GATEMORE

24 June 2024

Mr. John O'Higgins
Chairman of the Board
Elementis PLC
The Bindery 5th floor
51-53 Hatton Garden
London EC1N 8HN
United Kingdom

Dear Mr. O'Higgins,

As you know, Gatemore Capital Management LLP ("Gatemore" or "we") manages the Gatemore Special Opportunities Fund ("GSOF" or the "Fund"), which currently holds an economic interest of over 4.5 million shares in Elementis PLC ("Elementis" or the "Company").

Continued Lack of Action

Following a series of private discussions, in our open letter published on 29 April 2024, we highlighted numerous missteps by the current management concerning capital allocation and operations, which have undermined investor confidence in the Company and resulted in a significant gap between Elementis' intrinsic value and its share price. We also proposed several urgent actions to rectify Elementis' issues, urging the Board to take decisive steps to drive meaningful change.

We were disappointed to read the Company's formal response, which we considered to be wholly inadequate as it merely reiterated the Company's existing, ineffective strategy without addressing any of our concerns. We also note it was released only a few hours after our letter was published, implying not only hastiness, but also a fundamental unwillingness to engage with the critical issues at hand.

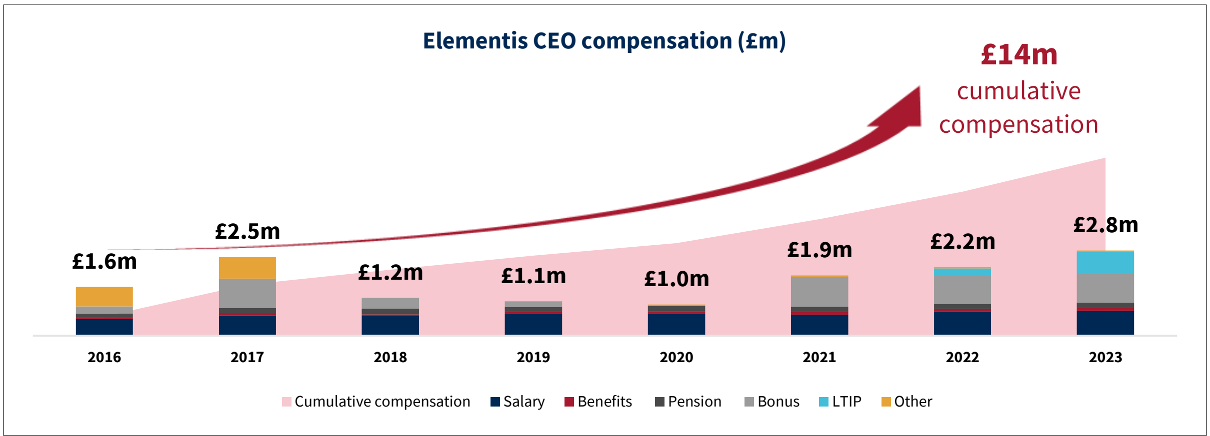
In light of this, we are reiterating today our firm belief that accelerating the cost-savings program, replacing the current CEO, and conducting a strategic review — including a potential disposal of the Talc business — are essential to improving the Company's performance and unlocking shareholder value.

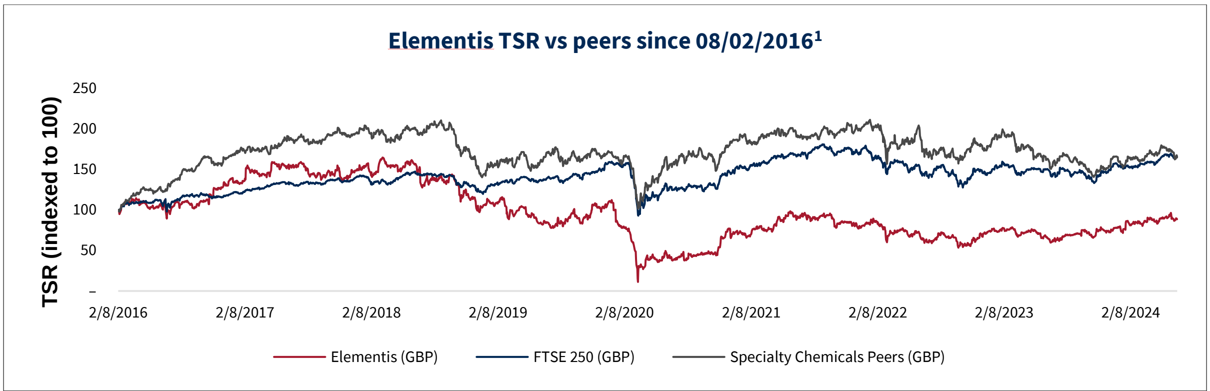
Since our open letter we have continued to engage with other active shareholders who closely follow the Company's trajectory. We believe that the majority of top active shareholders share our sentiment, are disappointed with the ineffective engagement from the Company, and support the actions we recommended in our letter.

Share Sale by Overpaid CEO Raises Further Concerns

In our public letter, we emphasized the misaligned interests between the Board and the shareholders, which we believe accounts for the Board's chronic passivity. Indeed, the Non-Executive Directors of Elementis collectively hold less than 0.05% of total shares outstanding, worth approximately £397k, while earning approximately £526k per annum in Board fees[1]. This misalignment of interests is unfortunately common in UK PLCs, where boards are often disincentivized from acting decisively and with appropriate urgency for the benefit of shareholders.

Adding to our concerns, on 30 May 2024, we learned that CEO Paul Waterman sold 350,000 shares, or approximately 18% of his total vested holding[2] in the Company, for total proceeds of £523k[3], leaving him with only 1.6 million shares[4], or about 0.3% of the total shareholding. This sale of shares by the CEO at such a critical time for Elementis is tone-deaf in the context of extensive cost cuts. Furthermore, it sends an extremely poor signal to shareholders on the CEO's views on the future prospects of the business. Rather than inspiring confidence in his leadership or judgement, the sale raises new questions about his suitability to remain in office and commitment to effectively leading Elementis toward a more prosperous future.





---

[1] Holding value based on Elementis 2023 Annual Report and RNS announcements and market capitalisation of £850m as of 21 June 2024. Non-Executive Board compensation per Elementis 2023 Annual Report.
[2] Based on 1.6m resulting CEO shareholding in the Company post sale as per Elementis' email to Gatemore dated 31 May 2024.
[3] Elementis RNS announcement dated 30 May 2024.
[4] CEO shareholding in the Company post sale as per Elementis' email to Gatemore dated 31 May 2024.

We believe in strong rewards for strong performance. Yet since the start of Waterman's tenure eight years ago, the Board has decided to reward him with over £14 million in total compensation, all while Elementis' share price has underperformed its sector by 76 percentage points[5]. Most perplexing is that last year, even with the hindsight of obvious mistakes made by the current management, the Board nonetheless chose to reward the CEO with record level of compensation.

We would add that this compensation is also entirely disproportionate to the current total value of the CEO's shareholding at £2.3 million[6]. This significant disparity is alarming and suggests that the CEO's interests are increasingly divorced from those of the shareholders he is supposed to serve.

The decisions made by the Board around the CEO's compensation underscore the divergence between the Board's priorities and the interests of the shareholders whom the Board is supposed represent.

Time for Action

The time is now for the Board to take immediate and decisive actions to address these governance concerns and realign the Company's strategy with the interests of its shareholders. We have engaged with many of the largest active shareholders of Elementis and believe there is unity on all these issues. We strongly urge you and the Board to take prompt and decisive action.

Failing this, we may be compelled to unite the shareholders and pursue the replacement of the Chairman through an Extraordinary General Meeting to drive the necessary change within Elementis.

As always, we are committed to engaging constructively with the Board to ensure the full value of Elementis is achieved and would be glad to speak further privately. Thank you for your attention.

Sincerely

Liad Meidar
Managing Partner
Gatemore Capital Management LLP

---

[5] Bloomberg as of 21 June 2024. Total Return Index (Gross Dividends). Sector peer performance is based on is a simple average TSR of Ashland, Arkema, Imerys, Evonik and Lanxess.

[6] Holding value based on 1.6m shares and market capitalisation of £850m as of 21 June 2024. CEO compensation per Elementis 2016 - 2023 Annual Reports.

Disclaimer

Gatemore Capital Management LLP, together with the funds it manages ("Gatemore") is acting on behalf of itself and not as agent for or on behalf of any third party. This letter is not intended as, and should not be construed as, an offer or invitation or solicitation with respect to the purchase or sale of, or a recommendation to invest in, any security. The content of this letter has been prepared by Gatemore alone and is not, and has not been, endorsed or approved by any other person. You should assume that, as at the date hereof, Gatemore may have a position (long or short) in one or more of the securities of any company mentioned in this document (and/or options, swaps and other derivatives related to one or more of these securities) and may continue transacting in such securities.

This letter is not, and should not be regarded as investment, accounting, legal or tax advice or as a recommendation regarding any particular strategy. No reliance may be placed for any purpose on the information and opinions contained in this letter or their accuracy, sufficiency, or completeness. No representation or warranty, express or implied, is or will be made, and, save in the case of fraud, in no event will Gatemore or any of its directors, officers or employees, advisers, agents, consultants, affiliates, and/ or any funds managed by Gatemore be liable to any person (in negligence or otherwise) for any direct, indirect, special, consequential or other damages arising from any use or misuse of the content or information provided herein.

Certain information in this letter constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "target", "project", "estimate", "intend", "continue", or "believe", or the negatives thereof or other variations thereon or comparable terminology. By their nature, forward-looking statements involve risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements.