error. Our audit work on the four components was executed at levels of performance materiality applicable to each individual entity which were lower than group materiality and ranged from $1.2 million to $1.5 million (2022: $1.1 million to $1.5 million).

The in-scope locations represent the principal business units within the group's operating divisions and account for 83% (2022: 95%) of the group's revenue, 90% (2022: 95%) of the group's profit before tax and 80% (2022: 96%) of the group's net assets.

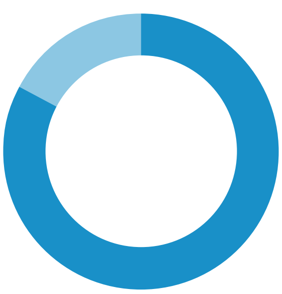
At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to full scope audit or audit of specified account balances. The parent company is located in the UK and is audited directly by the group audit team.

7.2. Our consideration of the control environment

Our audit for the prior period identified a number of general IT control deficiencies primarily related to the user access and segregation of duties within the IT systems specific to the Talc operations. We note that the control deficiencies remain in 2023 but acknowledge that this business will adopt the wider group's ERP system in 2024 as outlined in the CEO statement on Page 11.

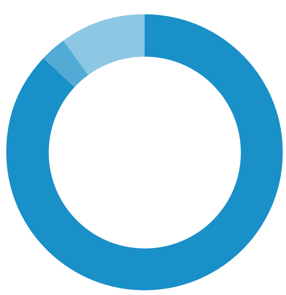
With involvement of our IT specialists, we have tested general IT controls over the key IT systems. We have obtained an understanding of the relevant internal controls over financial reporting and management's review controls of key estimates and judgements. We have tested relevant controls over revenue recognition cycle. Based on our testing, we have not relied on controls and we therefore adopted a fully substantive approach. As described in the internal controls and risk management section of pages 90 and 91, the Audit Committee will continue to oversee the actions taken to monitor and improve the internal control environment.

Revenue



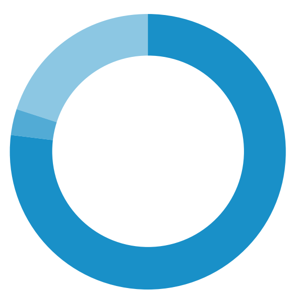
Full audit scope	83%
Review at group level	17%

Profit before tax



Full audit scope	87%
Specificed audit procedures	3%
Review at group level	10%

Net assets



Full audit scope	77%
Specificed audit procedures	3%
Review at group level	20%

7.3. Our consideration of climate-related risks

Climate change and the transition to a low carbon economy ("climate change") were considered in our audit where they have the potential to directly or indirectly impact key judgements and estimates within the financial statements. The group continues to develop its assessment of the potential impacts of climate change, as explained in the Chief Executive Officer's review within the strategic report on page 11. Management has disclosed their climate risk considerations on page 141 primarily in relation to the key judgements and estimates in the assessment of the carrying value of non-current assets and environmental provisions. The key judgements and estimates included in the financial statements incorporate actions and strategies, to the extent they have been approved and can be reliably estimated in accordance with the group's accounting policies. With the involvement of our Environmental, Social and Governance ("ESG") specialists, we assessed this disclosure by performing inquiries with management and independent industry research, and we did not identify any climate related material risks of misstatement. We also considered whether information included in the climate related disclosures in the Annual Report were materially consistent with our understanding of the business and the financial statements.

7.4. Working with other auditors

The group audit was conducted by the UK group audit team with exception of Talc operations in Netherlands and Finland where work was performed by local Deloitte member firms under the direction and supervision of the UK group audit team. Component auditors were assigned to perform audit procedures in line with the scoping of the respective components within their jurisdiction. Further work was performed at a group level over the consolidation and components not in scope. Dedicated members of the group audit team were assigned to each component to facilitate an effective and consistent approach to component oversight.

The planned programme which we designed as part of our involvement in the component auditor's work was delivered over the course of the group audit. The extent of our involvement which commenced from the planning phase included:

- Setting the scope of the component auditor and assessment of the component auditor's independence.
- Designing the audit procedures for all significant risks to be addressed by the component auditors and issuing group audit instructions detailing the nature and form of the reporting required by the group engagement team.
- Holding frequent calls and meetings (including in person meetings) between the group and component teams.
- Providing direction on enquiries made by the component auditors through online and telephone conversations.
- Reviewing of each component auditor's engagement file by a senior member of the group audit team.
- Attending local component audit close meetings virtually or in-person.
- Visiting components in the Netherlands and Finland sites.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including significant component audit teams, and relevant internal specialists, including tax, valuations, pensions, financial instruments, ESG, IT and environmental regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in transformation costs adjusting items. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context include the UK Companies Act, Listing Rules, pensions legislation and tax legislation and the sector it operates in.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty which included environmental regulation.

11.2. Audit response to risks identified

As a result of performing the above, we identified transformation costs adjusting items as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and environmental regulators; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias;and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 72;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 72;
- the directors' statement on fair, balanced and understandable set out on page 126;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 63;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 63; and
- the section describing the work of the audit committee set out on page 88.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board on 27 April 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2016 to 31 December 2023.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Lee Welham
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

06/03/2024

Consolidated income statement

For the year ended 31 December 2023

	Note	2023 $m	2022 $m
Revenue	2	**713.4**	736.4
Cost of sales		**(429.1)**	(437.5)
Gross profit		**284.3**	298.9
Distribution costs		**(108.7)**	(125.0)
Administrative expenses		**(116.7)**	(215.7)
Operating profit/(loss)	2	**58.9**	(41.8)
Other expenses[1]	25	**(2.3)**	(1.3)
Finance income	3	**4.4**	9.9
Finance costs	4	**(21.3)**	(21.6)
Profit/(loss) before income tax		**39.7**	(54.8)
Tax	6	**(11.5)**	(7.8)
Profit/(loss) from continuing operations	7	**28.2**	(62.6)
(Loss)/profit from discontinued operations	32	**(1.7)**	11.5
Profit/(loss) for the year		**26.5**	(51.1)
Attributable to:			
Equity holders of the parent		**26.5**	(51.1)
Earnings per share			
From continuing operations			
Basic earnings/(loss) (cents)	9	**4.8**	(10.7)
Diluted earnings/(loss) (cents)	9	**4.7**	(10.7)
From continuing and discontinued operations			
Basic earnings/(loss) (cents)	9	**4.5**	(8.8)
Diluted earnings/(loss) (cents)	9	**4.4**	(8.8)

1 Other expenses comprise administration expenses for the Group's pension schemes.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	2023 $m	2022 $m
Profit/(loss) for the year		**26.5**	(51.1)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit and loss:			
Remeasurement of retirement benefit obligations	25	**12.3**	(18.5)
Deferred tax associated with retirement benefit obligations		**(2.8)**	5.3
Items relating to discontinued operations, net of tax	25	**–**	0.3
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations	22	**(5.1)**	(100.9)
Effective portion of change in fair value of net investment hedge	22	**14.8**	46.2
Tax associated with change in fair value of net investment hedge		**(0.1)**	(2.8)
Tax associated with changes in cash flow hedges		**(0.6)**	0.8
Recycling of deferred foreign exchange losses on disposal		**9.3**	–
Effective portion of changes in fair value of cash flow hedges	22	**12.7**	(2.6)
Fair value of cash flow hedges transferred to income statement	22	**(6.3)**	1.6
Exchange differences on translation of share options reserves		**0.2**	(0.9)
Other comprehensive income/(loss)		**34.4**	(71.5)
Total comprehensive income/(loss) for the year		**60.9**	(122.6)
Attributable to:			
Equity holders of the parent		**60.9**	(122.6)

Consolidated balance sheet

As at 31 December 2023

	Note	2023 31 December $m	2022 31 December $m
Non-current assets			
Goodwill and other intangible assets	10	650.6	660.2
Property, plant and equipment	11	423.6	386.4
Tax recoverable	30	20.0	17.5
Financial assets	21	6.0	1.3
Deferred tax assets	16	19.6	24.8
Net retirement benefit surplus	25	42.1	26.4
Total non-current assets		1,161.9	1,116.6
Current assets			
Inventories	12	163.3	182.0
Trade and other receivables	13	101.8	94.9
Financial assets	21	7.4	10.7
Current tax assets		11.2	7.0
Cash and cash equivalents	20	65.8	54.9
Total current assets		349.5	349.5
Assets classified as held for sale	32	–	160.9
Total assets		1,511.4	1,627.0
Current liabilities			
Bank overdrafts and loans	19	–	(2.7)
Trade and other payables	14	(117.9)	(135.4)
Financial liabilities	21	–	(3.3)
Current tax liabilities		(13.6)	(20.2)
Lease liabilities	24	(5.9)	(6.1)
Provisions	15	(21.5)	(5.8)
Total current liabilities		(158.9)	(173.5)
Non-current liabilities			
Loans and borrowings	21	(264.7)	(414.7)
Retirement benefit obligations	25	(9.0)	(8.9)
Deferred tax liabilities	16	(138.7)	(131.3)
Lease liabilities	24	(30.3)	(30.2)
Provisions	15	(60.4)	(23.9)
Financial liabilities	21	(2.1)	(2.8)
Total non-current liabilities		(505.2)	(611.8)
Liabilities classified as held for sale	32	–	(57.8)
Total liabilities		(664.1)	(843.1)
Net assets		847.3	783.9
Equity			
Share capital	17	52.5	52.3
Share premium		239.2	238.7
Other reserves	18	70.1	42.1
Retained earnings		485.5	450.8
Total equity attributable to holders of the parent		847.3	783.9
Total equity		847.3	783.9

The financial statements on pages 135 to 182 were approved by the Board on 6 March 2024 and signed on its behalf by:

Paul Waterman
CEO

Ralph Hewins
CFO

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital $m	Share premium $m	Translation reserve $m	Hedging reserve $m	Other reserves $m	Retained earnings $m	Total equity $m
Balance at 1 January 2022	52.2	240.8	(67.7)	(8.6)	167.0	517.3	901.0
Comprehensive income:							
Loss for the year	–	–	–	–	–	(51.1)	(51.1)
Other comprehensive loss:							
Exchange differences (see Note 22)	–	–	(54.7)	–	(0.9)	–	(55.6)
Fair value of cash flow hedges transferred to the income statement (see Note 22)	–	–	–	1.6	–	–	1.6
Effective portion of changes in fair value of cash flow hedges (see Note 22)	–	–	–	(2.6)	–	–	(2.6)
Tax associated with changes in cash flow hedges	–	–	–	–	–	0.8	0.8
Tax associated with change in fair value of net investment hedge	–	–	–	–	–	(2.8)	(2.8)
Remeasurements of retirement benefit obligations (see Note 25)	–	–	–	–	–	(18.2)	(18.2)
Deferred tax associated with retirement benefit obligations	–	–	–	–	–	5.3	5.3
Transfer	–	–	–	7.8	(4.0)	(3.8)	–
Total other comprehensive (loss)/income	–	–	(54.7)	6.8	(4.9)	(18.7)	(71.5)
Total comprehensive (loss)/income	–	–	(54.7)	6.8	(4.9)	(69.8)	(122.6)
Transactions with owners:							
Issue of shares by the Company	0.1	0.8	–	–	–	–	0.9
Deferred tax on share based payments recognised within equity	–	–	–	–	–	0.4	0.4
Share based payments (see Note 26)	–	–	–	–	3.4	–	3.4
Fair value of cash flow hedges transferred to net assets (see Note 22)	–	–	–	0.8	–	–	0.8
Reserve reclassification	–	(2.9)		–	–	2.9	–
Total transactions with owners	0.1	(2.1)	–	0.8	3.4	3.3	5.5
Balance at 31 December 2022	**52.3**	**238.7**	**(122.4)**	**(1.0)**	**165.5**	**450.8**	**783.9**
Comprehensive income:							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**26.5**	**26.5**
Other comprehensive income:							
Exchange differences (see Note 22)	**–**	**–**	**9.7**	**–**	**0.2**	**–**	**9.9**
Fair value of cash flow hedges transferred to the income statement (see Note 22)	**–**	**–**	**–**	**(6.3)**	**–**	**–**	**(6.3)**
Effective portion of changes in fair value of cash flow hedges (see Note 22)	**–**	**–**	**–**	**12.7**	**–**	**–**	**12.7**
Tax associated with changes in cash flow hedges	**–**	**–**	**–**	**–**	**–**	**(0.6)**	**(0.6)**
Tax associated with change in fair value of net investment hedge	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Remeasurements of retirement benefit obligations (see Note 25)	**–**	**–**	**–**	**–**	**–**	**12.3**	**12.3**
Deferred tax associated with retirement benefit obligations	**–**	**–**	**–**	**–**	**–**	**(2.8)**	**(2.8)**
Recycling of deferred foreign exchange losses on disposal	**–**	**–**	**9.3**	**–**	**–**	**–**	**9.3**
Transfer	**–**	**–**	**–**	**–**	**(2.3)**	**2.3**	**–**
Total other comprehensive income/(loss)	**–**	**–**	**19.0**	**6.4**	**(2.1)**	**11.1**	**34.4**
Total comprehensive income/(loss)	**–**	**–**	**19.0**	**6.4**	**(2.1)**	**37.6**	**60.9**
Transactions with owners:							
Issue of shares by the Company	**0.2**	**0.5**	**–**	**–**	**–**	**–**	**0.7**
Purchase of shares by Employee Share Options Trust (“ESOT”)	**–**	**–**	**–**	**–**	**–**	**(1.6)**	**(1.6)**
Deferred tax on share based payments recognised within equity	**–**	**–**	**–**	**–**	**–**	**(1.3)**	**(1.3)**
Share based payments (see Note 26)	**–**	**–**	**–**	**–**	**4.2**	**–**	**4.2**
Fair value of cash flow hedges transferred to net assets (see Note 22)	**–**	**–**	**–**	**0.5**	**–**	**–**	**0.5**
Total transactions with owners	**0.2**	**0.5**	**–**	**0.5**	**4.2**	**(2.9)**	**2.5**
Balance at 31 December 2023	**52.5**	**239.2**	**(103.4)**	**5.9**	**167.6**	**485.5**	**847.3**

Consolidated cash flow statement

For the year ended 31 December 2023

	Note	2023 $m	2022[1] $m
Operating activities:			
Profit/(loss) from continuing operations		**28.2**	(62.6)
Adjustments for:			
Other expenses		**2.3**	1.3
Finance income		**(4.4)**	(9.9)
Finance costs		**21.3**	21.6
Tax charge		**11.5**	7.8
Depreciation and amortisation		**55.7**	56.9
Impairment loss on property, plant and equipment	11	**–**	23.0
Increase/(decrease) in provisions and financial liabilities		**16.7**	(7.7)
Pension payments net of current service cost	25	**(3.1)**	(0.7)
Share based payments expense	26	**4.4**	3.4
Impairment of goodwill	10	**–**	103.4
Operating cash flow before movement in working capital		**132.6**	136.5
Decrease/(increase) in inventories		**22.5**	(57.5)
(Increase)/decrease in trade and other receivables		**(0.3)**	6.5
(Decrease)/increase in trade and other payables		**(20.1)**	13.8
Cash generated by operations		**134.7**	99.3
Income taxes paid		**(27.3)**	(13.3)
Interest paid	4	**(18.1)**	(14.6)
Net cash flow used in operating activities from discontinued operations	32	**(12.5)**	5.6
Net cash flow from operating activities		**76.8**	77.0
Investing activities:			
Interest received		**0.4**	0.2
Disposal of property, plant and equipment		**–**	(0.4)
Purchase of property, plant and equipment	11	**(38.1)**	(33.1)
Disposal of business	32	**139.2**	–
Acquisition of intangible assets	10	**(0.1)**	(0.2)
Net cash flow used in investing activities from discontinued operations	32	**(0.3)**	(13.4)
Net cash flow used in investing activities		**101.1**	(46.9)
Financing activities:			
Issue of shares by the Company, net of repurchases of shares by ESOT		**(1.0)**	0.9
Net movement on existing debt	28	**(160.5)**	(51.6)
Payment of interest on lease liabilities	24	**(1.3)**	(1.4)
Payment of gross lease liabilities	24	**(5.2)**	(5.7)
Net cash flow used in financing activities from discontinued operations	32	**–**	–
Net cash flow used in financing activities		**(168.0)**	(57.8)
Net increase/(decrease) in cash and cash equivalents		**9.9**	(27.7)
Cash and cash equivalents at 1 January		**54.9**	84.6
Foreign exchange on cash and cash equivalents		**1.0**	(2.0)
Less: cash and cash equivalents classified as held for sale	32	**–**	–
Cash and cash equivalents at 31 December	20	**65.8**	54.9

1 2022 has been re-presented following the sale of the Chromium business, see Note 32 for further details.

Notes to the consolidated financial statements

For the year ended 31 December 2023

1. Accounting policies

Elementis plc is a public company limited by shares incorporated and domiciled in England and is the parent company of the Group. The address of its registered office is The Bindery, 5th Floor, 51-53 Hatton Garden, London, EC1N 8HN. The Group financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards. The Company has elected to prepare its parent company financial statements in accordance with FRS 101. These are presented on pages 183 to 189.

Basis of preparation

The financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the UK. These financial statements also comply with IFRS as issued by the IASB.

The financial statements have been prepared on the historical cost basis except that derivative financial instruments are stated at their fair value. The preparation of financial statements requires the application of estimates and judgements that affect the reported amounts of assets and liabilities, revenues and costs and related disclosures at the balance sheet date.

The financial statements have been prepared on a going concern basis. The rationale for adopting this basis is discussed in the Directors' report on page 125.

Reporting currency

As a consequence of the majority of the Group's sales and earnings originating in US dollars or US dollar linked currencies, the Group has chosen the US dollar as its presentational currency. This aligns the Group's external reporting with the profile of the Group, as well as with internal management reporting. The functional currency of the parent is pounds sterling.

Critical accounting judgements and key sources of estimation uncertainty

When applying the Group's accounting policies, management must make a number of key judgements on the application of applicable accounting standards and estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and judgements are based on factors considered to be relevant, including historical experience, which may differ significantly from the actual outcome. The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognised in the financial statements within the next year are discussed below. The development of the estimates and disclosures related to each of these matters has been discussed by the Audit Committee.

Critical accounting judgements

The following is the sole critical judgement, as opposed to those involving estimations which are dealt with separately below, that the Directors have made in the process of applying the Group's accounting policies that has significant effect on the amounts for the year ended 31 December 2023 recognised in the financial statements. Where relevant and practicable, sensitivity analyses are disclosed in the relevant notes to demonstrate the impact of changes in estimates or assumptions used.

A. Revenue recognition

Judgement is exercised over how to determine the timing of revenue recognition for orders where the agreed terms are delivery to the destination point. The Group has compiled shipping estimates based on the destination country which are used to inform the timing of revenue recognition. In compiling these estimates management have used past experience and carrier standard shipping estimates to inform their decision making.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

A. Environmental provisions

Provisions for environmental restoration are recognised where: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be estimated reliably.

Environmental provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Due to the long time horizons over which costs are anticipated, small changes in recurring annual cash outflows can have a significant cumulative impact on the total provision required. At 31 December 2023 the carrying value of environmental provisions was $60.5m. Further details of these provisions and a sensitivity assessment are given in Note 15.

B. Valuation of a defined benefit pension obligation

The key estimates made in relation to defined benefit pensions relate to the discount rate used to determine the present value of future benefit, the rate of inflation applied to plan assets, mortality rates and rates of salary growth. At 31 December 2023 the UK scheme, the largest of the Group's retirement plans, had a surplus of $38.7m, the US pension scheme had a surplus of $3.4m whilst the US PRMB scheme and other schemes were in a net deficit position of $9.0m in aggregate. Further details of pensions and a sensitivity analysis are given in Note 25.

C. Impairment testing of Talc Cash Generating Unit ("CGU")

The Group performed an assessment as to whether the intangible and tangible fixed assets of the Talc CGU are required to be impaired. Based on the assessment performed no impairment has been recognised. The assessment is sensitive to the higher expected rehabilitation costs for the Finnish mines, for which a reliable estimate cannot be made (see Note 30), as well as the current ongoing appeal regarding the revocation certain mining permits. The Group cannot reliably estimate the impact that these events could have on future operations, however if they were to result in a deterioration of future operating profits of the Talc CGU then an impairment of the intangible and tangible fixed assets may be required.

1. Accounting policies continued

Climate related risks

The financial statements have been prepared with consideration of risks resulting from climate change, our ambition to reach net zero by 2050, and in accordance with our Task Force for Climate Change Related Financial Disclosures ("TCFD") disclosures.

In conjunction with our net zero ambition and TCFD, a review has been performed in the following areas that are deemed most at-risk of being impacted by climate change:

A. Five year forecasting model

To support the carrying value of assets, impairment of goodwill testing, going concern, and the viability statement, management prepare a five year forecasting model. The five year forecasting model includes actions already taken by management to work towards achieving the Group's net zero ambition. Specifically, for the impairment of goodwill and the carrying value of the CGUs, management considered the risks associated with: carbon pricing; customer, consumer and investor demands; raw material supply/prices; access to renewable electricity; energy prices; water scarcity; and extreme weather events. Based on that consideration management have not made any adjustments to the five year forecasting model.

B. Useful economic lives of property, plant and equipment, right of use assets and intangible assets.

Management have reviewed the useful economic life of the Group's non-current assets with respect to the physical risk resulting from extreme weather events and our net zero ambition and have concluded that the current economic useful lives are in line with all current and foreseeable plans.

C. Environmental provisions

Management have considered the Group's legal, regulatory and social obligations in determining the estimate of costs associated the closure and remediation of our sites. A provision has been recognised where management can make a reliable estimate of the costs associated with the closure and remediation of these sites (see Note 15). Where a reliable estimate cannot be made, a contingent liability has been disclosed (see note 30).

After detailed consideration of the aforementioned climate risks, management are comfortable that no adjustments are required to the carrying value of non-current assets and liabilities for the year ended 31 December 2023.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition costs are accounted for as an expense in the period incurred.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A full list of the Group's subsidiaries is shown in Note 6 of the parent company financial statements.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at exchange rates ruling at the dates the fair value was determined.

B. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at the average rates of exchange ruling for the relevant period. Exchange differences arising since 1 January 2004 on translation are taken to the translation reserve. They are recognised in the income statement upon disposal of the foreign operation. The Group may hedge a portion of the translation of its overseas net assets through US dollar and euro borrowings. From 1 January 2005, the Group has elected to apply net investment hedge accounting for these transactions where possible. Where hedging is applied, the effective portion of the gain or loss on an instrument used to hedge a net investment is recognised in equity. Any ineffective portion of the hedge is recognised in the income statement.

Intangible assets

A. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

1. Accounting policies continued

B. Research and development

Expenditure on pure research is recognised in the income statement as an expense as incurred. Under IAS 38, expenditure on development where research findings are applied to a plan or design for the production of new or substantially improved products and processes is capitalised if the product or process will give rise to future economic benefits and where the cost of the capitalised asset can be measured reliably. Expenditure capitalised is stated as the cost of materials, direct labour and an appropriate proportion of overheads less accumulated amortisation. The length of development lifecycles, broad nature of much of the research undertaken and uncertainty until a late stage as to the ultimate commercial viability of a potential product can mean that the measurement criteria of IAS 38 regarding the probability of future economic benefits and the reliability of allocating costs may not be met, in which case expenditure is expensed as incurred.

C. Customer relationships, brands and other intangible assets

Customer relationships, brands and other intangible assets are stated at cost or when arising in a business combination, estimated fair value, less accumulated amortisation.

D. Amortisation

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets through the administrative expenses line item, unless such lives are indefinite. Goodwill is systematically tested for impairment each year. Other intangible assets, comprising customer lists, customer relationships, manufacturing processes and procedures, trademarks, non-compete clauses and patents are amortised over their estimated useful lives which range from 4 to 23 years.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Freehold land is not depreciated. Leasehold property is depreciated over the period of the lease. Freehold buildings, plant and machinery, fixtures, fittings and equipment are depreciated over their estimated useful lives on a straight line basis. Depreciation methods, useful lives and residual values are assessed at the reporting date. No depreciation is charged on assets under construction until the asset is available for use.

Depreciation is charged on a straight-line basis over the estimated useful economic lives of the assets as follows:

Buildings	10 – 50 years
Plant and machinery	2 – 20 years
Fixtures, fittings and equipment	2 – 20 years
Right of use assets	Shorter of the useful economic life of the asset and the lease term

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within it will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Management regularly considers whether there are any indicators of impairment to carrying values of property, plant and equipment. Impairment reviews are based on risk adjusted discounted cash flow projections. Significant judgement is applied to the assumptions underlying these projections which include estimated discount rates, growth rates, future selling prices and direct costs. Changes to these assumptions could have a material impact on the financial position of the Group and on the result for the year.

Impairment of non-current non-financial assets

The carrying amount of non-current assets other than deferred tax is compared to the asset's recoverable amount at each balance sheet date where there is an indication of impairment. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

Annually the Group carries out impairment tests of its goodwill and other indefinite life intangible assets which requires an estimate to be made of the value in use of its CGUs. These value in use calculations are dependent on estimates of future cash flows and long term growth rates of the CGUs. Further details of these estimates are given in Note 10.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset(s). For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price, less estimated costs of completion and selling expenses. Cost, which is based on a weighted average, includes expenditure incurred in acquiring stock and bringing it to its existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads attributable to manufacture, based on normal operating capacity.

Trade and other receivables

Trade receivables and other receivables are due for payment within one year and are thus classified as current. They are non-interest bearing and are stated at their nominal amount which is the original invoiced amount, less allowance for expected future credit losses. Estimates of future expected credit losses are informed by historical experience and management's expectations of future economic factors, further information on expected credit loss impairment is given in the impairment of financial assets accounting policy. Individual trade receivables are written off when management deem them to be no longer collectable.

1. Accounting policies continued

Impairment of financial assets – expected credit losses

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on payment profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information in relation to macroeconomic factors that could affect the ability of customers to settle receivables.

The Group usually considers a financial asset in default when contractual payments are 120 days past due. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Trade and other payables

Trade payables are non-interest bearing borrowings and are initially measured at fair value and subsequently carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Borrowings

Borrowings are initially measured at cost, which is equal to the fair value at inception, and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds, net of transaction costs and the settlement or redemption of borrowings is recognised over the terms of the borrowings using the effective interest rate method.

Pension and other post retirement benefits

In respect of the Group's defined benefit schemes, the Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. Pension and post retirement liabilities are calculated by qualified actuaries using the projected unit credit method.

Following the introduction of the revised IAS 19 Employee Benefits standard, the net interest on the defined benefit liability consists of the interest cost on the defined benefit obligation and the interest income on plan assets, both calculated by reference to the discount rate used to measure the defined benefit obligation at the start of the period.

The Group recognises actuarial gains and losses in the period in which they occur through the statement of comprehensive income. The Group also operates a small number of defined contribution schemes and the contributions payable during the year are recognised as incurred. Due to the size of the Group's pension scheme assets and liabilities, relatively small changes in the assumptions can have a significant impact on the expense recorded in the income statement and on the pension liability recorded in the balance sheet.

Leases

A lease liability is recognised when the Group obtains control of the right-of-use asset that is the subject of the lease. The lease liability is subsequently measured using the effective interest method, with interest charged to finance costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

At inception, the Group evaluates whether it is reasonably certain that any option to extend a lease term will be exercised or likewise whether any option to terminate the lease will be exercised. The Group continues to evaluate the likelihood of exercising such options throughout the initial lease term. When the Group is committed to extending or terminating the lease, having considered the alternative options available, and where appropriate lessor consent to the extension or termination has been obtained, the Group will consider the option to be reasonably certain to be exercised. When an option is reasonably certain to be exercised, the right-of-use asset and lease liabilities recognised are adjusted to reflect the extended or curtailed lease term.

Leases, which at inception have a term of less than 12 months or relate to low-value assets, are not recognised on balance sheet. Payments made under such leases are recognised as an expense in the income statement on a straight-line basis over the period of the lease.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated. Provisions for environmental issues are judgemental by their nature, particularly when considering the size and timing of remediation spending, and are more difficult to estimate when they relate to sites no longer directly controlled by the Group.

Self-insurance provisions relate to personal injury and other claims from former employees or third parties and represent the aggregate of outstanding claims plus a projection of losses incurred but not yet reported which together make up the full liability recognised as a provision. Insurance recoveries are recognised as a separate reimbursement asset.

1. Accounting policies continued

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and commodity swap contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. The Group does not hold or issue derivative financial instruments for speculative trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Due to the requirement to assess the effectiveness of hedging instruments, changes in market conditions can result in the recognition of unrealised gains or losses on hedging instruments in the income statement.

Derivative financial instruments are recognised initially at fair value and are shown within derivatives if they are in an asset position or within financial liabilities if they are in a liability position. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

A. Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset the gains or losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset.

B. Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in a fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement.

The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged, even if it is normally carried at amortised cost, and any gains or losses on remeasurement are recognised immediately in the income statement, even if those gains would normally be recognised directly in reserves.

C. Hedges of a net investment in a foreign operation

The Group designates the foreign exchange gain or loss on a proportion of the Group's euro and US dollar denominated borrowings as a hedge of the Group's net investment in foreign operations. As such the foreign exchange gain or loss on those borrowings is recognised in other comprehensive income and accumulated in equity until such time as the operations are disposed of at which point the corresponding amounts are recycled to profit or loss.

Share capital

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity. When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Shares repurchased by the Company are classified as treasury shares and are presented as a deduction from total equity.

Own shares held by ESOT

Transactions of the Group sponsored ESOT are included in the consolidated financial statements. In particular, the ESOT's purchases of shares in the Company are charged directly to equity.

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group), is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale within one year is highly probable. On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographic area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned, or that meets the criteria to be classified as held for sale.

Revenue

Revenue is recognised upon transfer of promised goods to customers (the performance obligation) in an amount that reflects the consideration the Company expects to receive in exchange for those goods. This may occur, depending on the individual customer relationship, when the product has been transferred to a freight carrier, when the customer has received the product or, for consignment stock held at customers' premises, when usage reports for the relevant period have been compiled.

All revenue is from contracts with customers and pertains to the sale of specialty chemicals products. Selling prices are agreed in advance and hence are directly observable.

The Group's payment terms offered to customers are within a certain number of days of receipt of invoice and standard contracts do not include a significant financing component. The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Provisions for returns, trade discounts and rebates are recognised as a reduction in revenue at the later of when revenue is recognised for the transfer of the related goods and the entity pays or promises to pay the consideration. The promise to pay rebates is contractually agreed in advance and thus the point of transferring the goods to the customer is deemed to be the later of the two circumstances. Rebates and discounts are estimated using historical data and experiences with the customers. Returns from customers are negligible.

1. Accounting policies continued

Operating profit

Operating profit includes net profits realised on the sale of tangible fixed assets, current and long term assets and liabilities but excludes gains and losses on the disposal of businesses.

Other expenses

Other expenses are administration costs incurred and paid by the Group's pension schemes, which relate primarily to former employees of legacy businesses.

Finance income and finance costs

Finance income comprises interest income on funds invested and changes in the fair value of financial instruments at fair value taken to the income statement. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, lease liabilities, unwinding of the discount on provisions, dividends on preference shares classified as debt, foreign currency gains/losses and changes in the value of financial instruments at fair value taken to the income statement. All borrowing costs are recognised in the income statement using the effective interest method.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group is required to estimate the income tax in each of the jurisdictions in which it operates. This requires an estimation of current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. The Group operates in a number of countries in the world and is subject to many tax jurisdictions and rules. As a consequence the Group is subject to tax audits, which by their nature are often complex and can require several years to conclude. Management's judgement is required to determine the total provision for income tax. Amounts are accrued based on management's interpretation of country specific tax law and likelihood of settlement. However, the actual tax liabilities could differ from the position and in such events an adjustment would be required in the subsequent period which could have a material impact. Tax benefits are not recognised unless it is probable that the tax positions are sustainable. Once considered to be probable, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation. This evaluation requires judgements to be made including the forecast of future taxable income.

Share based payments

The fair value of equity settled share options, cash settled shadow options and LTIP awards granted to employees is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options/awards. The fair value of the options/awards granted is measured using a binomial model, taking into account the terms and conditions upon which the options/awards were granted. The amount recognised as an employee expense is adjusted to reflect the actual number of share options/awards that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Short-term employee benefits

Short-term employee benefits, such as salaries, paid absences, and other benefits including any related payroll taxes are accounted for on an accrual basis over the period which employees have provided services. Bonuses are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and are accounted for in accordance with the requirements of IAS 19, 'Employee benefits'. All expenses relating to employee benefits (other than pension costs) are recognised in the income statement within wages and salaries, or social security costs.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants compensating for expenses incurred are recognised as a deduction of the related expenses in the consolidated income statement on a systematic basis in the same periods in which the expenses are incurred.

1. Accounting policies continued

Alternative performance measures

In the analysis of the Group's operating results, earnings per share and cash flows, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are unusual and other items relevant to an understanding of the Group's performance and long term trends with reference to their materiality and nature. This additional information is not uniformly defined by all companies and may not be comparable with similarly titled measures and disclosures by other organisations. The non-statutory disclosures should not be viewed in isolation or as an alternative to the equivalent statutory measure. Information for separate presentation is considered as follows:

- Material costs or reversals arising from a significant restructuring of the Group's operations are presented separately
- Disposal of entities or investments in associates or joint ventures or impairment of related assets are presented separately
- Other matters arising due to the Group's acquisition, such as adjustments to contingent consideration, payment of retention bonuses, acquisition costs and fair value adjustments for acquired assets made in accordance with IFRS 13 are separately disclosed in aggregate
- If a change in an accounting estimate for provisions, including environmental provisions, results in a material gain or loss, that is presented separately
- Other items the Directors may deem to be unusual as a result of their size and/or nature.

Adoption of new and revised standards

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for accounting periods that began on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

International Accounting Standards (IAS/IFRSs) and Interpretations (IFRICs):	UK Endorsement status	Effective date
IFRS 17 Insurance Contracts	Endorsed	1 January 2023
Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Endorsed	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	Endorsed	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	Endorsed	1 January 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Endorsed	1 January 2023
Amendment to IAS 12 - International tax reform - pillar two model rules	Endorsed	1 January 2023

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised international accounting standards ("IAS"/"IFRSs") and interpretations ("IFRICs") that have been issued but are not effective for periods starting on 1 January 2023 but will be effective for later periods:

International Accounting Standards (IAS/IFRSs) and Interpretations (IFRICs) not yet endorsed for use in the EU or UK:	UK Endorsement status	Effective for annual reporting periods beginning on or after
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	Endorsed	1 January 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	Endorsed	1 January 2024
Amendments to IAS 1: Non-Current Liabilities with Covenants	Endorsed	1 January 2024
Amendment to IAS 7 and IFRS 7 – Supplier finance	Not yet endorsed	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	Not yet endorsed	1 January 2025
IFRS S1: General requirements for disclosure of sustainability-related financial information	Not yet endorsed	1 January 2024
IFRS S2: Climate-related disclosures	Not yet endorsed	1 January 2024

2. Operating segments

Business segments

The Group has determined its operating segments on the basis of those used for management, internal reporting purposes and the allocation of strategic resources. The key measure used for review of the performance of the operating segments is adjusted operating profit. In accordance with the provisions of IFRS 8, the Group's chief operating decision maker is the Board of Directors.

Effective from 1 January 2023 the results of the Coatings and Talc segments were merged and are now reported under a new segment called Performance Specialties, which reflects a change in the internal organisation structure used for management, internal reporting purposes and the allocation of strategic resources. We will continue to report results for the Coatings and Talc businesses.

The two reportable segments, Performance Specialties and Personal Care each have distinct product groupings and separate management structures. Segment results, assets and liabilities include items directly attributable to a segment and those that may be reasonably allocated from corporate activities. Presentation of the segmental results is on a basis consistent with those used for reporting Group results. The principal activities of the reportable segments are as follows:

Performance Specialties

Which consists of:

- **Coatings:** Production of rheological modifiers and additives for decorative and industrial coatings.
- **Talc:** Production and supply of talc for use in plastics, coatings, technical ceramics and the paper sectors.

Personal Care

Production of rheological modifiers and compounded products, including active ingredients for AP deodorants, for supply to personal care manufacturers.

2. Operating segments continued

Segmental analysis for the year ended 31 December 2023

	2023						
	Coatings $m	*Talc $m*	Performance Specialties totals $m	Personal Care $m	Segment totals $m	Central costs $m	Total $m
Revenue	*367.6*	*136.5*	504.1	209.3	713.4	–	713.4
Internal revenue	–	–	–	–	–	–	–
Revenue from external customers	*367.6*	*136.5*	504.1	209.3	713.4	–	713.4
Adjusted operating profit/(loss)	*56.1*	*14.0*	70.1	50.3	120.4	(16.5)	103.9
Adjusting items (see Note 5)	*(0.9)*	*(5.4)*	(6.3)	(7.1)	(13.4)	(31.6)	(45.0)
Operating profit/(loss)	*55.2*	*8.6*	63.8	43.2	107.0	(48.1)	58.9
Other expenses							(2.3)
Finance income							4.4
Finance expense							(21.3)
Tax							(11.5)
Loss from discontinued operations							(1.7)
Profit for the year							26.5

	2023				
	Personal Care and Coatings[1] $m	Talc $m	Segment totals $m	Central costs $m	Total $m
Fixed assets	763.0	295.4	1,058.4	15.8	1,074.2
Inventories	135.8	27.4	163.2	0.1	163.3
Trade and other receivables	77.4	19.8	97.2	4.6	101.8
Other tax recoverable	–	–	–	20.0	20.0
Derivatives	–	–	–	13.4	13.4
Tax assets	–	–	–	30.8	30.8
Retirement benefit surplus	–	–	–	42.1	42.1
Cash and cash equivalents	–	–	–	65.8	65.8
Total assets	976.2	342.6	1,318.8	192.6	1,511.4
Trade and other payables	(74.1)	(22.5)	(96.6)	(21.3)	(117.9)
Operating provisions	(32.3)	(36.6)	(68.9)	(13.0)	(81.9)
Lease liabilities	(23.9)	(9.4)	(33.3)	(2.9)	(36.2)
Bank overdrafts and loans	–	–	–	(264.7)	(264.7)
Current tax liabilities	–	–	–	(13.6)	(13.6)
Retirement benefit obligations	–	–	–	(9.0)	(9.0)
Deferred tax liabilities	–	–	–	(138.7)	(138.7)
Financial liabilities	–	–	–	(2.1)	(2.1)
Total liabilities	(130.3)	(68.5)	(198.8)	(465.3)	(664.1)
Net assets	845.9	274.1	1,120.0	(272.7)	847.3
Capital additions	13.6	51.6	65.2	6.5	71.7
Depreciation and amortisation	(27.8)	(24.5)	(52.3)	(2.6)	(54.9)

1 Due to the shared nature of the production facilities for the Personal Care segment and the Coatings business a split of assets and liabilities by segment is not available and the cost to determine such a split would be prohibitive, therefore the assets and liabilities are shown in aggregate for these segments.

2. Operating segments continued

Analysis by geography

2023	North America $m	United Kingdom $m	Rest of Europe $m	Rest of the World $m	Total $m
Revenue from external customers	**231.8**	**24.8**	**263.4**	**193.4**	**713.4**
Fixed assets	**652.5**	**30.6**	**316.7**	**74.4**	**1,074.2**
Capital additions	**10.0**	**4.9**	**51.6**	**5.2**	**71.7**
Depreciation and amortisation	**(22.9)**	**(1.6)**	**(26.4)**	**(4.0)**	**(54.9)**

Revenue is based on the location of the customer. The Group's largest customer accounts for 8.5% of revenue ($60.3m).

Segmental analysis for the year ended 31 December 2022

	2022						
	Coatings $m	*Talc $m*	Performance Specialties totals $m	Personal Care $m	Segment totals $m	Central costs $m	Total $m
Revenue	*389.1*	*135.8*	524.9	211.5	736.4	–	736.4
Internal revenue	–	–	–	–	–	–	–
Revenue from external customers	*389.1*	*135.8*	524.9	211.5	736.4	–	736.4
Adjusted operating profit/(loss)	*70.3*	*(0.4)*	69.9	49.0	118.9	(18.4)	100.5
Adjusting items (see Note 5)	*(4.1)*	*(133.6)*	(137.7)	(8.4)	(146.1)	3.8	(142.3)
Operating profit/(loss)	*66.2*	*(134.0)*	(67.8)	40.6	(27.2)	(14.6)	(41.8)
Other expenses							(1.3)
Finance income							9.9
Finance expense							(21.6)
Tax							(7.8)
Profit from discontinued operations							11.5
Loss for the year							(51.1)

2. Operating segments continued

	2022				
	Personal Care, and Coatings[1] $m	Talc $m	Segment totals $m	Central costs $m	Total $m
Fixed assets	774.6	259.4	1,034.0	12.6	1,046.6
Inventories	151.6	30.3	181.9	0.1	182.0
Trade and other receivables	70.9	17.2	88.1	6.8	94.9
Other tax recoverable	–	–	–	17.5	17.5
Derivatives	–	–	–	12.0	12.0
Tax assets	–	–	–	31.8	31.8
Retirement benefit surplus	–	–	–	26.4	26.4
Cash and cash equivalents	–	–	–	54.9	54.9
Segment assets	997.1	306.9	1,304.0	162.1	1,466.1
Assets classified as held for sale					160.9
Total assets					1,627.0
Trade and other payables	(83.6)	(27.3)	(110.9)	(24.5)	(135.4)
Operating provisions	(0.8)	(4.6)	(5.4)	(24.3)	(29.7)
Lease liabilities	(26.1)	(9.6)	(35.7)	(0.6)	(36.3)
Bank overdrafts and loans	–	–	–	(417.4)	(417.4)
Current tax liabilities	–	–	–	(20.2)	(20.2)
Retirement benefit obligations	–	–	–	(8.9)	(8.9)
Deferred tax liabilities	–	–	–	(131.3)	(131.3)
Financial liabilities	–	–	–	(6.1)	(6.1)
Segment liabilities	(110.5)	(41.5)	(152.0)	(633.3)	(785.3)
Liabilities classified as held for sale					(57.8)
Total liabilities					(843.1)
Net assets	888.6	265.4	1,152.0	(471.2)	783.9
Capital additions	18.3	17.1	35.4	3.2	38.6
Depreciation and amortisation	(28.6)	(24.8)	(53.4)	(3.2)	(56.6)

1 Due to the shared nature of the production facilities for the Personal Care segment and the Coatings business a split of assets and liabilities by segment is not available and the cost to determine such a split would be prohibitive. Assets and liabilities are therefore shown in aggregate for these segments.

Analysis by geography

2022	North America $m	United Kingdom $m	Rest of Europe $m	Rest of the World $m	Total $m
Revenue from external customers	234.6	23.2	250.3	228.3	736.4
Fixed assets	666.9	26.4	280.9	72.4	1,046.6
Capital additions	20.1	6.0	5.3	7.2	38.6
Depreciation and amortisation	(24.0)	(1.5)	(27.9)	(3.2)	(56.6)

Revenue is based on the location of the customer. The Group's largest customer accounts for 7.5% of revenue ($55.6m).

3. Finance income

	2023 $m	2022 $m
Interest on bank deposits	**0.5**	0.2
Pension and other post retirement liabilities	**1.0**	0.6
Fair value movement on derivatives	**1.5**	9.1
Interest on EU state aid receivable	**1.4**	–
Total finance income	**4.4**	9.9

4. Finance costs

	2023 $m	2022 $m
Interest on bank loans	**17.5**	19.5
Unwind of discount on provisions	**1.4**	0.7
Interest on lease liabilities	**1.3**	1.4
Fair value movements on derivatives	**1.1**	–
Total finance costs	**21.3**	21.6

5. Adjusting items

	2023 $m	2022 $m
Business transformation	**26.1**	4.8
Environmental provisions		
Increase in provisions due to additional remediation work identified	**6.6**	3.4
Decrease in provisions due to change in discount rate	**(0.4)**	(7.2)
Impairment of property, plant and equipment	**–**	23.0
Impairment of goodwill	**–**	103.4
Amortisation of intangibles arising on acquisition	**12.7**	14.9
	45.0	142.3
Unrealised mark to market of derivative financial instruments	**1.1**	(6.6)
Interest on EU state aid receivable	**(1.4)**	–
Tax credit in relation to adjusting items	**(8.4)**	(8.3)
	36.3	127.4

A number of items have been recorded under 'adjusting items' by virtue of their size and/or one time nature, in line with our accounting policy in Note 1, in order to provide additional useful analysis of the Group's results. The Group considers the adjusted results to be an important measure used to monitor how the businesses are performing as they achieve consistency and comparability between reporting periods. The net impact of these items on the Group profit before tax for the year is a debit of $44.7m (2022: $135.7m). The items fall into a number of categories, as summarised below:

Business transformation – In November 2020, the closure of the Charleston plant was announced. Costs of $0.7m ($2.9m in 2022) associated with the closure of the site are classified as an adjusting item and the site is planned to be disposed of in the future. Since November 2020, $23.4m has been incurred in relation to the closure of the site.

In September 2023, the Fit for Future organisation restructuring programme was announced, for which a restructuring provision of $25.4m was recognised in 2023; reflecting the discounted future expected cash outflows for the programme. Total estimated costs for the programme are $31.3m, of which $5.4m was utilised in 2023. The programme is expected to be completed in 2025.

Environmental provisions – The Group's environmental provision is calculated on a discounted cash flow basis, reflecting the time period over which spending is estimated to take place. The movement in the provision relates changes in discount rates which has resulted in the reduction of $0.4m to the liability (2022: $7.2m), and extra remediation work identified in the year which has resulted in a $6.6m increase to the liability (2022: $3.4m). As these costs relate to non-operational facilities they are classified as adjusting items.

Impairment of property, plant and equipment – In 2022 the Group recognised a non-cash $23.0m impairment in respect of non-operational bioleaching property, plant and equipment in the Talc business. The Group determined that the operational, health and safety and financial commitments required to operate the equipment were not the best use of the Group's resources.

Impairment of goodwill – In 2022, the performance of the Talc business was adversely impacted by a lower demand environment, global inflationary pressures, higher energy costs and the Russian invasion of Ukraine. These factors, as well as a reduction in the near term forecasted profitability of the Talc business and a rise in the pre-tax discount rate resulted in an impairment charge of $103.4m being recognised in 2022.

Amortisation of intangibles arising on acquisition – Amortisation of $12.7m (2022: $14.9m) represents the charge in respect of the Group's acquired intangible assets. As in previous years, these are included in adjusting items as they are a non-cash charge arising from historical investment activities.

Unrealised mark to market of derivatives – The unrealised movements in the mark to market valuation of financial instruments that are not in hedging relationships are treated as adjusting items as they are unrealised non-cash fair value adjustments that will not affect the cash flows of the Group.

Interest on EU state aid receivables – Finance income of $1.4m has been recognised in respect of interest due to the Group if the EU state aid case settles in favour of the Group. Refer to Note 30 for further details on the tax recoverable asset.

Tax on adjusting items – this is the net impact of tax relating to the adjusting items listed above.

5. Adjusting items continued

To support comparability with the financial statements as presented in 2023, a reconciliation to the adjusted consolidated income statement is shown below.

	2023 Profit and loss $m	2023 Adjusting items $m	2023 Adjusted profit and loss $m
Revenue	713.4	–	713.4
Cost of sales	(429.1)	–	(429.1)
Gross profit	284.3	–	284.3
Distribution costs	(108.7)	–	(108.7)
Administrative expenses	(116.7)	45.0	(71.7)
Operating profit	58.9	45.0	103.9
Other expenses	(2.3)	–	(2.3)
Finance income	4.4	(1.4)	3.0
Finance costs	(21.3)	1.1	(20.2)
Profit before income tax	39.7	44.7	84.4
Tax	(11.5)	(8.4)	(19.9)
Profit from continuing operations	28.2	36.3	64.5
Earnings per share			
From continuing operations			
Basic earnings (cents)	4.8	6.2	11.0
Diluted earnings (cents)	4.7	6.1	10.8

5. Adjusting items continued

	2022 Profit and loss $m	2022 Adjusting items $m	2022 Adjusted profit and loss $m
Revenue	736.4	–	736.4
Cost of sales	(437.5)	–	(437.5)
Gross profit	298.9	–	298.9
Distribution costs	(125.0)	–	(125.0)
Administrative expenses	(215.7)	142.3	(73.4)
Operating (loss)/profit	(41.8)	142.3	100.5
Other expenses	(1.3)	–	(1.3)
Finance income	9.9	(6.6)	3.3
Finance costs	(21.6)	–	(21.6)
(Loss)/profit before income tax	(54.8)	135.7	80.9
Tax	(7.8)	(8.3)	(16.1)
(Loss)/profit from continuing operations	(62.6)	127.4	64.8
Earnings per share			
From continuing operations			
Basic (loss)/earnings (cents)	(10.7)	21.8	11.1
Diluted (loss)/earnings (cents)	(10.7)	21.6	10.9

5. Adjusting items continued

To support comparability with the financial statements as presented in 2023, a reconciliation from operating profit/(loss) to adjusted operating profit/(loss) by segment is shown below for each year.

	2023						
	Coatings $m	*Talc $m*	Performance Specialties totals $m	Personal Care $m	Segment totals $m	Central costs $m	Total $m
Operating profit/(loss)	*55.2*	*8.6*	63.8	43.2	107.0	(48.1)	58.9
Adjusting items:							
Business transformation	*0.7*	–	0.7	–	0.7	25.4	26.1
Increase in environmental provisions due to additional remediation work identified	–	–	–	–	–	6.6	6.6
Decrease in environmental provisions due to change in discount rate	–	–	–	–	–	(0.4)	(0.4)
Amortisation of intangibles arising on acquisition	*0.2*	*5.4*	5.6	7.1	12.7	–	12.7
Adjusted operating profit/(loss)	*56.1*	*14.0*	70.1	50.3	120.4	(16.5)	103.9

	2022						
	Coatings $m	*Talc $m*	Performance Specialties totals $m	Personal Care $m	Segment totals $m	Central costs $m	Total $m
Operating profit/(loss)	*69.2*	*(134.0)*	(64.8)	44.4	(20.4)	(21.4)	(41.8)
Adjusting items:							
Business transformation	*2.9*	*1.9*	4.8	–	4.8	–	4.8
Increase in environmental provisions due to additional remediation work identified	–	–	–	–	–	3.4	3.4
Decrease in environmental provisions due to change in discount rate	–	–	–	–	–	(7.2)	(7.2)
Impairment of property, plant and equipment	–	*23.0*	23.0	–	23.0	–	23.0
Impairment of goodwill	–	*103.4*	103.4	–	103.4	–	103.4
Amortisation of intangibles arising on acquisition	*1.2*	*5.3*	6.5	8.4	14.9	–	14.9
Adjusted operating profit/(loss)	*73.3*	*(0.4)*	72.9	52.8	125.7	(25.2)	100.5

6. Income tax expense

	2023 $m	2022 $m
Current tax:		
UK corporation tax	6.2	11.2
Overseas corporation tax	8.7	6.5
Adjustments in respect of prior years:		
United Kingdom	(0.7)	(0.6)
Overseas	(3.0)	(3.8)
Total current tax	11.2	13.3
Deferred tax:		
United Kingdom	(0.2)	3.1
Overseas	(1.6)	(8.4)
Adjustment in respect of prior years:		
United Kingdom	–	–
Overseas	2.1	(0.2)
Total deferred tax	0.3	(5.5)
Income tax expense for the year	11.5	7.8
Comprising:		
Income tax expense for the year	11.5	7.8
Adjusting items[1]:		
Overseas taxation on adjusting items	(4.0)	(6.3)
UK taxation on adjusting items	(4.4)	(2.0)
Taxation on adjusting items	(8.4)	(8.3)
Income tax expense for the year after adjusting items	19.9	16.1

1 See Note 5 for details of adjusting items.

The tax charge on profits represents an effective rate of 29.0% (2022: 14.2%) and an effective tax rate after adjusting items of 23.5% (2022: 20.0%).

The tax impact of the adjusting items outlined within Note 5 and within the consolidated income statement relates to the following:

	2023 Gross $m	2023 Tax impact $m	2022 Gross $m	2022 Tax impact $m
Business transformation	26.1	5.2	4.8	1.1
Environmental provisions	6.2	1.3	(3.8)	(0.7)
Impairment of property, plant and equipment	–	–	23.0	4.9
Impairment of goodwill	–	–	103.4	–
Mark to market of derivative financial instruments	1.1	0.2	(6.6)	(1.3)
Interest on EU state aid receivable	(1.4)	(0.4)	–	–
Amortisation of intangibles arising on acquisition	12.7	2.1	14.9	2.9
Reversal of uncertain tax provision	–	–	–	1.4
Tax charge	44.7	8.4	135.7	8.3

The Group is international and has operations across a range of jurisdictions. Accordingly, tax charges of the Group in future periods will be affected by the profitability of operations in different jurisdictions and changes to tax rates and regulations in the jurisdictions within which the Group has operations. The Group's adjusted effective tax rate in 2023 is higher than the prior year due to an increase in the UK corporation tax rate to 25% from April 2023. The medium-term expectation for the Group's adjusted effective tax rate is around 26%.

6. Income tax expense continued

On 20 December 2021 the OECD published its Global Anti-Base Erosion Model Rules (Pillar Two). The report provided a model for a coordinated system of taxation that imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum tax rate of 15%. The UK enacted legislation to enshrine this into domestic law in July 2023. The Group is below the revenue threshold for the legislation to apply and therefore there is no impact on the financial statements.

The total charge for the year can be reconciled to the accounting profit as follows:

	2023 $m	2023 %	2022 $m	2022 %
Profit/(loss) before tax	39.7		(54.8)	
Tax at 23.5% (2022: 19.00%)	9.4	23.5	(10.4)	(19.0)
Difference in overseas effective tax rates	1.9	4.9	2.3	4.2
Income not taxable	–	–	(0.4)	(0.7)
Expenses not deductible for tax purposes	7.1	17.9	21.8	39.7
Adjustments in respect of prior years	(1.5)	(3.7)	(4.6)	(8.4)
Tax rate changes	–	–	0.2	0.4
Tax associated with disposal of discontinued operations	(12.8)	(32.2)	–	–
Movement in unrecognised deferred tax	7.4	18.6	(1.1)	(2.0)
Total charge and effective tax rate for the year	11.5	29.0	7.8	14.2

7. Profit/(loss) from continuing operations

Profit from continuing operations of $28.2m (2022: loss of $62.6m) has been arrived at after charging/(crediting):

	2023 $m	2022 $m
Employee costs (see Note 8)	131.2	133.1
Net foreign exchange gains	(0.6)	(1.3)
Research and development costs	7.8	8.1
Depreciation of property, plant and equipment	41.6	41.2
Amortisation of intangible assets	13.3	15.4
Total depreciation and amortisation expense	54.9	56.6
(Loss)/profit on disposal of property, plant and equipment	(0.8)	0.3
Write off of inventory	4.6	3.0
Cost of inventories recognised as expense	295.9	302.9
Fees payable to company's auditors and its associates:		
Audit of company[1]	1.2	1.4
Audit of subsidiaries[1]	0.9	1.0
Audit related services – interim review[1]	0.3	0.3

1 Includes auditing of the financial statements.

8. Employees

Employee costs:

	2023 $m	2022 $m
Wages and salaries	110.4	113.2
Social security costs	9.0	9.6
Pension costs	7.4	7.2
Share based payment costs	4.4	3.1
Total employee costs	131.2	133.1

Average number of FTE employees[1]:

	2023 Number	2022 Number
Personal Care and Coatings	1,031	1,076
Talc	228	235
Central	19	17
Total	1,278	1,328

1 Full time equivalent includes contractors.

The aggregate amount of Directors' remuneration (salary, bonus and benefits) is shown in the Remuneration Report on page 112:

- The aggregate amount of gains made by Directors on exercise of share options was $nil (2022: $nil).
- The remuneration of the highest paid Director was $3.4m (2022: $2.7m).
- Payments have been made to a defined contribution pension scheme on behalf of 1 Director (2022: 1 Director). For the highest paid Director, pension contributions of $0.2m (2022: $0.2m) were made.

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following:

Earnings:

	2023 $m	2022 $m
Adjusted earnings	64.5	64.8
Adjusting items net of tax	(36.3)	(127.4)
Earnings/(loss) for the purpose of basic earnings per share	28.2	(62.6)
(Loss)/earnings from discontinued operations	(1.7)	11.5
Earnings/(loss) from continuing and discontinued operations	26.5	(51.1)

Number of shares:

	2023 m	2022 m
Weighted average number of shares for the purposes of basic earnings per share	585.7	582.6
Effect of dilutive share options	11.2	9.7
Weighted average number of shares for the purposes of diluted earnings per share	596.9	592.3

The dilutive (loss)/earnings per share calculation for 2022 in the table below, does not include the impact of the 9.7m dilutive share options, as the inclusion of these potential shares would have an anti-dilutive impact on the diluted loss per share from continuing operations; it would decrease the diluted loss per share from continuing operations.

Earnings per share:

	2023 cents	2022 cents
Earnings per share from continuing operations:		
Basic earnings/(loss)	4.8	(10.7)
Diluted earnings/(loss)	4.7	(10.7)
Basic after adjusting items	11.0	11.1
Diluted after adjusting items	10.8	10.9
Earnings per share from discontinued operations:		
Basic (loss)/earnings from discontinued operations	(0.3)	2.0
Diluted (loss)/earnings from discontinued operations	(0.3)	2.0
Earnings per share from continuing and discontinued operations:		
Basic earnings/(loss) from continuing and discontinued operations	4.5	(8.8)
Diluted earnings/(loss) from continuing and discontinued operations	4.4	(8.8)

10. Goodwill and other intangible assets

	Goodwill $m	Brand $m	Customer lists $m	Other intangible assets $m	Total $m
Cost:					
At 1 January 2022	725.6	26.9	166.4	104.6	1,023.5
Exchange differences	(26.2)	(1.6)	(3.2)	(3.3)	(34.3)
Additions	–	–	–	0.2	0.2
Transferred to assets held for sale	–	–	–	(2.6)	(2.6)
At 31 December 2022	**699.4**	**25.3**	**163.2**	**98.9**	**986.8**
Exchange differences	**12.8**	**0.1**	**1.8**	**2.5**	**17.2**
Additions	**–**	**–**	**–**	**0.1**	**0.1**
At 31 December 2023	**712.2**	**25.4**	**165.0**	**101.5**	**1,004.1**
Amortisation and impairment:					
At 1 January 2022	112.6	3.2	39.6	52.4	207.8
Exchange differences	2.5	(0.7)	(1.9)	1.4	1.3
Charge for the year	–	–	8.8	6.9	15.7
Impairment	103.4	–	–	–	103.4
Transferred to assets held for sale	–	–	–	(1.6)	(1.6)
At 31 December 2022	**218.5**	**2.5**	**46.5**	**59.1**	**326.6**
Exchange differences	**11.4**	**–**	**1.5**	**0.7**	**13.6**
Charge for the year	**–**	**–**	**8.6**	**4.7**	**13.3**
Impairment	**–**	**–**	**–**	**–**	**–**
At 31 December 2023	**229.9**	**2.5**	**56.6**	**64.5**	**353.5**
Carrying amount:					
At 31 December 2023	**482.3**	**22.9**	**108.4**	**37.0**	**650.6**
At 31 December 2022	480.9	22.8	116.7	39.8	660.2
At 1 January 2022	613.0	23.7	126.8	52.2	815.7

The net book value of customer lists includes $82.6m (2022: $89.3m) in relation to the acquisition of SummitReheis which have remaining lives of between 3 and 18 years (2022: between 4 and 19 years) and $25.9m (2022: $27.5m) in relation to the acquisition of Mondo Minerals which have remaining lives of 10 years (2022: 11 years).

The brand intangibles represent the value ascribed to the trading name and reputation of the Deuchem, Fancor, Watercryl, Hi-Mar and SummitReheis acquisitions. The Group, with the exception of SummitReheis, considers these to have significant and ongoing value to the business that will be maintained and it is therefore considered appropriate to assign these assets an indefinite useful life. The brand relating to SummitReheis has been amortised over a period of three years, and is fully amortised.

The carrying amount of brand intangibles with an indefinite useful life is $22.9m (2022: $22.8m). Brand intangibles with an indefinite useful life are tested annually for impairment as part of the annual goodwill impairment test and have been allocated to the Personal Care and Coatings CGUs.

Included within other intangible assets above are technology related intangible assets of $28.3m (2022: $30.1m) arising from the acquisition of Mondo Minerals which have remaining useful lives of 10 years (2022: 11 years), and know how related intangible assets of $4.5m (2022: $6.2m) which have remaining useful lives of between 3 and 4 years (2022: 4 and 5 years).

The remaining intangible assets comprise the value ascribed to customer lists, patents and non-compete clauses, which are being amortised over periods of 5 to 24 years.

10. Goodwill and other intangible assets continued

Goodwill and brand intangibles with an indefinite useful life impairment testing

Goodwill and brand intangibles with an indefinite useful life are allocated to the Group's cash-generating units (CGUs) as follows:

	2023 $m	2022 $m
Personal Care	**296.6**	296.0
Coatings	**208.6**	207.7
At 31 December	**505.2**	503.7

The Group tests annually for impairment at 31 October, or more frequently, if there are events or circumstances that indicate that the carrying amount may not be recoverable.

Basis of the recoverable amount

The recoverable amounts of the Group's CGUs are determined from value in use calculations which use cash flow projections based on financial budgets approved by the directors covering a five year period.

Management's judgement in estimating the cash flows of a CGU

The key assumptions for the value in use calculations are expected changes to sales volumes, selling prices and direct costs during the forecast period, growth rates used to extrapolate beyond the forecast period and the discount rates applied to the resulting cash flows. Changes in sales volumes, selling prices and direct costs are based on past practices and expectations of future changes in the market. A 5 year forecasting model is used for all CGUs.

Growth rates

Cash flows for periods beyond the forecast period are extrapolated based on estimated long-term growth rates. The rates do not exceed the average long-term growth rate for the relevant products or markets.

Discount rates

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

Personal Care

The recoverable amount of the CGU was calculated using forecast cash flows based on budgets and plans for 2024 to 2028, a pre-tax discount rate of 12.8% (2022: 12.0%) and a long-term growth rate of 5.0% (2022: 5.0%) based on the long term historical growth rate seen in this CGU. The recoverable amount exceeded the carrying value of the CGU by $211.7m (2022: $230.9m). The Directors do not consider that any reasonably possible changes to the key assumptions would reduce the recoverable amount to its carrying value.

Coatings

The recoverable amount of the CGU was calculated using forecast cash flows based on budgets and plans for 2024 to 2028, a pre-tax discount rate of 12.4% (2022: 11.9%) and a long-term growth rate of 3.0% (2022: 3.0%). The recoverable amount exceeded the carrying value of the CGU by $402.1m (2022: $531.8m). The Directors do not consider that any reasonably possible changes to the key assumptions would reduce the recoverable amount to its carrying value.

11. Property, plant and equipment

					Right-of-use assets			
	Land and buildings $m	Plant and machinery $m	Fixtures fittings and equipment $m	Under construction $m	Land and buildings $m	Plant and machinery $m	Fixtures fittings and equipment $m	Total $m
Cost:								
At 1 January 2022	127.1	680.6	43.8	45.1	53.7	6.0	2.9	959.2
Additions	–	13.5	–	33.4	4.0	0.8	0.5	52.2
Exchange differences	(5.0)	(25.1)	(1.4)	(1.6)	(0.9)	(0.3)	–	(34.3)
Disposals	–	(5.7)	(0.2)	–	(1.5)	(1.5)	–	(8.9)
Reclassifications	1.6	33.5	1.6	(36.7)	–	–	–	–
Transferred to assets held for sale	(34.0)	(186.2)	(11.7)	(7.3)	–	(0.8)	(0.6)	(240.6)
At 31 December 2022	**89.7**	**510.6**	**32.1**	**32.9**	**55.3**	**4.2**	**2.8**	**727.6**
Additions	**1.5**	**62.3**	**0.1**	**2.7**	**4.1**	**0.3**	**0.7**	**71.7**
Exchange differences	**1.8**	**13.3**	**0.1**	**0.2**	**0.5**	**0.1**	**0.2**	**16.2**
Disposals	**(0.8)**	**(6.4)**	**(0.3)**	**–**	**(5.5)**	**(2.3)**	**(1.9)**	**(17.2)**
Reclassifications	**7.9**	**15.1**	**0.5**	**(23.5)**	**–**	**–**	**–**	**–**
At 31 December 2023	**100.1**	**594.9**	**32.5**	**12.3**	**54.4**	**2.3**	**1.8**	**798.3**
Accumulated depreciation and impairment losses:								
At 1 January 2022	66.4	330.3	34.8	–	23.1	2.8	2.1	459.5
Charge for the year	2.6	39.6	1.6	–	4.1	0.9	0.5	49.3
Exchange differences	(2.5)	(10.9)	(0.7)	–	(0.3)	–	–	(14.4)
Disposals	–	(4.9)	(0.2)	–	(0.7)	(0.1)	–	(5.9)
Impairment losses	–	23.0	–	–	–	–	–	23.0
Reclassifications	0.4	3.2	(3.6)	–	–	–	–	–
Transferred to assets held for sale	(26.4)	(134.3)	(8.6)	–	–	(0.6)	(0.4)	(170.3)
At 31 December 2022	**40.5**	**246.0**	**23.3**	**–**	**26.2**	**3.0**	**2.2**	**341.2**
Charge for the year	**2.1**	**33.0**	**1.2**	**–**	**4.1**	**0.9**	**0.3**	**41.6**
Exchange differences	**1.2**	**6.1**	**0.1**	**–**	**0.3**	**0.1**	**–**	**7.8**
Disposals	**(0.8)**	**(6.1)**	**(0.2)**	**–**	**(4.9)**	**(2.3)**	**(1.6)**	**(15.9)**
Impairment losses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Reclassifications	**–**	**1.0**	**(1.0)**	**–**	**–**	**–**	**–**	**–**
At 31 December 2023	**43.0**	**280.0**	**23.4**	**–**	**25.7**	**1.7**	**0.9**	**374.7**
Net book value:								
At 31 December 2023	**57.1**	**314.9**	**9.1**	**12.3**	**28.7**	**0.6**	**0.9**	**423.6**
At 31 December 2022	49.2	264.6	8.8	32.9	29.1	1.2	0.6	386.4
At 1 January 2022	60.7	350.3	9.0	45.1	30.6	3.2	0.8	499.7

Group capital expenditure contracted but not provided for in these financial statements amounted to $nil (2022: $nil).

In 2022, the Group recognised a $23.0m non-cash impairment of the non-operational bioleaching property, plant and equipment acquired as part of the Mondo Minerals acquisition, impairing the asset to a nil carrying value. The impairment was a result of the Group concluding that the operational, health and safety and financial commitments required to operate the equipment were not the best use of the Group's resources.

In 2023 and 2022, the Group reclassified items of property, plant and equipment from under construction to their relevant categories upon the assets becoming available for use.

In 2023, additions for the year included $28.4m related to the non-cash rehabilitation and closure provisions (see Note 15).

12. Inventories

	2023 $m	2022 $m
Raw materials and consumables	**43.9**	55.4
Work in progress	**7.2**	10.7
Finished goods and goods purchased for resale	**112.2**	115.9
At 31 December	**163.3**	182.0

Inventories are disclosed net of provisions for obsolescence of $6.1m (2022: $5.6m).

13. Trade and other receivables

	2023 $m	2022 $m
Trade receivables	**80.1**	77.5
Other receivables	**13.5**	10.4
Prepayments	**8.2**	7.0
At 31 December	**101.8**	94.9

The Group entered into an accounts receivable purchase programme. The net balance outstanding in relation to this programme was $19.8m (2022: $22.6m).

14. Trade and other payables

	2023 $m	2022 $m
Trade payables	**60.5**	74.0
Other payables	**14.2**	13.5
Accruals	**43.2**	47.9
At 31 December	**117.9**	135.4

The Group entered into supplier financing arrangements with Santander and US Bank. At the end of the period the net balance outstanding on the Santander facility was $nil (2022: $nil) and the net balance outstanding on the US bank facility was $0.8m (2022: $0.5m).

15. Provisions

	Environmental $m	Self insurance $m	Restructuring $m	Other $m	Total $m
At 1 January 2023	**27.5**	**0.5**	**0.6**	**1.1**	**29.7**
Increase/(decrease) in provisions	**34.6**	**0.5**	**25.4**	**–**	**60.4**
Unused amounts reversed	**–**	**–**	**(0.6)**	**(0.4)**	**(1.0)**
Unwinding of discount	**1.5**	**–**	**–**	**–**	**1.5**
Utilised during the year	**(4.4)**	**(0.5)**	**(5.4)**	**–**	**(10.3)**
Currency translation differences	**1.3**	**–**	**0.1**	**0.1**	**1.5**
At 31 December 2023	**60.5**	**0.5**	**20.1**	**0.8**	**81.9**
Due within 1 year	**4.5**	**0.3**	**15.9**	**0.8**	**21.5**
Due after 1 year	**56.0**	**0.2**	**4.2**	**–**	**60.4**

Environmental provisions include restoration provisions relating to manufacturing and distribution sites including certain sites no longer owned by the Group, as well as rehabilitation and closure provisions related to the mining activities of the Talc business.

Restoration provisions have been derived using a discounted cash flow methodology and reflect the extent to which it is probable that expenditure will be incurred over the next 25 years. The level of these provision are based on management's best estimate of the most likely outcome for each individual exposure. These provisions are discounted using discount rates which reflect market assessments and the risks specific to the liabilities. The discount rates used were 4.0% in the US, 4.1% in the UK and 3.0% in Canada. Included within these provisions are amounts in respect of all anticipated costs related to the closure and remediation of the Eaglescliffe site.

Rehabilitation and closure provisions have been derived using a discounted cash flow methodology and reflects management's best estimate of the current obligation for restoration and closure of mining sites in Finland, excluding passive mines, in line with latest best practice guidelines and Finnish mining regulatory guidelines. The provisions will not be utilised until the mines are closed. The provisions are discounted using discount rates which reflect market assessments and the risks specific to the liabilities. The discount rate used was 2.7%.

The following table shows the timeframes over which undiscounted costs in relation to all environmental provisions are expected to be incurred:

	1-10 years $m	11-20 years $m	20-25 years $m	25+ years $m	Total $m
Environmental provisions	46.8	29.3	12.4	13.1	101.6

15. Provisions continued

Additional environmental provisions of $35.0m were recognised due to extra remediation and rehabiliation work identified during the year, which was offset by a reduction of $0.4m due to changes in the discount rates used. $6.2m of overall increase in provisions is included within adjusting items (see Note 5) with $28.4m included as an addition to property, plant and equipment (see Note 11). If the cost estimates on which the provisions are based were to change by 10%, which is reasonably possible, the provisions recognised would increase by approximately $5.9m.

Whilst a range of outcomes is possible, the Directors believe that the reasonably possible range for the environmental provision is from $59.6m to $66.9m.

Self-insurance provisions relate to personal injury and other claims from former employees or third parties and represent the aggregate of outstanding claims plus a projection of losses incurred but not yet reported which together make up the full liability recognised as a provision. Insurance recoveries are recognised as a separate reimbursement asset. The self-insurance provisions are expected to be utilised within five years.

Restructuring provisions relate to costs of adjusting head count and other costs of restructuring where a need to do so has been identified by management. Additional restructuring provisions of $25.4m were recognised due costs related to the Fit for the Future programme which was announced during the year. This additional restructuring provision is included within adjusting items (see Note 5). The additional restructuring provisions are based on management's best estimate of the cash outflow required to settle the obligation. The restructuring provisions are discounted using discount rates which reflect market assessments and the risks specific to the liability in the jurisdiction in which the provision has been recognised. If the cost estimates on which the additional restructuring provisions are based were to change by 10%, which is reasonably possible, the provision recognised would increase by approximately $2.5m.

16. Deferred tax

	Retirement benefit plans $m	Accelerated tax depreciation $m	Amortisation of US goodwill $m	Other intangible assets $m	Other temporary differences $m	Unrelieved tax losses $m	Total $m
At 1 January 2022	(12.4)	(42.8)	(63.4)	(31.4)	20.1	7.9	(122.0)
Credit/(charge) to the income statement	–	(0.1)	0.4	2.0	0.6	1.5	4.4
Credit to other comprehensive income	5.3	–	–	–	0.8	–	6.1
Credit to retained earnings	–	–	–	–	0.4	–	0.4
Currency translation differences	1.7	(0.1)	–	1.5	(0.2)	0.2	3.1
Transferred to assets/(liabilities) held for sale	(0.7)	8.7	–	–	(6.5)	–	1.5
At 31 December 2022	**(6.1)**	**(34.3)**	**(63.0)**	**(27.9)**	**15.2**	**9.6**	**(106.5)**
(Charge)/credit to the income statement	**(0.5)**	**(4.8)**	**0.2**	**2.0**	**0.8**	**(6.1)**	**(8.4)**
(Charge)/credit to other comprehensive income	**(2.8)**	**–**	**–**	**–**	**(0.6)**	**–**	**(3.4)**
Credit to retained earnings	**–**	**–**	**–**	**–**	**(1.4)**	**–**	**(1.4)**
Disposal	**–**	**3.2**	**–**	**–**	**–**	**–**	**3.2**
Currency translation differences	**(0.3)**	**(3.7)**	**–**	**(0.7)**	**2.4**	**(0.3)**	**(2.6)**
At 31 December 2023	**(9.7)**	**(39.6)**	**(62.8)**	**(26.6)**	**16.4**	**3.2**	**(119.1)**
Deferred tax assets	**–**	**–**	**–**	**–**	**16.4**	**3.2**	**19.6**
Deferred tax liabilities	**(9.7)**	**(39.6)**	**(62.8)**	**(26.6)**	**–**	**–**	**(138.7)**

Deferred tax assets have been recognised to the extent that it is considered more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted. Where this is not the case, deferred tax assets have not been recognised.

Deferred tax liabilities are reduced for any deferred tax assets which exist within a jurisdiction where consolidated tax returns are filed and where tax assets and liabilities may be netted.

At the balance sheet date the aggregate amount of the temporary differences in relation to the investment in subsidiaries for which deferred tax liabilities have not been recognised was $30.9m (2022: $37.9m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and the Group considers that it is probable that such differences will not reverse in the foreseeable future. As at the balance sheet date the Group had an unrecognised deferred tax asset of $4.5m (gross $21.4m) (2022: $4.5m (gross $21.4m)) in relation to restricted US interest deductions, an unrecognised deferred tax asset of $4.9m (gross $24.6m) (2022: $3.8m (gross $18.9m)) in relation to restricted Finnish interest deductions and an unrecognised deferred tax asset of $11.1m (gross $33.7m) (2022: $8.6m (gross $26.1m)) in respect of German net operating losses.

17. Share capital

	2023 $m	2022 $m
At 1 January	**52.3**	52.2
Issue of shares	**0.2**	0.1
At 31 December	**52.5**	52.3

At 31 December 2023, the Group held 1,458,404 (2022: 258,404) Elementis plc shares through the Employee Share Options Trust with a value of $1.8m (2022: $0.2m). These shares are held to settle share options and awards granted to employees. Refer to Note 26 for further details.

18. Other reserves

	Capital redemption reserve $m	Translation reserve $m	Hedging reserve $m	Share options reserve $m	Total $m
At 1 January 2022	158.8	(67.7)	(8.6)	8.2	90.7
Share based payments	–	–	–	3.4	3.4
Exchange differences	–	(54.7)	–	(0.9)	(55.6)
Fair value of cash flow hedges transferred to the income statement	–	–	1.6	–	1.6
Effective portion of changes in fair value of cash flow hedges	–	–	(2.6)	–	(2.6)
Fair value of cash flow hedges transferred to net assets	–	–	0.8	–	0.8
Transfer	–	–	7.8	(4.0)	3.8
At 31 December 2022	**158.8**	**(122.4)**	**(1.0)**	**6.7**	**42.1**
Share based payments	**–**	**–**	**–**	**4.2**	**4.2**
Exchange differences	**–**	**9.7**	**–**	**0.2**	**9.9**
Fair value of cash flow hedges transferred to the income statement	**–**	**–**	**12.7**	**–**	**12.7**
Effective portion of changes in fair value of cash flow hedges	**–**	**–**	**(6.3)**	**–**	**(6.3)**
Fair value of cash flow hedges transferred to net assets	**–**	**–**	**0.5**	**–**	**0.5**
Recycle deferred foreign exchange losses on disposal	**–**	**9.3**	**–**	**–**	**9.3**
Transfer	**–**	**–**	**–**	**(2.3)**	**(2.3)**
At 31 December 2023	**158.8**	**(103.4)**	**5.9**	**8.8**	**70.1**

The Company can redeem shares by repaying the market value to the shareholder, whereupon the shares are cancelled. Redemption must be from distributable profits. The capital redemption reserve represents the nominal value of the shares redeemed.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The transfer from the hedging reserve to retained earnings is as a result of adjusting the hedging reserve to reflect the balance of open cash flow hedges at the end of the year.

The share options reserve comprises amounts accumulated in equity in respect of share options and awards granted to employees. The transfers from the share options reserve to retained earnings is as a result of the exercise and expiry of share options and awards during the year.

19. Borrowings

	2023 $m	2022 $m
Bank loans	**267.8**	419.0
Unamortised syndicate loan fees	**(3.1)**	(4.3)
Short-term borrowings	**–**	2.7
Carrying value of borrowings at 31 December	**264.7**	417.4
The borrowings are repayable as follows:		
Within one year	**71.6**	2.7
Within two to four years	**196.2**	419.0
In the fifth year	**–**	–
	267.8	421.7

The weighted average interest rates paid were as follows:

	2023 %	2022 %
Bank loans	**5.8**	3.0

Group borrowings were denominated as follows:

	2023 $m	2022 $m
US dollar	**110.0**	233.1
Euro	**157.8**	185.9
Total bank loans	**267.8**	419.0

The Group's bank loans include term loans and a revolving credit facility ("RCF"). The term loans mature in June 2026. $71.6m of the RCF matures in September 2024 and $303.4m in September 2025.

The US dollar borrowings comprised of a fully drawn $100.0m term loan (2022: $150.0m) and $10.0m of RCF drawings (2022: $83.1m). The euro borrowings comprised a fully drawn €142.9m term loan (2022: €142.9m) and €nil of RCF drawings (2022: €31.4m).

The RCF and term loans are governed by the Group's bank syndicate facilities agreement, under which certain Group entities act as guarantors. The guarantors to the facilities agreement are required to constitute at least 75% of the Group's total fixed assets plus current assets less current liabilities and 75% of the Group's profits before interest expense and tax.

Each guarantor irrevocably and unconditionally jointly and severally guarantees the punctual performance under the Group's bank syndicate facilities agreement. There are no fixed or floating charges over assets.

20. Cash and cash equivalents

Cash and cash equivalents for the purpose of the consolidated cash flow statement comprise the following:

	2023 $m	2022 $m
Cash at bank and on hand at 31 December	**65.8**	54.9

21. Financial instruments

At 31 December 2023:	Held at fair value		Held at amortised cost			
	Through profit and loss $m	Derivatives used for hedging $m	Loans and receivables $m	Liabilities $m	Total book value $m	Total fair value $m
Current:						
Trade and other receivables (see Note 13)	–	–	93.6	–	93.6	93.6
Derivative financial instruments (see Note 22)[1]	–	7.4	–	–	7.4	7.4
Cash and cash equivalents (see Note 20)	–	–	65.8	–	65.8	65.8
Non-current:						
Derivative financial instruments (see Note 22)[1]	–	6.0	–	–	6.0	6.0
Financial assets	–	13.4	159.4	–	172.8	172.8
Current:						
Bank overdrafts and loans (see Note 19)	–	–	–	–	–	–
Trade and other payables (see Note 14)	–	–	–	(117.9)	(117.9)	(117.9)
Derivative financial instruments (see Note 22)[1]	–	–	–	–	–	–
Lease liabilities (see Note 24)	–	–	–	(5.9)	(5.9)	(5.9)
Non-current:						
Loans and borrowings[2] (see Note 19)	–	–	–	(264.7)	(264.7)	(267.8)
Lease liabilities (see Note 24)	–	–	–	(30.3)	(30.3)	(30.3)
Derivative financial instruments (see Note 22)[1]	–	(2.1)	–	–	(2.1)	(2.1)
Financial liabilities	–	(2.1)	–	(418.8)	(420.9)	(424.0)
Total	–	11.3	159.4	(418.8)	(248.1)	(251.2)

At 31 December 2022:	Held at fair value		Held at amortised cost			
	Through profit and loss $m	Derivatives used for hedging $m	Loans and receivables $m	Liabilities $m	Total book value $m	Total fair value $m
Current:						
Trade and other receivables (see Note 13)	–	–	87.9	–	87.9	87.9
Derivative financial instruments (see Note 22)[1]	6.9	3.8	–	–	10.7	10.7
Cash and cash equivalents (see Note 20)	–	–	54.9	–	54.9	54.9
Non-current:						
Derivative financial instruments (see Note 22)[1]	–	1.3	–	–	1.3	1.3
Financial assets	6.9	5.1	142.8	–	154.8	154.8
Current:						
Bank overdrafts and loans (see Note 19)	–	–	–	(2.7)	(2.7)	(2.7)
Trade and other payables (see Note 14)	–	–	–	(135.4)	(135.4)	(135.4)
Derivative financial instruments (see Note 22)[1]	(0.5)	(2.8)	–	–	(3.3)	(3.3)
Lease liabilities (see Note 24)	–	–	–	(6.1)	(6.1)	(6.1)
Non-current:						
Loans and borrowings[2] (see Note 19)	–	–	–	(414.7)	(414.7)	(419.0)
Lease liabilities (see Note 24)	–	–	–	(30.2)	(30.2)	(30.2)
Derivative financial instruments (see Note 22)[1]		(2.8)	–	–	(2.8)	(2.8)
Financial liabilities	(0.5)	(5.6)	–	(589.1)	(595.2)	(599.5)
Total	6.4	(0.5)	142.8	(589.1)	(440.4)	(444.7)

1 Derivatives in an asset and liability position at 31 December 2023 and 31 December 2022 are shown within current or non current financial assets and current or non current financial liabilities in the consolidated balance sheet.
2 The total book value of loans and borrowings are shown net of facility fees of $3.1m (2022: $4.3m).

21. Financial instruments continued

Fair values measurement and hierarchy

Basis for determining fair values

The Group measures fair values in respect of financial instruments in accordance with IFRS 13, using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly or indirectly.

Level 3: Valuation techniques using significant unobservable inputs. This category includes contingent consideration.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

The Group assesses that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables, and the current portion of floating rate bank and other borrowings, approximate to book values due to the short maturity periods of these financial instruments. For trade and other receivables, allowances are made within their book value for credit risk. The fair values of lease liabilities approximate to their book values due to the measurement of lease liabilities at the Group's incremental borrowing rate, which has not changed significantly since the inception of the lease liabilities presented. Leases are also negotiated at market rates with independent, unrelated third parties and are subject to periodic rental reviews.

Derivatives (Level 2)

Fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds).

Non-derivative non-current financial liabilities (Level 2)

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The following table shows amounts recognised in profit or loss in relation to financial assets and liabilities within the scope of IFRS 9:

	2023 $m	2022 $m
Recognised in profit or loss		
Revenue – fair value of cash flow hedges transferred from equity to the income statement	**0.4**	1.7
Interest income on bank deposits held at amortised cost	**0.5**	0.2
Fair value movement on derivatives	**1.5**	9.1
Financial income	**2.0**	9.3
Interest on bank loans	**(23.4)**	(19.6)
Fair value of cash flow hedges transferred from equity to the income statement	**5.9**	0.1
Fair value movement on derivatives	**(1.1)**	–
Interest on lease liabilities	**(1.3)**	(1.4)
Financial costs	**(19.9)**	(20.9)

The following table shows amounts recognised directly in equity in relation to financial assets and liabilities within the scope of IFRS 9:

	2023 $m	2022 $m
Recognised directly in equity		
Effective portion of changes in fair value of cash flow hedge (gain/(loss))	**12.7**	(2.6)
Fair value of cash flow hedges transferred to income statement	**(6.3)**	1.6
Fair value of cash flow hedges transferred to net assets	**0.5**	0.8
Effective portion of change in fair value of net investment hedge	**14.8**	46.2
Foreign currency translation differences for foreign operations	**(5.1)**	(100.9)
Recycle deferred foreign exchange losses on disposal of subsidiary	**9.3**	
Recognised in:		
Hedging reserve	**6.9**	(0.2)
Translation reserve	**19.0**	(54.7)

22. Derivative financial instruments and hedging activities

At 31 December 2023:	Contract or underlying principal amount Assets	Contract or underlying principal amount Liabilities	Fair Value Assets $m	Fair Value Liabilities $m
Current:				
Interest rate swaps – cash flow hedges	**$100m**	**–**	**2.0**	**–**
Interest rate swaps	**$50m**	**–**	**0.6**	**–**
Nickel swaps – cash flow hedges	**324MT**	**–**	**4.4**	**–**
Aluminium swaps – cash flow hedges	**2,460MT**	**–**	**0.4**	**–**
Total			**7.4**	**–**
Non current:				
Interest rate swaps – cash flow hedges	**–**	**€142m**	**–**	**(2.1)**
Nickel swaps – cash flow hedges	**576MT**	**–**	**6.0**	**–**
Total			**13.4**	**(2.1)**

At 31 December 2022:	Contract or underlying principal amount Assets	Contract or underlying principal amount Liabilities	Fair Value Assets $m	Fair Value Liabilities $m
Current:				
Interest rate swaps – cash flow hedges	€120m/$50m	–	3.7	–
Nickel swaps – cash flow hedges	–	288MT	–	(2.6)
Aluminium swaps – cash flow hedges	2,580MT	1,380MT	0.1	(0.2)
Cross currency swaps	€100m/$110m	–	3.1	–
Foreign exchange forwards	€100m/$109m	–	–	(0.5)
Swaptions	$150m	–	3.8	–
Total			10.7	(3.3)
Non current:				
Nickel swaps – cash flow hedges	216MT	720MT	1.3	(2.8)
Total			1.3	(2.8)

Hedging activities

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk, commodity price risk and interest rate risk.

The Group's risk management strategy is explained in Note 23.

Derivatives designated as hedging instruments

Commodity price risk

The Group enters into commodity swap contracts to reduce the volatility attributable to price fluctuations of aluminium and nickel. To the extent they continue to meet the criteria for hedge accounting, the commodity forward contracts are accounted for as cash flow hedges. The weighted average strike price on outstanding aluminium hedges was $2,266.6 (2022: $2,616.0) and the weighted average strike price on outstanding nickel hedges was $30,931.4 (2022: $29,453.4).

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity swap contracts match the terms of the expected highly probable forecast transactions (i.e. notional amount and expected payment date). During the year ended 31 December 2023, the group recognised a gain of $0.6m (2022: $0.5m) within revenue in the consolidated income statement as a result of a discontinuation of nickel hedges. For all other commodity hedges, as all critical terms matched during the year, hedge ineffectiveness was immaterial. The hedge ratio is 1:1.

22. Derivative financial instruments and hedging activities continued

Interest rate risk

The Group enters into interest rate swaps to swap a portion of the interest arising from the Group's bank borrowings from floating to fixed. Interest payments are highly probable, the hedged risk is the change in the market interest rate. The hedged items are the interest rate cash flows on $100.0m of USD denominated debt and €142.0m of EUR denominated debt. The Group's total borrowings are shown in Note 19 to the financial statements.

The principal terms (notional, reset date, tenor) of the hedged items and the hedged instruments have been matched along with the contractual interest cash flows, therefore creating an exact offset for these transaction resulting in a net fixed interest payable. The interest rate swaps and the hedged items are matched (equal and opposite terms of interest rate, date and maturity) this results in a designated hedge ratio of 1:1 or 100%.

Hedge ineffectiveness can arise from:

- Changes in timing of the hedged item
- A reduction in the amount of the hedged item considered to be highly probable
- A change in the credit risk of Elementis or the counterparty to the derivative contract
- Foreign currency basis spreads

The effect of cash flow hedges in the consolidated income statement and the consolidated statement of other comprehensive income ("OCI") is as follows:

	Total hedging (loss)/gain recognised in OCI $m	Amount reclassified from OCI to profit or loss $m	Amount reclassified from OCI to the Balance Sheet $m	Line item in the profit or loss statement or Balance Sheet $m
Year ended 31 December 2023				
Interest rate swaps – cash flow hedges	**2.2**	**5.9**	**–**	**Finance costs**
Nickel forward contracts – cash flow hedges	**(15.0)**	**0.4**	**–**	**Revenue**
Aluminium forward contracts – cash flow hedges	**0.1**	**–**	**(0.5)**	**Inventory**
Year ended 31 December 2022				
Interest rate swaps – cash flow hedges	3.6	(0.1)	–	Finance costs
Nickel forward contracts – cash flow hedges	(5.4)	1.7	–	Revenue
Aluminium forward contracts – cash flow hedges	(0.8)	–	0.8	Inventory

Amounts reclassified from other comprehensive income to profit or loss are due to the hedged item affecting profit or loss in the period. There were no instances of non-occurrence of hedged cashflows in either the current or comparative period.

Hedge of net investments in foreign operations

The Group seeks to denominate the currency of its borrowings in euros and US dollars in order to match the currency of its cash flows, earnings and assets which are principally denominated in those currencies.

The euro and US dollar borrowings in Elementis Holdings Limited are designated as net investment hedges, as the company's functional currency is pounds sterling. The Group does not undertake derivative transactions to hedge the foreign currency translation exposures.

The Group analyses the euro and US dollar net assets by subsidiary, and the foreign currency borrowings in the name of Elementis Holdings Limited are allocated against certain tranches of net assets. The critical terms of the euro and US dollar borrowings and their corresponding hedged items are therefore the same.

The Group performs a qualitative assessment of effectiveness and it is expected that the value of the euro and US dollar borrowings in pounds sterling and the value of the corresponding hedged items in pounds sterling will systematically move in the opposite direction in response to movements in the underlying exchange rates.

The main source of ineffectiveness in these hedging relationships is the impact of a decline in the carrying value of the hedged item compared to the euro and US dollar borrowings, with the result that the value of the hedged item is less than the value of hedging instrument.

Foreign currency revaluation on the euro and US dollar borrowings in the name of Elementis Holdings Limited are recorded in other comprehensive income and deferred in the foreign currency translation reserve on the balance sheet as long as the hedge is effective. Any ineffectiveness is recognised in the income statement for that year.

22. Derivative financial instruments and hedging activities continued

The impact of the hedged items on the statement of comprehensive income is as follows:

Year ended 31 December	2023 Foreign currency translation reserve $m	2022 Foreign currency translation reserve $m
Net investment in foreign subsidiaries	**(5.1)**	(100.9)

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	Cash flow hedge reserve $m	Foreign currency translation reserve $m
At 1 January 2022	(8.6)	(67.7)
Effective portion of changes in fair value arising from:		
Derivative cash flow hedging instruments	(2.6)	–
Amount reclassified to profit or loss	1.6	–
Amount reclassified to net assets	0.8	–
Transfer	7.8	–
Foreign currency revaluation of the net foreign operations	–	(100.9)
Foreign currency revaluation of borrowings	–	46.2
At 31 December 2022	**(1.0)**	**(122.4)**
Effective portion of changes in fair value arising from:		
Derivative cash flow hedging instruments	**12.7**	**–**
Amount reclassified to profit or loss	**(6.3)**	**–**
Amount reclassified to net assets	**0.5**	**–**
Recycling of deferred foreign exchange losses on disposal of subsidiary	**–**	**9.3**
Foreign currency revaluation of the net foreign operations	**–**	**(5.1)**
Foreign currency revaluation of borrowings	**–**	**14.8**
At 31 December 2023	**5.9**	**(103.4)**

23. Financial risk management

Risk management objectives

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less influence on credit risk. No single customer accounts for a significant proportion of the Group's revenue.

Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group applies the IFRS 9 simplified approach in establishing an allowance for expected credit losses ("ECLs"). The Group therefore does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is used to calculate lifetime ECLs which takes into account the Group's historical credit loss experience adjusted for historical conditions that are not relevant to future cashflows and forward looking factors specific to the debtor and economic environment.

Investments

The Group limits its exposure to credit risk through a treasury policy that imposes graduated limits on the amount of funds that can be deposited with counterparties by reference to the counterparties' credit ratings, as defined by Standard & Poor's or Moody's. Management does not expect any counterparty to fail to meet its obligations.

23. Financial risk management continued

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2023 $m	Carrying amount 2022 $m
Trade receivables	**80.1**	77.5
Cash and cash equivalents	**65.8**	54.9
At 31 December	**145.9**	132.4

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount 2023 $m	Carrying amount 2022 $m
North America	**26.0**	25.5
Europe	**32.4**	27.2
Rest of the World	**21.7**	24.8
At 31 December	**80.1**	77.5

Expected credit losses

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Gross 2023 $m	Expected credit loss rate	Expected credit loss 2023 $m	Gross 2022 $m	Expected credit loss rate	Expected credit loss 2022 $m
Not past due	**71.0**	**0.1%**	**–**	67.9	0.1%	(0.1)
Past due 0-30 days	**7.5**	**0.0%**	**–**	6.3	0.0%	–
Past due 31-120 days	**1.8**	**13.2%**	**(0.3)**	3.2	0.0%	–
Past due > 121 days	**0.7**	**97.1%**	**(0.6)**	1.6	87.5%	(1.4)
Total	**81.0**		**(0.9)**	79.0		(1.5)

The movement in the allowance for expected credit losses during the year was as follows:

	2023 $m	2022 $m
At 1 January	**1.5**	1.7
Released to income statement – administrative expenses	**(0.6)**	0.5
Amounts written off	**–**	(0.5)
Transferred to assets held for sale (see Note 32)	**–**	(0.2)
At 31 December	**0.9**	1.5

23. Financial risk management continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's funding policy is to have committed borrowings in place to cover at least 125% of the maximum forecast net borrowings for the next 12 month period.

The committed facilities at 31 December were as follows:

	Total committed facilities 2023 $m	Undrawn committed facilities 2023 $m	Drawn committed Facilities 2023 $m	Total committed facilities 2022 $m	Undrawn committed facilities 2022 $m	Drawn committed Facilities 2022 $m
US dollar term loan	**100.0**	**–**	**100.0**	150.0	–	150.0
Euro term loan	**157.8**	**–**	**157.8**	152.5	–	152.5
RCF	**375.0**	**365.0**	**10.0**	408.5	291.9	116.6
Lines of credit	**22.9**	**22.9**	**–**	22.4	22.4	–
Total	**657.7**	**387.9**	**267.8**	733.4	314.3	419.1
of which expires after more than 1 year		**303.4**			301.9	

In addition, some suppliers have access to utilise the Group's supplier finance programmes, which are provided by Santander and US Bank. There is no cost to the Group for providing these programmes as the cost is borne by the suppliers. These programmes allow suppliers to choose whether they want to accelerate the payment of their invoices, by the financing banks, at a low interest cost. The amounts outstanding to the banks are presented within trade and other payables, and the cashflows are presented with cash flows from operating activities. At the end of the period, the total facility with Santander was $17.8m (2022 $15.9m) with the net balance outstanding of $nil (2022: $nil) and the total facility with US Bank was $3.5m (2022: $1.5m) with the net balance outstanding of $0.8m (2022: $0.5m).

Exposure to liquidity risk

The maturity analyses for financial liabilities showing the anticipated remaining contractual undiscounted cash flows, including future interest payments, at current year exchange rates and assuming floating interest rates remain at the latest fixing rates are:

	31 December 2023				
	Within 1 year $m	1 to 2 years $m	2 to 5 years $m	After 5 years $m	Total $m
Non-derivative financial liabilities:					
Bank overdrafts	**–**	**–**	**–**	**–**	**–**
Secured bank loan	**27.6**	**16.2**	**265.8**	**–**	**309.6**
Trade and other payables	**117.9**	**–**	**–**	**–**	**117.9**
Lease liabilities	**5.9**	**5.5**	**12.0**	**19.6**	**43.0**
Total	**151.4**	**21.7**	**277.8**	**19.6**	**470.5**
Derivative financial liabilities:					
Interest rate swaps	**(3.6)**	**(0.1)**	**–**	**–**	**(3.7)**
Commodity swap contracts	**(4.9)**	**(4.5)**	**(3.1)**	**–**	**(12.5)**
Total	**(8.5)**	**(4.6)**	**(3.1)**	**–**	**(16.2)**

23. Financial risk management continued

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

The Group uses derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board.

Market risk – Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a foreign currency other than the respective functional currencies of Group entities, primarily the US dollar and the euro. The Group hedges up to 100% of current and forecast trade receivables and trade payables denominated in a foreign currency. The Group uses forward exchange contracts to hedge its currency risk, with a maturity of less than one year from the reporting date.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily US dollar, but also euro and pounds sterling. This provides an economic hedge in instances where hedging derivatives are not entered into. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

The Group's net investment in overseas subsidiaries creates exposure to foreign exchange fluctuations. The risk is hedged by US dollar and euro denominated drawdowns under the syndicated facility designated as the hedged item in net investment hedge relationships. This mitigates the currency risk arising from the retranslation of a subsidiary's net assets into pounds sterling, the functional currency of the ultimate parent Elementis plc.

Currency risk sensitivity analysis

The following table illustrates the effect on the income statement and items that are recognised directly in equity that would result from a 10% strengthening of US dollar against the following currencies, before the effect of tax. The analysis covers only financial assets and liabilities held at the balance sheet date and assumes that all other variables, in particular interest rates, remain constant.

	2023		2022	
	Income statement $m	**Equity $m**	Income statement $m	Equity $m
Gain from US Dollar strengthening 10% against Euro	**0.4**	**0.9**	0.4	–
Gain/(loss) from US Dollar strengthening 10% against Sterling	**0.2**	**(12.0)**	0.8	(20.3)

Market risk – Interest rate

The Group's policy is to borrow at both fixed and floating interest rates and to use interest rate swaps to generate the required interest profile. These interest swaps are designated within cashflow hedging relationships with the interest payments on the borrowings they are hedging. The risk being hedged is the exposure of the Group to market rate volatility on a portion of the core Group debt. The Group policy does not require that a specific proportion of the Group's borrowings are at fixed rates of interest.

Interest rate sensitivity analysis

A change of 100 basis points (1%) in interest rates would have impacted profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2023		2022	
	100bps increase $m	**100bps decrease $m**	100bps increase $m	100bps decrease $m
Variable rate instruments – gain/(loss)	**0.7**	**(0.7)**	2.8	(2.0)

Market risk – Commodity price risk

The group is exposed to movements in the prices of commodities it purchases and sells such as aluminium and nickel. The volatility in the prices of these commodities has led to the decision to enter into commodity swap contracts. The swap contracts do not result in physical delivery, but are designated as cash flow hedges to offset the effect of price changes.

Commodity price sensitivity analysis

In 2023 and 2022 the Group's aluminium purchases were fully hedged and all aluminium swap derivatives achieved hedge accounting; there was no impact on profit or loss and no sensitivity is presented.

Other market price risk

Equity price risk arises from equity securities held within the Group's defined benefit pension obligations. In respect of the US schemes, management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise investment returns, without excessive risk taking, in order to meet partially the Group's unfunded benefit obligations; management is assisted by external advisers in this regard. In respect of the UK scheme, the investment strategy is set by the trustees and the Board is kept informed.

23. Financial risk management continued

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business and maximise shareholder value. The capital structure of the Group consists of debt (see Note 19), cash and cash equivalents (see Note 20) and equity attributable to equity holders of the parent comprising capital, reserves and retained earnings (see Statement of Changes in Equity).

The Group utilises a mix of debt funding sources including term loans and revolving credit facilities (RCF) from the Group's syndicated borrowing facility with differing maturities to ensure continuity and provide flexibility. The group is subject to two financial covenants which apply to the Group's syndicated borrowing facilities. Following the refinancing on 1 July 2022 the Group is required to maintain a ratio of net debt/EBITDA (post IFRS 16) of less than 3.50x and a minimum net interest cover of 3.1x (in relation to earnings before net interest expense and tax). The post IFRS 16 net debt/EBITDA ratio stood at 1.6x times at 31 December 2023 (2022: 2.3x) and the directors anticipate the strong cash generation of the Group will continue to drive a deleveraging profile going forwards. Net interest cover at 31 December 2023 was 6.2x (2022: 6.6x).

The Board monitors the adjusted return on operating capital employed ("ROCE") both including and excluding goodwill, as defined on page 190.

The dividend policy is set out in the Chairman's statement on page 4.

24. Leases

Group as lessee

The Group has lease contracts for various items of property, plant, machinery, vehicles and other equipment used in its operations. Disclosures in relation to Right of Use Assets are included within Note 11 – Property, plant and equipment.

The Group also has certain leases with lease terms of 12 months or less and leases of low-value assets to which the Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions.

The weighted average incremental borrowing rate applied to lease liabilities is 3.0% (2022: 3.6%).

The following are the amounts recognised in profit or loss:

	2023 $m	2022 $m
Depreciation expense on right-of-use assets	**5.3**	5.5
Interest expense on lease liabilities	**1.3**	1.4
Expense related to short-term leases and low-value assets	**0.3**	0.4
Expense relating to variable lease payments not included in lease liabilities	**0.5**	1.2

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2023 $m	2022 $m
At 1 January	**36.3**	40.2
Additions	**5.1**	5.5
Disposals	**(0.6)**	(2.2)
Interest expense	**1.3**	1.4
Payments	**(6.5)**	(7.1)
Foreign exchange movements	**0.6**	(1.1)
Transferred to liabilities held for sale (see Note 32)	**–**	(0.4)
At 31 December	**36.2**	36.3

The maturity analysis of lease liabilities is as follows:

	2023 $m	2022 $m
Within one year	**5.9**	6.1
In the second to fifth years inclusive	**17.5**	15.2
After five years	**12.8**	15.0
At 31 December	**36.2**	36.3

At 31 December 2023 there were $2.4m of leases that had not yet commenced to which the Group had committed to.

25. Retirement benefit obligations

The Group has a number of contributory and non-contributory post retirement benefit plans providing retirement benefits for the majority of employees and Executive Directors. At 31 December 2023 the main schemes in the UK and US were of the defined benefit type, the benefit being based on number of years of service and either the employee's final remuneration or the employee's average remuneration during a period of years before retirement. The assets of these schemes are held in separate trustee administered funds or are unfunded but provided for on the Group balance sheet.

The UK defined benefit scheme had a surplus under IAS 19 of $38.7m (2022: $26.4m). In addition, the US defined benefit scheme also had a surplus under IAS 19 of $3.4m (2022: $nil). In accordance with the requirements of IFRIC 14 management have concluded that the unconditional right to a refund of any surplus under any winding up of the plan provides sufficient evidence that an asset ceiling does not exist and as such the full surplus has been recognised.

In addition the Group operates an unfunded post retirement medical benefit ("PRMB") scheme in the US. The entitlement to these benefits is usually based on the employee remaining in service until retirement age and completion of a minimum service period.

Other employee benefit schemes included in the table overleaf relate to two unfunded pension schemes, a long term service award scheme in Germany and a special benefits programme for a small number of former employees of the Eaglescliffe plant. The Group also acquired two further unfunded pension schemes and two long term service award schemes all in Germany as part of the SummitReheis acquisition in 2017. These are included within this category.

The Group also operates a small number of defined contribution schemes and the contributions payable during the year are recognised as incurred. The pension charge for the defined contribution pension schemes for the year is $6.7m (2022: $6.0m).

25. Retirement benefit obligations continued

Net defined benefit liability

The net liability was as follows:

	UK pension scheme $m	US pension schemes $m	US PRMB scheme $m	Other $m	Total $m
2023					
Total market value of assets	**483.6**	**93.8**	**–**	**–**	**577.4**
Present value of scheme liabilities	**(444.9)**	**(90.4)**	**(3.4)**	**(5.6)**	**(544.3)**
Net asset/(liability) recognised in the balance sheet	**38.7**	**3.4**	**(3.4)**	**(5.6)**	**33.1**

	UK pension scheme $m	US pension schemes $m	US PRMB scheme $m	Other $m	Total $m
2022					
Total market value of assets	462.8	91.6	–	–	554.4
Present value of scheme liabilities	(436.4)	(91.6)	(3.5)	(5.4)	(536.9)
Net asset/(liability) recognised in the balance sheet	26.4	–	(3.5)	(5.4)	17.5

Employer contributions in 2023 were $1.8m (2022: $0.5m) to the UK scheme and $1.4m (2022: $1.2m) to US schemes. Top up contributions to the UK scheme in 2024 will be $0.7m based on the 2021 triennial valuation.

Movement in net defined benefit asset/(liability)

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

	UK pension scheme $m	US pension schemes $m	US PRMB scheme $m	Other $m	Total $m
Surplus/(deficit) in schemes at 1 January 2023	**26.4**	**–**	**(3.5)**	**(5.4)**	**17.5**
Included in profit or loss:					
Current service cost	**(0.1)**	**(0.3)**	**–**	**(0.1)**	**(0.5)**
Running costs	**(1.9)**	**(0.4)**	**–**	**–**	**(2.3)**
Net interest income/(expense)	**1.4**	**–**	**(0.2)**	**(0.1)**	**1.1**
Total	**(0.6)**	**(0.7)**	**(0.2)**	**(0.2)**	**(1.7)**
Included in other comprehensive income:					
Re-measurements:					
Return on plan assets excluding interest income	**9.7**	**4.3**	**–**	**–**	**14.0**
Actuarial gains arising from demographic assumptions	**12.2**	**–**	**–**	**0.1**	**12.3**
Actuarial losses arising from financial assumptions	**(9.5)**	**(1.9)**	**(0.2)**	**(0.1)**	**(11.7)**
Actuarial (losses)/gains arising from experience adjustment	**(3.0)**	**0.8**	**–**	**–**	**(2.2)**
Exchange differences	**1.7**	**–**	**–**	**(0.4)**	**1.3**
Total	**11.1**	**3.2**	**(0.2)**	**(0.4)**	**13.7**
Contributions:					
Employers	**1.8**	**0.9**	**0.5**	**0.4**	**3.6**
Surplus/(deficit) at 31 December 2023	**38.7**	**3.4**	**(3.4)**	**(5.6)**	**33.1**

25. Retirement benefit obligations continued

	UK pension scheme $m	US pension schemes $m	US PRMB scheme $m	Other $m	Total $m
Surplus/(deficit) in schemes at 1 January 2022	56.6	(1.7)	(6.6)	(9.0)	39.3
Included in profit or loss					
Current service cost	(0.5)	(0.6)	(0.1)	–	(1.2)
Running costs	(1.0)	(0.4)	–	–	(1.4)
Net interest income/(expense)	1.0	–	(0.3)	(0.1)	0.6
Total	(0.5)	(1.0)	(0.4)	(0.1)	(2.0)
Included in other comprehensive income					
Re-measurements:					
Return on plan assets excluding interest income	(200.4)	(26.1)	–	0.1	(226.4)
Actuarial gains arising from demographic assumptions	–	0.1	–	–	0.1
Actuarial losses arising from financial assumptions	191.3	26.1	1.2	2.8	221.4
Actuarial (losses)/gains arising from experience adjustment	(14.5)	1.3	–	(0.1)	(13.3)
Exchange differences	(6.6)	–	–	0.6	(6.0)
Total	(30.2)	1.4	1.2	3.4	(24.2)
Contributions:					
Employers	0.5	0.6	0.6	0.3	2.0
Transferred to liabilities held for sale (see Note 32)	–	0.7	1.7	–	2.4
Surplus/(deficit) at 31 December 2022	26.4	–	(3.5)	(5.4)	17.5

Plan assets

Plan assets for the major schemes comprise:

	UK pension scheme $m	US pension schemes $m	US PRMB scheme $m	Total $m
Equities	**100.8**	**22.4**	**–**	**123.2**
Bonds[1]	**339.4**	**58.6**	**–**	**398.0**
Cash/liquidity funds	**43.4**	**12.8**	**–**	**56.2**
At 31 December 2023	**483.6**	**93.8**	**–**	**577.4**
Equities	80.2	26.4	–	106.6
Bonds[1]	316.3	53.2	–	369.5
Cash/liquidity funds	66.3	12.0	–	78.3
At 31 December 2022	462.8	91.6	–	554.4

1 Including LDI repurchase agreement liabilities.

To reduce volatility risk a liability driven investment (LDI) strategy forms part of the Trustees' management of the UK defined benefit scheme's assets, including government bonds, corporate bonds and derivatives. The bond assets category in the table above includes gross assets of $587.0m (2022: $566.8m) and associated repurchase agreement liabilities of $247.6m (2022: $250.5m). Repurchase agreements are entered into with counterparties to better offset the scheme's exposure to interest and inflation rates, whilst remaining invested in assets of a similar risk profile. Interest rate and inflation rate derivatives are also employed to complement the use of fixed and indexed linked bonds in matching the profile of the scheme's liabilities.

All equities, bonds and liquidity funds have quoted prices in active markets. Other assets include insured annuities, an insurance fund and various swap products.

Within the UK pension scheme, the current asset allocation is approximately 44% in a liability matching fund consisting of gilts (fixed interest and index linked), bonds, cash and swaps, 26% in a buy and maintain fund and 30% in an investment fund that includes various equity and equity like funds. The aim of the trustees is to manage the risk relative to the liabilities associated with the scheme's investments through a combination of diversification, inflation protection and hedging of risk (currency, interest rate and inflation risk). The US scheme currently has approximately 24% of its asset value invested in a range of equity funds designed to target higher returns and thus reduce the pension deficit, with the balance invested in fixed income bonds and cash. The strategy is that as the deficit reduces, a greater proportion of investments will be made into liability matching funds.

25. Retirement benefit obligations continued

Fair value of plan assets

Changes in the fair value of plan assets for the major schemes are as follows:

	UK pension scheme $m	US pension schemes $m	US PRMB scheme $m	Total $m
At 1 January 2022	774.9	130.1	–	905.0
Expected return	12.6	3.3	–	15.9
Running costs	(1.0)	(0.4)	–	(1.4)
Actuarial gains	(200.4)	(26.1)	–	(226.5)
Contributions by employer	0.5	0.6	–	1.1
Benefits paid	(34.7)	(7.7)	–	(42.4)
Exchange differences	(89.1)	–	–	(89.1)
Transferred to assets held for sale	–	(8.2)	–	(8.2)
At 31 December 2022	**462.8**	**91.6**	**–**	**554.4**
Expected return	**23.3**	**4.4**	**–**	**27.7**
Running costs	**(1.9)**	**(0.4)**	**–**	**(2.3)**
Actuarial gains	**9.7**	**4.3**	**–**	**14.0**
Contributions by employer	**1.8**	**0.9**	**–**	**2.7**
Benefits paid	**(39.2)**	**(7.0)**	**–**	**(46.2)**
Exchange differences	**27.1**	**–**	**–**	**27.1**
At 31 December 2023	**483.6**	**93.8**	**–**	**577.4**

Defined benefit obligation

Changes in the present value of the defined benefit obligation for the major schemes are as follows:

	UK pension scheme $m	US pension schemes $m	US PRMB scheme $m	Total $m
At 1 January 2022	(718.3)	(131.8)	(6.6)	(856.7)
Service cost	(0.5)	(0.6)	(0.1)	(1.2)
Past service cost	–	–	–	–
Interest cost	(11.6)	(3.3)	(0.3)	(15.2)
Actuarial gains/(losses)				
– demographic assumptions	–	0.1	–	0.1
– financial assumptions	191.3	26.1	1.2	218.6
– experience adjustments	(14.5)	1.3	–	(13.2)
Benefits paid	34.7	7.7	0.6	43.0
Exchange differences	82.5	–	–	82.5
Transferred to assets held for sale	–	8.9	1.7	10.6
At 31 December 2022	**(436.4)**	**(91.6)**	**(3.5)**	**(531.5)**
Service cost	**(0.1)**	**(0.3)**	**–**	**(0.4)**
Past service cost	**–**	**–**	**–**	**–**
Interest cost	**(21.9)**	**(4.4)**	**(0.2)**	**(26.5)**
Actuarial gains/(losses)				
– demographic assumptions	**12.2**	**–**	**–**	**12.2**
– financial assumptions	**(9.5)**	**(1.9)**	**(0.2)**	**(11.6)**
– experience adjustments	**(3.0)**	**0.8**	**–**	**(2.2)**
Benefits paid	**39.2**	**7.0**	**0.5**	**46.7**
Exchange differences	**(25.4)**	**–**	**–**	**(25.4)**
At 31 December 2023	**(444.9)**	**(90.4)**	**(3.4)**	**(538.7)**

25. Retirement benefit obligations continued

Actuarial assumptions

A full actuarial valuation was carried out as at 30 September 2020 for the UK scheme and as at 31 December 2015 for the US schemes.

The principal assumptions used by the actuaries for the major schemes have been updated by the actuaries at the balance sheet date and were as follows:

	UK %	US %
2023		
Rate of increase in salaries	**4.2**	**3.0**
Rate of increase in pensions in payment	**3.1**	**N/A**
Discount rate	**4.5**	**5.1**
Inflation	**3.2**	**2.4**
2022		
Rate of increase in salaries	4.5	3.0
Rate of increase in pensions in payment	3.3	N/A
Discount rate	4.8	5.1
Inflation	3.5	2.4

The assumed life expectancies on retirement are:

	UK		US	
	2023 years	2022 years	**2023 years**	2022 years
Retiring at 31 December				
Males	**21**	22	**21**	21
Females	**24**	24	**22**	22
Retiring in 20 years				
Males	**23**	23	**21**	21
Females	**25**	26	**23**	23

The main assumptions for the PRMB scheme are a discount rate of 4.8% (2022: 5.1%) per annum and a health care cost trend of 6.9% (2022: 6.7%) per annum for claims pre age 65, reducing to 4.1% per annum by 2033 (2022: 4.2%). Actuarial valuations of retirement benefit plans in other jurisdictions have either not been updated for IAS 19 purposes or disclosed separately because of the costs involved and the considerably smaller scheme sizes and numbers of employees involved.

At 31 December 2023, the weighted average duration of the defined benefit obligations for the major schemes was as follows:

UK: 10 years

US: 8 years.

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on UK scheme	Impact on US scheme
Discount rate	**Increased/decreased by 0.5%**	**Decreased/increased by 5%**	**Decreased/increased by 4%**
Rate of inflation	**Increased/decreased by 0.5%**	**Increased/decreased by 3%**	**Increased/decreased by 0%**
Rate of salary growth	**Increased/decreased by 0.5%**	**Increased/decreased by 0%**	**Increased/decreased by 0%**
Rate of mortality	**Increased by 1 year**	**Increased by 5%**	**Increased by 3%**

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. These sensitivities have been calculated to show the movement of the defined obligation following a change in a particular assumption in isolation, assuming no other changes in market conditions.

26. Share based payments

The Group maintains a number of active share option and award plans and schemes for its employees. These are as follows:

Savings-related options

Options are granted under the tax-advantaged Save As You Earn ("SAYE") share option scheme in the UK. The SAYE allows UK-based eligible employees to acquire options over the Company's shares at a discount of up to 20% of their market value at the date of grant. Options are normally exercisable during the six month period following either the third or fifth anniversary of the start of the relevant savings contract. Savings contracts are subject to the statutory savings limit of £500 per month.

US-based employees can enter into a similar share save scheme. Employees can enter into two year savings contracts saving up to a maximum of $2,000 per month, allowing eligible employees to acquire options over the Company's shares at a discount of up to 15% of their market value at the date of grant.

Long-term incentive plan ("LTIP") awards

The LTIP is a discretionary employee share scheme for Executive Directors and senior managers. The vesting of the awards are subject to performance conditions over a three year period at the discretion of the Remuneration Committee. The performance conditions of the LTIP are detailed in the Remuneration Report on pages 115 and 116. As approved at the 2018 AGM, restricted shares (i.e. shares that vest based on time only) are awarded to participants below Board level. Shadow LTIPs are in place for senior managers based in China and Malaysia.

Deferred share bonus plan ("DSBP") awards

The DSBP operates exclusively for the Executive Directors. Under this scheme, 50% of any cash bonus payable is awarded in shares and deferred for two years. There are no other performance conditions other than continued employment.

Legacy schemes

Prior to the introduction of the LTIP for senior managers, certain employees participated in the Executive Share Option Scheme ("ESOS"). The ESOS which, except for outstanding awards which will run their course, has been discontinued. The Company operated shadow ESOS for a number of senior managers, who were employed or based in China or Malaysia.

Share-based payment awards were valued (as shown in the table below) using the binomial option pricing model. The weighted fair value per award granted and the weighted average assumptions used in the calculations are as follows:

	2023	2022
Fair value per option (pence)	**104.2**	95.2
Expected volatility (%)	**38.0**	44.0
Risk free rate (%)	**4.7**	3.3
Expected dividend yield (%)	**2.4**	3.0

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of $4.4m for continuing operations (2022: $3.1m) with $4.4m recognised for total operations (2022: $3.4m) related to share based payment transactions during the year.

26. Share based payments continued

At 31 December 2023 the following options/awards to subscribe for ordinary shares were outstanding:

Year of grant	Exercise price (p)[1]	Exercisable From	Exercisable To	At 1 January 2023 '000	Granted '000	Exercised '000	Expired '000	At 31 December 2023 '000
UK savings related share option scheme								
2019	121.33	01/11/22	01/05/23	12	–	–	(12)	–
2020	58.00	01/11/23	01/05/24	789	–	(779)	(10)	–
2021	117.00	01/11/24	01/05/25	46	–	–	(27)	19
2022	88.00	01/11/25	01/05/26	166	–	–	(36)	130
2022	88.00	01/11/27	01/15/28	34	–	–	(34)	–
2023	91.00	01/11/26	01/05/27	–	315	–	–	315
2023	91.00	01/11/28	01/05/29	–	49	–	–	49
				1,047	364	(779)	(119)	513
US savings related share option scheme								
2020	63.11	16/09/22	16/12/22	156	–	–	(49)	107
2021	133.71	15/09/23	15/12/23	83	–	–	(83)	–
2022	92.31	15/09/24	15/12/24	909	–	(20)	(295)	594
2023	94.86	15/09/25	15/12/26	–	211	–	–	211
				1,148	211	(20)	(427)	912
Executive share option schemes/awards granted under the LTIP[7]								
2015	290.20	01/04/18	01/04/25	16	–	–	(16)	–
2015	Nil	27/04/18	27/04/25	7	–	–	–	7
2016	218.17	04/04/19	04/04/26	21	–	–	–	21
2017[3]	Nil	07/03/17	07/03/27	92	–	–	–	92
2017[5]	Nil	07/03/19	07/03/27	7	–	–	–	7
2017[6]	Nil	07/03/20	07/03/27	17	–	–	–	17
2017[2]	264.66	03/04/20	03/04/27	31	–	–	–	31
2018[5]	Nil	05/03/20	05/03/28	73	–	–	–	73
2019[5]	Nil	06/03/21	06/03/29	49	–	–	–	49
2019[4,7]	Nil	01/04/22	01/04/22	26	–	–	(26)	–
2020[5]	Nil	05/03/23	05/03/30	76	–	–	–	76
2020[4,7]	Nil	07/04/23	07/04/30	4,798	–	(523)	(4,268)	–
2020	Nil	07/04/22	07/04/22	106	–	(106)	–	–
2020[4,7]	Nil	07/04/23	07/04/23	2,309	–	(2,197)	(57)	55
2020[4,7]	Nil	03/08/23	03/08/23	121	–	(88)	–	33
2020	Nil	11/09/23	11/09/23	16	–	(16)	–	–
2020[4,7]	Nil	30/12/23	30/12/23	127	–	(94)	(3)	30
2021[7]	Nil	06/04/24	06/04/31	2,621	–	–	(73)	2,548
2021[7]	Nil	06/04/24	06/04/31	1,461	–	–	(172)	1,289
2021	Nil	07/04/24	24/05/31	13	–	–	(13)	–
2021	Nil	06/04/24	16/08/31	20	–	–	–	20
2021	Nil	06/04/24	01/09/31	9	–	–	–	9
2021	Nil	06/04/24	13/09/31	23	–	–	(5)	18
2021[7]	Nil	06/04/24	01/10/31	151	–	–	(18)	133
2021	Nil	06/04/24	13/12/31	84	–	–	(14)	70
2022[7]	Nil	05/03/25	05/03/32	213	–	–	–	213
2022[5]	Nil	05/03/25	05/03/32	490	–	–	–	490
2022[4,7]	Nil	04/04/25	04/04/32	3,082	–	–	(170)	2,912
2022[4,7]	Nil	04/04/25	04/04/25	1,286	–	–	(180)	1,106

26. Share based payments continued

Year of grant	Exercise price (p)[1]	Exercisable From	Exercisable To	At 1 January 2023 '000	Granted '000	Exercised '000	Expired '000	At 31 December 2023 '000
2022[7]	Nil	04/04/25	04/04/25	450	–	–	–	450
2022[7]	Nil	04/04/25	04/04/25	133	–	–	(13)	120
2022	Nil	06/04/24	06/04/24	16	–	–	–	16
2022	Nil	04/04/25	04/04/25	12	–	–	–	12
2022	Nil	06/04/24	06/04/24	13	–	–	(13)	–
2022	Nil	04/04/25	04/04/25	13	–	–	(13)	–
2022	Nil	04/04/25	04/04/25	18	–	–	–	18
2023[5]	Nil	08/03/26	08/03/33	–	374	–	–	374
2023[8]	Nil	08/03/26	08/03/33	–	148	–	–	148
2023[4,7]	Nil	04/04/26	04/04/33	–	3,234	–	(51)	3,183
2023[4,7]	Nil	04/04/26	04/04/26	–	1,299	–	(51)	1,248
2023	Nil	21/06/25	21/06/25	–	20	–	–	20
2023	Nil	24/07/25	24/07/25	–	14	–	–	14
2023[7]	Nil	03/04/25	03/04/25	–	320	–	–	320
				18,000	5,409	(3,024)	(5,156)	15,229

1 Where necessary option prices were adjusted for by a factor of 1.092715 to reflect the dilutive effects of the 2018 Rights Issue.
2 These options include cash settled shadow executive options granted to a number of executives on the same basis as the executive options (with the same performance conditions and exercise provisions). These shadow options are included in the calculation of the total expenses recognised by the Group related to share based payments. The closing balance of the 2011, 2012 and 2017 options shown above include no shadow options.
3 Awards made as one-off agreements that borrow from the terms of the LTIP.
4 These options include cash settled shadow LTIPs granted to a number of executives on the same basis as the LTIP (with the same performance conditions and exercise provisions). These shadow LTIPs are included in the calculation of the total expenses recognised by the Group related to share based payments.
5 Conditional share award under the Deferred Share Bonus Plan.
6 Awards made as one-off agreements under the Deferred Share Bonus Plan (nil cost options).
7 The closing balance of 2020, 2021, 2022 and 2023 LTIPs shown above include approximately 124,933, 130,995, 282,174 and 113,154 shadow LTIPs respectively.
8 Conditional share award under the Deferred Share Bonus Plan (nil cost award, structured as restricted share units).

The weighted average remaining contractual life of the above shares outstanding at 31 December 2023 was 5.6 years (2022: 5.2 years).

The weighted average exercise prices of options disclosed in the previous table were as follows:

	2023 Average exercise price (p)	2022 Average exercise price (p)
At 1 January	9.6	11.9
Granted	8.9	14.9
Exercised	12.3	30.6
Expired	10.0	20.4
At 31 December	8.6	9.6
Exercisable at 31 December	31.8	49.3

The weighted average share price at the date of exercise of share options exercised during the year was 12.3 pence (2022: 31.5 pence).

The number of exercisable options outstanding as at 31 December 2023 was 676,151 (2022: 613,228).

27. Related party transactions

The Company is a guarantor to the UK pension scheme under which it guarantees all current and future obligations of UK subsidiaries currently participating in the pension scheme to make payments to the scheme, up to a specified maximum amount. The maximum amount of the guarantee is that which is needed (at the time the guarantee is called on) to bring the scheme's funding level up to 105% of its liabilities, calculated in accordance with section 179 of the Pensions Act 2004. This is also sometimes known as a Pension Protection Fund ("PPF") guarantee, as having such a guarantee in place reduces the annual PPF levy on the scheme.

The Group consists of the parent company, Elementis plc, being the ultimate parent company of the Group, incorporated in the United Kingdom and its subsidiaries and associates. In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings, the country of incorporation and the effective percentage of equity owned as at 31 December 2023 is disclosed in Note 6 to the parent company financial statements.

The remuneration of key management personnel of the Group, which is defined as the Board of Directors, is shown below:

	2023 $m	2022 $m
Salaries and short term employee benefits	**3.6**	3.4
Post-employment benefits	**0.3**	0.3
Other long term benefits	**0.4**	0.4
Share based payments	**1.3**	0.4
Total	**5.6**	4.5

Full details of all elements of the remuneration of Directors is set out in the Directors' Remuneration report on pages 96 to 122.

28. Movement in net borrowings

	2023 $m	2022 $m
Change in net cash resulting from cash flows:		
Increase/(decrease) in cash and cash equivalents	**9.9**	(27.8)
Decrease/(increase) in borrowings repayable within one year	**2.5**	(3.0)
Decrease in borrowings repayable after one year	**158.0**	54.6
	170.4	23.8
Currency translation differences	**(5.6)**	10.4
Decrease in net borrowings	**164.8**	34.2
Net borrowings at 1 January	**(366.8)**	(401.0)
Net borrowings at 31 December	**(202.0)**	(366.8)

	Bank and other borrowings $m	Lease liabilities $m	Total financing liabilities $m	Cash and cash equivalents $m	Net debt and lease liabilities $m
At 1 January 2022	(485.6)	(40.2)	(525.8)	84.6	(441.2)
Exchange rate adjustments	12.3	1.1	13.4	(2.0)	11.4
Cash flows from financing activities	51.6	7.1	58.7	(57.8)	0.9
Other movements	–	(4.7)	(4.7)	30.1	25.4
Transferred to liabilities held for sale	–	0.4	0.4	–	0.4
At 31 December 2022	**(421.7)**	**(36.3)**	**(458.0)**	**54.9**	**(403.1)**
Exchange rate adjustments	**(6.6)**	**(0.7)**	**(7.3)**	**1.0**	**(6.3)**
Cash flows from financing activities	**160.5**	**6.5**	**167.0**	**9.9**	**176.9**
Other movements	**–**	**(5.0)**	**(5.0)**	**–**	**(5.0)**
At 31 December 2023	**(267.8)**	**(35.5)**	**(303.3)**	**65.8**	**(237.5)**

Included in the net movement of borrowings of $160.5m (2022: $51.6m) are total draw downs of $122.3m (2022: $137.9m) and total repayments of $282.8m (2022: 189.5m).

29. Dividends

No interim dividend was paid in 2023 (2022: nil cents per share). The Group is proposing a final dividend for the year ended 31 December 2023 of 2.1 cents per share (2022: nil cents per share). The total dividend for the year is 2.1 cents per share (2022: nil cents per share).

The amount payable for the final dividend, based on the anticipated number of qualifying ordinary shares registered on the record date is $12m.

The payment of this dividend will not have any tax consequences for the Group.

30. Contingent liabilities

As is the case with other chemical companies, the Group occasionally receives notice of litigation relating to regulatory and legal matters. A provision is recognised when the Group believes it has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where it is deemed that an obligation is merely possible and that the probability of a material outflow is not remote, the Group would disclose a contingent liability.

The Group has not received any notice of litigation relating to events arising prior to the balance sheet date that is expected to lead to a material exposure.

In 2013 the UK Government (through HMRC) introduced the UK Finance Company Exemption (“FCE”) regime. Elementis entered into the FCE regime during 2014. In October 2017 the European Commission opened a State Aid investigation into the regime. In April 2019 the European Commission concluded that the FCE regime constituted State Aid in circumstances where Groups had accessed the regime using a financing company with UK significant people functions; the European Commission therefore instructed the UK Government to collect any relevant State Aid amounts. The UK government and other UK based international companies, including Elementis, appealed to the General Court of the European Union against the decision in 2019.

In Spring 2020 HMRC requested that affected Groups submit their UK significant people function analysis. The deadline for submission of these analyses was delayed due to the impact of COVID-19 and Elementis submitted its analysis to HMRC in July 2020. In December 2020 the UK government introduced legislation to commence collection proceedings.

Elementis received a charging notice from HMRC on 5 February 2021 which assessed for the maximum exposure of $19m (excluding interest). This was paid to HMRC on 5 March 2021. A charging notice for associated interest of $1m was received on 24 June 2021 and paid on 7 July 2021. Whilst Elementis lodged an appeal against the charging notices that did not defer the payment of the tax assessed.

The UK Government’s appeal against the European Commission’s decision was heard by the General Court of the European Union during October 2021 and on 8 June 2022 the General Court of the European Union ruled against the UK Government. The UK Government lodged a further appeal to the European Court of Justice during Q3 2022 and the case was heard during January 2024, with a decision expected during Q2 2024. As Elementis continues to consider that the appeal process will ultimately be successful, at 31 December 2023 an asset has been recorded within non-current assets in the expectation that the charge will be repaid in due course.

In August 2022 the Brazilian tax authorities opened a tax audit into the Group’s Brazilian entity. The audit is focused on the customs classification code used since 2017 for one of the entity’s imported raw materials. The potential exposure is $7.6m. Management have appealed the decision of the tax authorities and based on legal advice obtained have concluded that as at 31 December 2023 it is not probable that an outflow of economic resources will be required to settle the matter.

During 2022 the Group terminated a distribution agreement with one of its distributors. The distributor has brought a claim for compensation as a result of the termination. This matter has now proceeded to arbitration and management have concluded at this stage that the obligation cannot be measured with sufficient reliability.

31. Events after the balance sheet date

On 6 March 2024, Elementis entered into an agreement to sell its former Chromium manufacturing site at Eaglescliffe to Flacks Group for negative purchase consideration of £11.5m ($14.5m). Completion of the transaction is conditional on regulatory approval.

There were no other significant events after the balance sheet date.

32. Business exits

2023 business exits

On 29 November 2022 the Group entered into a share purchase agreement to sell the Chromium business to Yildirim Group for an enterprise value of $170m. At 30 November 2022 the completion of the sale within the next 12 months was deemed to be highly probable and as such the Chromium business met the criteria to be classified as a held for sale asset and a discontinued operation.

The sale completed on 31 January 2023, and Elementis received gross cash proceeds of $139.2m ($127.2m net of total disposal transaction costs).

The results of the discontinued operation, which have been included in the consolidated income statement within 'Profit from discontinued operations', were as follows:

	2023 $m	2022 $m
Revenue	14.4	185.0
Expenses	(14.2)	(165.0)
Calculated gain on sale of Chromium business	26.6	–
Disposal transaction costs	(6.4)	(5.6)
Recycling of deferred foreign exchange losses	(9.3)	–
Profit before income tax	11.1	14.4
Tax	(12.8)	(2.9)
(Loss)/profit from discontinued operations	(1.7)	11.5

Revenue includes $nil (2022: $nil) related to inter-segment sales.

A reconciliation of the reported operating profit/loss from discontinued operations to adjusted operating profit/loss from discontinued operations is provided below:

	2023 $m	2022 $m
Operating profit	11.1	15.2
Adjusting items:		
Calculated gain on sale of Chromium business	(26.6)	–
Disposal transaction costs	6.4	5.6
Recycling of deferred foreign exchange losses on sale of business	9.3	–
Increase in environmental provisions due to additional remediation work identified	–	5.3
Decrease in environmental provisions due to change in discount rate	–	(3.1)
Amortisation of intangibles arising on acquisition	–	0.2
Adjusted operating profit	0.2	23.2

Details of assets and liabilities at the date of disposal are provided in the following table:

	2023 $m
Goodwill	–
Intangible assets	1.0
Property, plant and equipment	70.2
Inventories	69.1
Trade and other receivables	20.7
Total assets	161.0
Trade and other payables	(23.2)
Provisions	(19.7)
Pensions	(2.2)
Tax liabilities	(3.2)
Lease liabilities	(0.1)
Total liabilities	(48.4)
Net assets disposed	112.6
Gross cash proceeds	139.2
Calculated gain on sale of Chromium business	26.6

Company balance sheet

At 31 December 2023

	Note	2023 £m	2022 £m
Non-current assets			
Investments	6	**786.0**	782.7
Debtors	7	**12.7**	12.7
Total non-current assets		**798.7**	795.4
Debtors	7	**–**	–
Creditors: amounts falling due within one year			
Creditors	8	**–**	(0.6)
Net current liabilities		**–**	(0.6)
Total assets less current liabilities		**798.7**	794.8
Creditors: Amounts falling due after more than one year			
Amounts due to subsidiary undertakings		**(191.3)**	(190.9)
Net assets		**607.4**	603.9
Capital and reserves			
Called up share capital	9	**29.4**	29.2
Share premium account		**177.7**	177.3
Capital redemption reserve	9	**83.3**	83.3
Other reserves		**250.5**	250.5
Share option reserve	9	**28.9**	25.6
Profit and loss account		**37.6**	38.0
Equity shareholders' funds		**607.4**	603.9

The Company recognised a loss for the financial year ended 31 December 2023 of £0.4m (2022: £1.4m).

The financial statements of Elementis plc, registered number 3299608, on pages 183 to 189 were approved by the Board on 6 March 2024 and signed on its behalf by:

Paul Waterman
CEO

Ralph Hewins
CFO

Company statement of changes in equity

for the year ended 31 December 2023

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserves £m	Share options reserve £m	Retained earnings £m	Total £m
Balance at 1 January 2022	29.1	176.6	83.3	250.5	20.7	41.7	601.9
Comprehensive income							
Loss for the year	–	–	–	–	–	(1.4)	(1.4)
Total other comprehensive loss	–	–	–	–	–	–	–
Total comprehensive loss	–	–	–	–	–	(1.4)	(1.4)
Transactions with owners							
Issue of shares by the Company	0.1	0.7	–	–	–	–	0.8
Share based payments	–	–	–	–	2.6	–	2.6
Dividends received	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	–
Transfer	–	–	–	–	2.3	(2.3)	–
Total transactions with owners	0.1	0.7	–	–	4.9	(2.3)	3.4
Balance at 31 December 2022	29.2	177.3	83.3	250.5	25.6	38.0	603.9
Balance at 1 January 2023	**29.2**	**177.3**	**83.3**	**250.5**	**25.6**	**38.0**	**603.9**
Comprehensive income							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Total other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Transactions with owners							
Issue of shares by the Company	**0.2**	**0.4**	**–**	**–**	**–**	**–**	**0.6**
Share based payments	**–**	**–**	**–**	**–**	**3.3**	**–**	**3.3**
Dividends received	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total transactions with owners	**0.2**	**0.4**	**–**	**–**	**3.3**	**(0.4)**	**3.5**
Balance at 31 December 2023	**29.4**	**177.7**	**83.3**	**250.5**	**28.9**	**37.6**	**607.4**

The Company's distributable reserves amount to £37.6m (2022: £38.0m) at the end of the period. The Company regularly reviews its distributable reserves and makes dividend recapitalisations as and when necessary to ensure it can make all expected dividend payments. The Company has sufficient subsidiary reserves to enable such recapitalisations in 2024 and beyond.

For more information on the dividend declared and the dividend per share please see Note 29 of the Group financial statements.

Notes to the company financial statements of Elementis plc

for the year ended 31 December 2023

1. General information

Elementis plc is a public company limited by shares and is incorporated and domiciled in England. The address of its registered office is The Bindery, 5th Floor, 51-53 Hatton Garden, London, EC1N 8HN. The principal activity of the Company is to act as the ultimate holding company of the Elementis Group of companies.

2. Basis of preparation

The Company's financial statements have been prepared under the historical cost convention, in compliance with applicable United Kingdom accounting standards, including Financial Reporting Standard 101 – 'Reduced Disclosure Framework – Disclosure exemptions from EU adopted IFRS for qualifying entities' (FRS 101), and with the Companies Act 2006. The Company has presented its results under FRS 101.

As a qualifying entity whose results are consolidated in the Elementis plc consolidated financial statements on pages 152 to 214, the Company has taken advantage of the exemption under FRS 101 from preparing a statement of cash flows and associated notes, the effects of new but not yet effective IFRSs, disclosures in respect of transactions and the capital management of wholly owned subsidiaries and key management personnel compensation disclosures.

As the consolidated financial statements include equivalent disclosures, the Company has also taken the disclosure exemptions under FRS 101 in respect of certain requirements of IAS 1, IAS 7 statement of cash flows, IAS 8 accounting policies, IAS 24 related party disclosures, IAS 36 impairment of assets, group settled share-based payments under IFRS 2 share based payment, IFRS 3 business combinations, IFRS 5 non-current assets held for sale and discontinued operations, disclosures required by IFRS 7 financial instruments disclosures and by IFRS 13 fair value measurement, IFRS 15 revenue from contracts with customers and IFRS 16 leases.

By virtue of section 408 of the Companies Act 2006 the company is exempt from presenting an income statement and disclosing employee numbers and staff costs.

As a consequence of the majority of the Company's assets, liabilities and expenses originating in pounds sterling, the Company has chosen pounds sterling as its reporting currency.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 101 in these financial statements.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Investments

Investments in subsidiaries are included in the balance sheet at cost less accumulated impairment losses.

Potential indicators of impairment, including the market capitalisation of the group dropping below the net assets of Elementis plc, have been considered. The recoverable amounts of cash generating units as determined for the impairment testing of goodwill also support the recoverable amounts of the parent Company's investments.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

Pensions and other post-retirement benefits

The Company participates in the Elementis Group defined benefit pension scheme. The assets of the scheme are held separately from those of the Company. Details of the latest valuation carried out in September 2020 can be found in the 2020 Elementis plc Annual Report and Accounts. An updated triennial valuation was performed in September 2023, however the results of this valuation will not be finalised until 2024. Following the introduction of the revised reporting standard, any surplus or deficit in the Elementis Group defined benefit pension scheme is to be reported in the financial statements of Elementis UK Limited, which employs the majority of active members of the scheme and is responsible for making deficit contributions under the current funding plan.

Taxation

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. There were no significant judgements or estimates necessary in 2023.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Share based payments

The fair value of share options granted to employees is recognised as an expense with a corresponding increase in equity. Where the Company grants options over its own shares to the employees of its subsidiaries it recognises in its individual financial statements an increase in the cost of investment in its subsidiaries equivalent to the equity settled share based payment charge recognised in its subsidiaries' financial statements, with the corresponding credit being recognised directly in equity. The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

3. Summary of significant accounting policies continued

Classification of financial instruments issued by the company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

a. They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company.

b. Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that the definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

4. Profit for the financial year attributable to shareholders

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. A loss of £0.4m (2022: £1.4m loss) is dealt with in the financial statements of the Company.

5. Directors' remuneration

Details of Directors' remuneration for the Company are included in the Directors' Remuneration report within the Elementis plc Annual Report and Accounts on pages 96 to 122.

6. Investments

	Unlisted shares at cost £m	Unlisted loans £m	Capital contributions £m	Total £m
Cost at 1 January 2023	**0.1**	**759.0**	**23.6**	**782.7**
Additions	**–**	**–**	**3.3**	**3.3**
Net book value at 31 December 2023	0.1	759.0	26.9	786.0
Net book value at 31 December 2022	0.1	759.0	23.6	782.7

6. Investments continued

The investment in unlisted loans is with Elementis Holdings Limited, an indirect wholly owned subsidiary. The investments in unlisted shares are in Elementis Group BV, Elementis Export Sales Inc, and Elementis Overseas Investments Limited, all wholly owned subsidiaries. Capital contributions relate to share-based payment awards made to employees of subsidiary companies.

The trading subsidiaries and associates of Elementis plc, all of which are wholly owned, excluding Alembic Manufacturing Limited, in which the Group holds a 25% interest, are as follows:

Subsidiary undertakings		Country of incorporation and operation
Alembic Manufacturing Limited	Personal Care products	United Kingdom[1]
Deuchem Co., Limited	Additives and resins	Taiwan[2]
Deuchem (Shanghai) Chemical Co. Limited	Additives and resins	People's Republic of China[3]
Elementis (Shanghai) New Material Co. Limited	Additives and resins	People's Republic of China[3]
Elementis Minerals BV	Talc products	Netherlands[5]
Elementis Specialties (Anji) Limited	Organoclays	People's Republic of China[6]
Elementis Specialties do Brasil Quimica Ltda	Coatings additives	Brazil[7]
Elementis Specialties Inc	Rheological additives, colourants, waxes, other specialty additives	United States of America[4]
Elementis SRL Inc	Personal Care products	United States of America[4]
Elementis UK Limited trading as: Elementis Specialties	Rheological additives, colourants, waxes, other specialty additives	United Kingdom[8]
Elementis Pharma GmbH	Personal Care products	Germany[9]
Mondo Minerals Deutschland GmbH	Talc products	Germany[10]
Elementis Minerals Nickel Oy	Talc products	Finland[11]
Mondo Trading (Beijing) Company Limited	Talc products	People's Republic of China[12]

1 Registered office: Unit 6 Wimbourne Buildings, Atlantic Way, Barry Docks, Barry, South Glamorgan CF63 3RA, UK.
2 Registered office: 92, Kuang-Fu North Road, Hsinchu Industrial Park, Hukou, Hsinchu Taiwan, ROC.
3 Registered office: 99 Lianyang Road, Songjiang Industrial Zone, Shanghai, China.
4 Registered office: 1209 Orange Street, Wilmington, Delaware, 19801, US.
5 Registered office: Kajuitweg 8, 1041 AR, Amsterdam, Netherlands.
6 Registered office: Huibutai, Majiadu Village, Dipu Town, Anji County, Huzhou City, Zhejiang Province, China.
7 Registered office: Rodovia Nelson Leopoldino, SP 375, Km 13,8, s/n, Bairro Rural, Palmital, São Paulo, Brazil.
8 Registered office: The Bindery, 5th Floor, 51-53 Hatton Garden, London EC1N 8HN, UK.
9 Registered office: Giulinistr. 2, 67065 Ludwigshafen, Germany.
10 Registered office: Friedrichsallee 14, 42117, Wuppertal, Germany.
11 Registered office: Talkkitie 7, 83500, Outokumpu, Finland.
12 Registered office: Nan Zhugan Hutong no.6, floor 9, 01-007, Dongcheng District, 100010, Beijing, China.

Non-trading and dormant subsidiaries of Elementis plc, all of which are wholly owned within the Group, are as follows:

Subsidiary undertakings		Country of incorporation and operation
Agrichrome Limited	Non-trading	United Kingdom[1]
Elementis America Shared Services Inc	Dormant	United States of America[2]
Elementis Australia Limited*	Dormant	United Kingdom[1]
Elementis Catalysts Inc	Dormant	United States of America[2]
Elementis Chemicals Inc	Dormant	United States of America[2]
Elementis Eaglescliffe Limited	Non-Trading	United Kingdom[1]
Elementis Export Sales Inc	Non-trading	United States of America[2]
Elementis Finance (Australia) Limited*	Dormant	United Kingdom[1]
Elementis Finance (Europe) Limited	Non-trading	United Kingdom[1]
Elementis Finance (Germany) Limited	Non-trading	United Kingdom[1]
Elementis Finance (Ireland) Limited	Non-trading	Ireland[3]
Elementis Finance (Jersey) Limited	Non-trading	Jersey[4]
Elementis Finance (US) Limited	Non-trading	United Kingdom[1]
Elementis Germany GmbH	Non-trading	Germany[5]

6. Investments continued

Subsidiary undertakings		Country of incorporation and operation
Elementis Germany Limited	Dormant	United Kingdom[1]
Elementis Global LLC	Non-trading	United States of America[2]
Elementis GmbH	Non-trading	Germany[5]
Elementis Group (Finance) Limited	Non-trading	United Kingdom[1]
Elementis Group BV	Non-trading	Netherlands[6]
Elementis Group Limited	Dormant	United Kingdom[1]
Elementis Holdings Limited	Non-trading	United Kingdom[1]
Elementis London Limited	Dormant	United Kingdom[1]
Elementis Minerals Holding BV	Non-trading	Netherlands[6]
Elementis Nederlands BV	Non-trading	Netherlands[6]
Elementis New Zealand Limited*	Dormant	United Kingdom[1]
Elementis NZ Limited	Non-trading	New Zealand[7]
Elementis Overseas Investments Limited	Non-trading	United Kingdom[1]
Elementis Pigments Inc	Dormant	United States of America[2]
Elementis Portugal, Unipessoal Lda	Non-trading	Portugal[8]
Elementis S.E.A. (Malaysia) Sdn Bhd	Non-trading	Malaysia[9]
Elementis Securities Limited	Non-trading	United Kingdom[1]
Elementis Services GmbH	Non-trading	Germany[5]
Elementis Specialties (India) Private Limited	Non-trading	India[10]
Elementis US Holdings Inc	Non-trading	United States of America[2]
Elementis US Limited	Non-trading	United Kingdom[1]
H & C Acquisitions Limited*	Dormant	United Kingdom[1]
H & C Lumber Inc	Dormant	United States of America[2]
Harcros Chemicals Canada Inc	Dormant	Canada[11]
Iron Oxides S.A. de CV	Dormant	Mexico[12]
Mondo Minerals International BV	Dormant	Netherlands[6]
NB Chrome Limited*	Dormant	United Kingdom[1]
Reheis Inc	Non-trading	United States of America[2]
SRL Coöperatief U.A.	Non-trading	Netherlands[6]
SRLH Holdings Inc	Non-trading	United States of America[2]
SRL International Holdings LLC	Non-trading	United States of America[2]
Talc Holding Finance Oy	Non-trading	Finland[13]
Talc Holding Oy	Non-trading	Finland[13]
WBS Carbons Acquisitions Corp	Non-trading	United States of America[2]

1 Registered office: The Bindery, 5th Floor, 51-53 Hatton Garden, London EC1N 8HN, UK.
2 Registered office: 1209 Orange Street, Wilmington, Delaware, 19801, US.
3 Registered office: 8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland.
4 Registered office: 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG.
5 Registered office: Stolberger Str.370, 50933, Köln, Germany.
6 Registered office: Kajuitweg 8, 1041 AR, Amsterdam, Netherlands.
7 Registered office: KPMG, P O Box 1584, 18 Viaduct Harbour Avenue, Maritime Square, Auckland, New Zealand.
8 Registered office: c/o Avenida da Boavista, Numbero 3265 – 2.8 Porto, 4100-137 Porto, Portugal.
9 Registered office: 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.
10 Registered office: Unit-B, Ground Floor, Jaswanti Landmark, Mehra Industrial Estate, L.B.S. Marg, Vikhroli (W), Mumbai 400079, India.
11 Registered office: C/o Stewart McKelvey Stirling Scales,44 Chipman Hill, Suite 1000 ON E2L 4S6, Canada.
12 Registered office: Calle San Ignacio N 105, 22106 Tijuana, Baja California Mexico.
13 Registered office: Kajaanintie 54, 88620, Korholanmaki, Finland.
* Five entities were applied for strike off in November 2023.

6. Investments continued

Notes:

- Other than Elementis Export Sales Inc, Elementis Group BV and Elementis Overseas Investments Ltd, none of the undertakings is held directly by the Company. Equity capital is in ordinary shares and voting rights equate to equity ownership.
- All undertakings listed above have accounting periods ending 31 December, with the exception of Elementis Specialties (India) Private Limited, for which the relevant date is 31 March, and Elementis Eaglescliffe Limited, for which the relevant date is 31 July.
- Undertakings operating in the United Kingdom are incorporated in England and Wales. In the case of corporate undertakings not in the United Kingdom, their country of operation is also their country of incorporation.
- All undertakings listed above have been included in the consolidated financial statements of the Group for the year.

7. Debtors

	2023 £m	2022 £m
Debtors: Amount falling due after more than one year		
Group relief receivable	12.7	12.7
Debtors: Amount falling due within one year		
Group relief receivable	–	–

8. Creditors: Amount falling due within one year

	2023 £m	2022 £m
Accruals	–	0.6

9. Share capital and reserves

	2023 Number '000	2023 £m	2022 Number '000	2022 £m
Called-up allotted and fully paid:				
Ordinary shares of 5 pence each				
At 1 January	584,017	29.2	581,858	29.1
Issue of shares	3,807	0.2	2,159	0.1
At 31 December	587,824	29.4	584,017	29.2

During the year a total of 3,807,146 ordinary shares with an aggregate nominal value of £190,357 were allotted and issued in accordance with the Group's share options and award plans and schemes to various employees, as well as shares that were redeemed for cash at subscription prices between 58 pence and 93 pence on the exercise of options under the Group's share option schemes. The total subscription monies received by the Company for these shares was £0.5m.

The Company can redeem shares by repaying the market value to the shareholder, whereupon the shares are cancelled. Redemption must be from distributable profits. The capital redemption reserve represents the nominal value of the shares redeemed.

The share options reserve comprises amounts accumulated in equity in respect of share options and awards granted to employees.

Details of the shared based payments in the year are set out in Note 26 to the Elementis plc consolidated financial statements.

10. Related party transactions

The Company, which is the ultimate parent company of the Elementis Group, is a guarantor to the Elementis Group defined benefit pension scheme under which it guarantees all current and future obligations of UK subsidiaries currently participating in the pension scheme to make payments to the scheme, up to a specified maximum amount. The maximum amount of the guarantee is that which is needed (at the time the guarantee is called on) to bring the scheme's funding level up to 105% of its liabilities, calculated in accordance with section 179 of the Pensions Act 2004. This is also sometimes known as a PPF guarantee, as having such a guarantee in place reduces the annual PPF levy on the scheme. Details of the UK pension schemes in the year are set out in Note 25 to the Elementis plc consolidated financial statements.

11. UK registered subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2023. Unless otherwise stated, the undertakings listed below are all 100% owned, either directly or indirectly, by Elementis plc. The Company will guarantee the debts and liabilities of the UK subsidiaries listed below at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Name	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)	Company Number
Agrichrome Limited	100	–	2228826
Elementis Finance (Germany) Limited	100	–	5531634
Elementis Finance (US) Limited	100	–	9303101
Elementis Germany Limited	100	–	48664
Elementis Group (Finance) Limited	100	–	9303017
Elementis Group Limited	100	–	4048541
Elementis Overseas Investments Limited	100	–	8008981
Elementis Securities Limited	100	–	597303
Elementis US Limited	100	–	8005226
Elementis Finance (Europe) Limited	100	–	11717371

Alternative performance measures and unaudited information

Alternative performance measures

A reconciliation from reported profit for the year to adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) is provided to support understanding of the summarised cash flow included within the Finance Report on pages 55 to 59.

	2023 $m	2022 $m
Profit/(loss) for the year	**26.5**	(51.1)
Adjustments for:		
Loss/(profit) from discontinued operations	**1.7**	(11.5)
Finance income	**(4.4)**	(9.9)
Finance costs and other expenses	**23.5**	22.9
Tax charge	**11.5**	7.8
Depreciation and amortisation	**54.7**	56.6
Excluding intangibles arising on acquisition	**(12.7)**	(14.9)
Adjusting items before finance costs and depreciation	**45.0**	141.9
Adjusted EBITDA	**145.8**	141.8

There are also a number of key performance indicators ("KPIs") on pages 24 to 25, the reconciliations to these are given below.

Adjusted operating cash flow

Adjusted operating cash flow is defined as the net cash flow from operating activities less net capital expenditure but excluding income taxes paid or received, interest paid or received, pension contributions net of current service cost and adjusting items.

	2023 $m	2022 $m
Net cash flow from operating activities	**76.8**	77.0
Less:		
Net cash flow used in operating activities from discontinued operations	**12.4**	(5.6)
Capital expenditure	**(38.2)**	(33.7)
Add:		
Income tax paid or received	**27.3**	13.3
Interest paid or received	**18.1**	14.6
Pension contributions net of current service cost	**3.1**	0.7
Adjusting items – non cash	**0.2**	(2.6)
Adjusting items – cash	**5.6**	2.0
Adjusted operating cash flow	**105.3**	65.7

Adjusted operating cash conversion

Adjusted operating cash conversion is defined as adjusted operating profit divided by adjusted operating cash flow plus provisions and share based payments.

	2023 $m	2022[1] $m
Adjusted operating profit	**103.9**	123.7
Adjusted operating cash flow	**105.3**	64.2
Add:		
Provisions and share based payments	**4.4**	3.6
	109.7	67.8
Adjusted operating cash conversion	**106%**	55%

1 2022 includes discontinued operations.

Contribution margin

The Group's contribution margin is defined as sales less all variable costs, divided by sales, and expressed as a percentage.

	2023 $m	2022 $m
Revenue	**713.4**	736.4
Variable costs	**(361.2)**	(388.3)
Non variable costs	**(67.9)**	(49.2)
Cost of sales	**(429.1)**	(437.5)

Adjusted group profit before tax

Adjusted group profit before tax is defined as the adjusted profit for the year plus the tax on adjusting items.

Adjusted return on operating capital employed

ROCE is defined as adjusted operating profit from total operations divided by operating capital employed, expressed as a percentage. Operating capital employed comprises fixed assets (excluding goodwill), working capital and operating provisions. Operating provisions include self insurance and environmental provisions but exclude retirement benefit obligations.

	2023 $m	2022 $m
Adjusted operating profit	**103.9**	100.5
Fixed assets excluding goodwill	**612.0**	583.2
Working capital	**147.2**	141.5
Operating provisions	**(81.9)**	(28.6)
Operating capital employed	**677.3**	696.1
Return on capital employed %	**15%**	14%

Average trade working capital to sales ratio

The trade working capital to sales ratio is defined as the 12 month average trade working capital divided by sales, expressed as a percentage. Trade working capital comprises inventories, trade receivables (net of provisions) and trade payables. It specifically excludes repayments, capital or interest related receivables or payables, changes due to currency movements and items classified as other receivables and other payables.

Adjusted operating profit/Operating margin

Adjusted operating profit is the profit derived from the normal operations of the business. Adjusted operating margin is the ratio of adjusted operating profit to sales.

Unaudited information

To support a full understanding of the performance of the Group, the information below provides the calculations of net debt/EBITDA.

	2023 $m	2022 $m
Revenue from total operations	727.8	921.4
Adjusted operating profit from total operations	104.1	123.7
Adjusted operating margin from total operations	14.3%	13.4%
Net Debt/EBITDA pre-IFRS 16		
Adjusted EBITDA from total operations	146.8	173.1
IFRS 16 adjustment from total operations	(6.5)	(7.1)
Adjusted EBITDA pre-IFRS 16 from total operations	140.3	166.0
Net Debt[1]	202.0	366.8
Net Debt/EBITDA pre-IFRS 16	1.4	2.2
Net Debt/EBITDA post-IFRS 16		
Adjusted EBITDA from total operations	146.8	173.1
Net Debt[1]	202.0	366.8
IFRS 16 lease liabilities	35.6	36.7
Net Debt including lease liabilities	237.6	403.5
Net Debt/EBITDA post-IFRS 16	1.6	2.3

1 See Note 28. Net debt excludes lease liabilities.

Five year record

	2023 $m	2022 $m	2021 $m	2020 $m	2019 $m
Turnover:					
Continuing operations	**713.4**	736.4	709.4	612.4	712.4
Discontinued operations	**14.4**	185.0	170.7	146.9	171.0
Total operations	**727.8**	921.4	880.1	759.3	883.4
Adjusted operating profit:					
Total operations	**104.1**	123.7	106.6	81.6	123.0
Discontinued operations	**0.2**	23.2	18.6	10.4	22.3
Continuing operations	**103.9**	100.5	88.0	71.2	100.7
Adjusting items before interest	**45.0**	(142.3)	(76.1)	(106.5)	(22.0)
Operating profit/(loss)	**58.9**	(41.8)	11.9	(35.3)	78.7
Other expenses	**(2.3)**	(1.3)	(3.7)	(1.2)	(10.4)
Net interest payable	**(16.9)**	(11.7)	(15.7)	(37.6)	(28.0)
Profit/(loss) before tax	**39.7**	(54.8)	(7.5)	(74.1)	40.3
Tax	**(11.5)**	(7.8)	(0.4)	3.1	(10.2)
Profit/(loss) from continuing operations	**28.2**	(62.6)	(7.9)	(71.0)	30.1
(Loss)/profit from discontinued operations	**(1.7)**	11.5	10.4	4.0	16.3
Profit/(loss) attributable to equity holders of the parent	**26.5**	(51.1)	2.5	(67.0)	46.4

	2023 $m	2022 $m	2021 $m	2020 $m	2019 $m
Continuing operations:					
Basic earnings/(loss) per ordinary share (cents)	**4.8**	(10.7)	(1.4)	(12.2)	5.2
Basic earnings per ordinary share after adjusting items (cents)	**11.0**	11.1	8.4	5.5	9.7
Diluted earnings/(loss) per ordinary share (cents)	**4.7**	(10.7)	(1.4)	(12.2)	5.1
Diluted earnings per ordinary share after adjusting items (cents)	**10.8**	10.9	7.3	5.4	9.6
Continuing and discontinued operations:					
Basic earnings/(loss) per ordinary share (cents)	**4.5**	(8.8)	0.4	(11.5)	8.0
Basic earnings per ordinary share after adjusting items (cents)	**11.0**	14.2	10.7	6.6	12.6
Diluted earnings/(loss) per ordinary share (cents)	**4.4**	(8.8)	0.4	(11.3)	7.9
Diluted earnings per ordinary share after adjusting items (cents)	**10.8**	13.9	10.6	6.5	12.4
Dividend per ordinary share (cents)	**2.1**	–	–	–	8.6
Interest cover[1] (times)	**6.2**	6.6	4.8	3.7	5.5
Equity attributable to holders of the parent	**847.3**	783.9	901.0	860.4	906.2
Net debt	**(202.0)**	(366.8)	(401.0)	(408.1)	(454.2)
Weighted average number of ordinary shares in issue during the year (million)	**585.7**	582.6	581.0	580.1	579.6
Weighted average number of ordinary and potential ordinary shares in issue during the year (million)	**596.9**	592.3	588.8	593.7	588.5

1 Ratio of operating profit after adjusting items to interest on net borrowings.

Shareholder services

Registrars

Enquiries concerning shares or shareholdings, such as the loss of a share certificate, consolidation of share certificates, amalgamation of holdings or dividend payments, should be addressed to the Company's registrars:

Equiniti Group Limited
Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
Tel: +44 (0) 371 384 2379

For deaf or speech impaired customers, Equiniti welcome calls via Relay UK. Please see www.relayuk.bt.com for more information.

Please use the country code when calling from outside the UK. Lines are open between 8.30am and 5.30pm Monday to Friday (excluding public holidays in England and Wales).

In any correspondence with the registrars, please refer to Elementis plc and state clearly the registered name and address of the shareholder. Please notify the registrars promptly of any change of address.

Website

Our website (www.elementis.com) provides the following information:

- Company news and information
- Details of our strategy
- The Company's approach to sustainability and innovation
- A dedicated Investors section which contains up to date information for shareholders including:
  - Share price and index chart information
  - Financial results
  - History of dividend payment dates and amounts
  - Access to current and historical shareholder documents such as the Annual Report and Accounts

Share dealing services

Equiniti provides a share dealing service that enables shares to be bought or sold by UK shareholders by telephone or over the internet. For telephone share dealing, please call +44 (0) 345 603 7037 between 8.30am and 4.30pm (lines are open until 6.00pm for enquiries). For internet share dealing, please visit: www.shareview.co.uk/dealing

Electronic communications

Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering, you will need your shareholder reference number, which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

Duplicate documents

If you have more than one account on the Share Register and receive duplicate documentation from us as a result, please contact Equiniti to request that your accounts be combined.

Share fraud

Share or investment scams are often run from 'boiler rooms' where fraudsters cold call investors offering them worthless, overpriced or even non-existent shares, or offer to buy their shares in a company at a higher price than the market value. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the company. Even seasoned investors have been caught out by such fraudsters. The FCA has some helpful information: www.fca.org.uk/scamsmart

Report a scam

If you are contacted by a cold caller, you should inform the Secretariat (company.secretariat@elementis.com) and also the FCA by using its share fraud reporting form at www.fca.org.uk/scams or by calling its Consumer Helpline on +44 (0) 800 111 6768.

If you have already paid money to a share fraudster, please contact Action Fraud on +44 (0) 300 123 2040 or www.actionfraud.police.uk

Corporate information

Financial calendar (provisional)

30 April 2024	Annual General Meeting
30 April 2024	Q1 Trading Update
1 August 2024	Interim Results 2024
October 2024	Q3 Trading Update
31 December 2024	Financial Year End
January 2025	Q4 Trading Update

The financial calendar is updated on a regular basis throughout the year. Please refer to our website www.elementis.com for up-to-date details.

Annual General Meeting

The Annual General Meeting of Elementis plc will be held on 30 April 2024 at 10.00am at the offices of Allen & Overy LLP, One Bishops Square, London, E1 6AD. Shareholders will also be able to attend the meeting online.

The Notice of Meeting is included in a separate document.

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GRI index

Statement of use Elementis plc has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI standards.

GRI used GRI 1: Foundation 2021

GRI standard	Specific GRI Disclosure	Pages
GRI 2: General disclosures 2021	2-1 Organisational details	1-2
	2-2 Entities included in the organisation's sustainability reporting	41, 187-188
	2-3 Reporting period, frequency and contact point	Inside front cover, 194
	2-4 Restatements of information	29, 42, 43
	2-5 External assurance	40
	2-6 Activities, value chain and other business relationships	3, 7, 53, 61-63
	2-7 Employees	47
	2-8 Workers who are not employees	Not disclosed
	2-9 Governance structure and composition	74-77, 86-87
	2-10 Nomination and selection of the highest governance body	84-87
	2-11 Chair of the highest governance body	74
	2-12 Role of the highest governance body in overseeing the management of impacts	78-82
	2-13 Delegation of responsibility for managing impacts	32
	2-14 Role of the highest governance body in sustainability reporting	32
	2-15 Conflicts of interest	84-85, 94
	2-16 Communication of critical concerns	79-81
	2-17 Collective knowledge of the highest governance body	87
	2-18 Evaluation of the performance of the highest governance body	83, 85
	2-19 Remuneration policies	97-122
	2-20 Process to determine remuneration	99-102
	2-21 Annual total compensation ratio	119
	2-22 Statement on sustainable development strategy	4-5, 11
	2-23 Policy commitments	54
	2-24 Embedding policy commitments	54
	2-25 Processes to remediate negative impacts	52, 79, 91
	2-26 Mechanisms for seeking advice and raising concerns	52, 80-81
	2-27 Compliance with laws and regulations	27, 46, 52, 88-92
	2-28 Membership associations	27, 52
	2-29 Approach to stakeholder engagement	26-28
	2-30 Collective bargaining agreements	47
GRI 3: Material Topics 2021	3-1 Process to determine material topics	33
	3-2 List of material topics	33
	3-3 Management of material topics	32-54
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	36-40, 132, 141
	201-3 Defined benefit plan obligations and other retirement plans	48, 58-59
	201-4 Financial assistance received from government	145
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	51-52
	205-3 Confirmed incidents of corruption and actions taken	Zero incidents, 52
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	54

GRI index

continued

GRI standard	Specific GRI Disclosure	Pages
GRI 207: Tax 2019	207-1 Approach to tax	**53, 57, 145, 161, 181**
	207-2 Tax governance, control, and risk management	**145**
	207-3 Stakeholder engagement and management of concerns related to tax	**57, 145**
	207-4 Country-by-country reporting	**154**
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	**40**
	302-3 Energy intensity	**40**
	302-4 Reduction of energy consumption	**40**
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	**42-43**
	303-4 Water discharge	**42-43**
	303-5 Water consumption	**42-43**
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	**44**
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	**39-41**
	305-2 Energy indirect (Scope 2) GHG emissions	**39-41**
	305-3 Other indirect (Scope 3) GHG emissions	**39-41**
	305-4 GHG emissions intensity	**39-41**
	305-5 Reduction of GHG emissions	**39**
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	**42-43**
GRI 306: Waste 2020	306-3 Waste generated	**42-43**
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	**47**
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	**47**
	401-3 Parental leave	**47**
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	**45-46**
	403-2 Hazard identification, risk assessment, and incident investigation	**45-46**
	403-4 Worker participation, consultation, and communication on occupational health and safety	**45-46**
	403-5 Worker training on occupational health and safety	**45-46**
	403-6 Promotion of worker health	**46, 48**
	403-8 Workers covered by an occupational health and safety management system	**45-46**
	403-9 Work-related injuries	**25, 46, 47**
	403-10 Work-related ill health	**25, 46, 47**
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	**49, 50, 52**
	404-2 Programme for upgrading employee skills and transition assistance programme	**49**
	404-3 Percentage of employees receiving regular performance and career development reviews	**49**
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	**48, 87**
	405-2 Ratio of basic salary and remuneration of women to men	**47**
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	**52**
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labelling	**52-53**
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	**52**

SASB index

Topic	Accounting Metric	SASB code	Page
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	RT-CH-110a.1	39-41
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RT-CH-110a.2	34-40
Air Quality	Air emissions of the following pollutants: (1) nitrogen oxides (excluding N2O), (2) sulfur oxides, (3) volatile organic compounds, and (4) hazardous air pollutants	RT-CH-120a.1	42-43
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	RT-CH-130a.1	40-41
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	RT-CH-140a.1	42-43
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	RT-CH-140a.2	46
	Description of water management risks and discussion of strategies and practices to mitigate those risks	RT-CH-140a.3	38, 42, 44
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	RT-CH-150a.1	42-43
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	RT-CH-210a.1	27
Workforce Health & Safety	(1) Total recordable incident rate and (2) fatality rate for (a) direct employees and (b) contract employees	RT-CH-320a.1	25, 45-46
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	RT-CH-320a.2	45-46
Product Design for Use-phase Efficiency	Revenue from products designed for use phase resource efficiency	RT-CH-410a.1	63
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labelling of Chemicals, Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	RT-CH-410b.1	52-53
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	RT-CH-410b.2	52-53
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms	RT-CH-410c.1	Not disclosed
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	RT-CH-530a.1	Not disclosed
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count, Process Safety Total Incident Rate, and Process Safety Incident Severity Rate	RT-CH-540a.1	45-46
	Number of transport incidents	RT-CH-540a.2	Not disclosed
Activity metric	Production by reportable segment	RT-CH-000.A	43, 61-63

Glossary

ACT	Advance corporation tax
AGM	Annual General Meeting
AI	Artificial Intelligence
AOP	Adjusted operating profit
AP	Antiperspirant
APM	Alternative performance measures
AWC	Average working capital
B2B	Business-to-business
Board	Board of Directors of Elementis plc
CAPEX	Capital expenditure
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFD	Climate related Financial Disclosures
CGU	Cash generating unit
CHRO	Chief Human Resources Officer
CMD	Capital Markets Day
CO_2	Carbon dioxide
CO_2e	Carbon dioxide equivalent
COVID-19	Coronavirus pandemic
CP	Current policies
CSA	Climate scenario analysis
CSRD	Corporate Sustainability Reporting Directive
DE&I	Diversity, Equity and Inclusion
DNED	Designated Non-Executive Director
DNR	Department of Natural Resources
DSBP	Deferred Share Bonus Plan
DT	Delayed Transition
DTR	Disclosure Guidance and Transparency Rules
E&C	Ethics and Compliance
EA	Environmental Agency
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECC	Ethics and Compliance Council
ECL	Expected credit losses
ELT	Executive Leadership team
EMEA	Europe, Middle East and Africa
EPS	Earnings per share
ERP	Enterprise resource planning
ESC	Elementis Sustainability Council
ESG	Environmental, Social and Governance
ESOS	Executive Share Option Scheme
ESOT	Employee Share Ownership Trust
EU	European Union
EUBA	European Bentonite Association
FAQs	Frequently asked questions
FBI	Federal Bureau of Investigation
FCA	Financial Conduct Authority
FCE	Finance Company Exemption
FLAG	Forest, Land and Agriculture
FRC	Financial Reporting Council
FRS	Financial Reporting Standards
FRV	Federal Regulatory Violation
FTE	Full time equivalent
FTSE	Financial Times Stock Exchange
GBP	Great British Pound
GDP	Gross domestic product
GHG	Greenhouse gases
GJ	Gigajoule
GKA	Global key accounts
GRI	Global Reporting Initiative
GWh	Gigawatt-hour
HAP	Hazardous air pollutants
HMRC	HM Revenue and Customs
HR	Human resources
HSE	Health, Safety and Environment
HRP+	Promotion of hazard recognition
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Standards Interpretations Committee
IFRS	International Financial Reporting Standards
IMA	Industrial Minerals Association
IP	Intellectual Property
IPCC	Intergovernmental Panel on Climate Change
ISO	International Organisation for Standardisation
ISSB	International Sustainability Standards Board
IT	Information technology
IUCN	International Union for Conservation of Nature
KPI	Key performance indicator
LCA	Life-cycle analysis
LDI	Liability driven investment
LPG	Liquefied petroleum gas
LTA	Lost time accidents
LTIP	Long term incentive plan
M^3	Cubic metres
M&A	Merger and acquisitions
MO DNR	Missouri Department of Natural Resources
Mondo	Mondo Minerals Holdings B.V. and its subsidiaries
MT	Metric ton

MWh	Megawatt per hour
NBO	New business opportunities
NED	Non-Executive Director
NGFS	Network for Greening the Financial Systems
NiSATs	Non-ionic synthetic associative thickeners
NOx	Nitrogen oxides
NZ	Net Zero 2050
OCI	Other comprehensive income
OPEX	Operating expenditure
OSHA	Occupational Safety and Health Administration
PAM	Privileged Access Management
PBT	Profit before tax
PHA	Process hazard analysis
PM	Particulate matter
PPF	Pension Protection Fund
PRMB	Post retirement medical benefit
PSE	Process safety event
PwC	PricewaterhouseCoopers LLP
Q&A	Questions and answers
R&D	Research and development
RA	Replacement Awards
RCF	Revolving credit facility
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
ROCE	Return on capital employed
s.172	Section 172 of the Companies Act 2006
SASB	Sustainability Accounting Standards Board
SAYE	Save As You Earn
SBT	Science-based target
SBTi	Science-based targets initiative
SDS	Safety data sheets
SID	Senior Independent Director
SME	Small to medium sized enterprises
SOx	Sulfur oxides
SRSOS	Savings Related Share Option Scheme
SVHC	Substances of Very High Concern
SVP	Senior Vice President
SWA	Stop Work Authority
TCFD	Task Force on Climate-related Financial Disclosures
TMC	Trademark Committee
TRIR	Total recordable injury rate
TSR	Total shareholder return
UK	United Kingdom
UN	United Nations
UN GC	United Nations Global Compact
UN SDGs	United Nations Sustainable Development Goals
US	United States
USD	United States Dollar
VOC	Volatile organic compound
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute
WWTP	Waste water treatment plant

Notes

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The mill and printer are both certified to ISO 14001 environmental management system. The report was printed by a CarbonNeutral® printer.

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