

1 November 2016

## **Ralph Hewins (CFO) – statement on remuneration package and key contract terms**

In line with good practice, the following sets out a summary of Mr Hewins' remuneration and key service contract provisions, both of which are in line with the shareholder-approved Remuneration policy:

- Annual basic salary: £325,000.
- Benefits: private medical health insurance, life assurance and car allowance (as per shareholder approved remuneration policy).
- Pension: salary supplement of 25 per cent of basic salary.
- Annual bonus opportunity: 125 per cent of basic salary, with 50 per cent share based deferral for 2 years (pro-rated for 2016).
- Annual LTIP award: 175 per cent of basic salary, with a 2 year post-vesting holding period – the first normal award will be made in 2017.  
(Bonus and LTIP subject to withholding and recovery provisions as per remuneration policy.)
- Notice period of 12 months.
- Share-ownership guidelines of 200% of basic salary.

### Forfeited remuneration

Buyout or replacement awards were agreed with Ralph Hewins in order to compensate him for forfeiting remuneration triggered when he decided to leave BP to join Elementis. These comprise: (i) 2014 equity and related awards that mostly vest on 28 March 2017; (ii) all other remaining 2015 and 2016 equity and related awards that will not vest for another two to three years; and (iii) his lost 2016 bonus (pro-rated).

- The value of (i) will depend on the actual percentage of the awards that will vest, as well as BP's share price at the date of vesting. These awards will be satisfied (or replaced) through an award in March 2017 of Elementis shares (or nil cost options) with no performance conditions (reflecting the profile of the forfeited awards) but subject to a 2 year holding period.
- (ii) These awards were replaced entirely through a 2016 award on 19 September 2016 of Elementis nil cost options over 240,693 ordinary shares in Elementis, which is equivalent in value to 154 per cent of Ralph Hewins' starting salary. These awards are subject to the same EPS and TSR performance conditions as those made in April 2016 to other participants of the Elementis LTIP and will ordinarily also vest in April 2019. Full details will be provided in next year's Directors' remuneration report.
- The value of (iii) agreed was c.£140k (duly pro-rated) and will be satisfied in March 2017 partly by cash (two-thirds) and partly through an award of Elementis shares or nil cost options (one-third). The shares would be deferred for 3 years with no performance conditions, reflecting the vesting profile of the forfeited remuneration.

All share-based awards were or will be made under our remuneration recruitment policy and as permitted under the Listing Rules. Awards are made as part of a stand-alone contractual arrangement borrowing from the terms of the rules of the 2008 LTIP (as amended), save for vesting periods, individual limits and performance targets (as applicable). The deferred bonus award will borrow from the terms of our Deferred Share Bonus Plan. All share-based awards will be satisfied from repurchased trust-held shares.

The Committee took advice from New Bridge Street when valuing the forfeited remuneration and structuring replacement awards and is satisfied that the value of the replacement or buyout awards is no more than the value of the remuneration forfeited and that the nature and vesting conditions of the replacement awards are broadly similar to those awards being forfeited.

Wai Wong  
Company Secretary