

# 1. RESPONSIBLE GROWTH AND DEVELOPMENT

## 1.1. CSR: deeply embedded in the Mersen culture

Mersen's CSR culture has emerged from many years of commitment to ethical and responsible development at a time when CSR was neither regulated nor prized by companies.

The Group has always placed its human capital at the heart of its business, demonstrating a clear desire for each employee to make the most of their expertise and reach their full potential and for each country where the Group is active to grow its business while still respecting the local culture by drawing on the strength of the Group's fundamentals in human resources, health and safety and ethics.

Mersen is also committed to reducing its environmental footprint. For nearly 15 years, it has run a number of initiatives to that end. The Group demonstrates its commitment through its significant involvement in leading sustainable markets such as wind and solar energy, semiconductors, clean transportation and energy efficiency, and by inculcating good environmental practices across its facilities, capitalizing on the performance, quality and efficiency of its products.

## 1.2. Corporate Social Responsibility policy: an integral part of the Group's strategy

### 1.2.1. Our value-creation model

Information on the company and its value-creation model, its markets and its positioning, as well as its competitive and regulatory/legislative environment, is provided in chapter 1 of this document. Further information on risk factors is provided in the management report in chapter 3 and the corporate governance report in chapter 2.

The overall approach involves identifying the societal, social and environmental challenges and risks specific to the Group, and addressing them through policies and targets.

Implementing this strategy involves all of the Group's subsidiaries and entities, with a view to involving all of the employees and stakeholders of its activities. The Executive Committee's role as driving force is applied within each facility, with the site manager tasked with ensuring that these issues are dealt with as effectively, collectively and pertinently as possible, in a manner consistent with the broader framework.

### 1.2.2. Mersen's Corporate Social Responsibility policy

The Group's CSR policy is an integral part of its business model, informing its model of profitable and responsible growth.

Our overall CSR approach forms the very foundation of an openly responsible and sustainable business.

### Mersen reaches the Global Compact Advanced level

Mersen joined the United Nations Global Compact in 2009 and adheres to its 10 Principles in areas related to human rights, social rights, the environment and the fight against corruption.

Its ongoing commitment to the Global Compact and its initiatives has resulted in Mersen reaching the Global Compact Advanced level. This category comprises companies that meet the highest standards of reporting on CSR progress.

**Only about 11% of companies worldwide have received this distinction.**

### 1.3. Governance and implementation of the CSR policy

The CSR strategy is an integral part of the Group's strategy. It is implemented under the responsibility of the Board of Directors, which reviews it every year. On December 17, 2021, the Board decided to give greater importance to CSR challenges by appointing Magali Joëssel as director responsible for CSR issues. As part of her duties, Magali Joëssel ensures that CSR issues are assigned the proper level of priority and, in particular, oversees implementation of the CSR roadmap defined by the Group's Executive Management.

Progress reports on the implementation of the CSR roadmap are the subject of regular presentations and discussions at meetings of the Board of Directors and Board Committees. In October 2022, for example, Jean-Philippe Fournier, Group Vice President, Operational Excellence, presented a progress report to the Board of Directors on the reduction of the Group's greenhouse gas emissions and the measures taken as part of the CSR roadmap.

Specific meetings of the Audit and Accounts Committee are devoted to CSR risks; the Governance, Appointments and Remuneration Committee takes the same approach to compensation and governance issues.

The Group's Executive Committee supports the CSR strategy and oversees its implementation. To that end, it calls on several bodies:

- the CSR Committee, a body combining Executive Management and the Human Resources, Operational Excellence, Financial Communication and Compliance Departments, which meets quarterly to oversee and monitor progress on ongoing initiatives and to coordinate the implementation of cross-functional initiatives;
- the HSE (Health, Safety and Environment) Committee, which meets monthly to oversee all initiatives and indicators relating to health, safety and the environment. It comprises Executive Management, the Human Resources Department, the Operational Excellence Department and the heads of both of the Group's segments;
- the Compliance Committee, which meets quarterly to ensure that action plans are properly implemented and to analyze actions needed in the event of an ethics and/or compliance alert. It comprises Executive Management, the Finance Department, the Human Resources Department and the Compliance Officer;
- the Diversity Committee, which meets approximately four times a year. It comprises the Human Resources Department, the Internal Communications Department and three members of the Executive Committee. Its role is to monitor progress on the Group's commitment, make proposals, define priority actions and implement them, and foster the sharing of best practices.

The approach is also implemented through a suite of committees and working groups established to oversee programs combining general and specific objectives, without closing the door to local initiatives.



## 1.4. CSR and Group compensation

Since 2015, a safety criterion has been included in the Chief Executive Officer's annual variable compensation.

In 2022, the variable compensation package was structured as follows:

### Yearly bonus

- 40% of the variable portion of the non-financial criteria underlying the **Chief Executive Officer's** compensation is subject to a CSR performance assessment (for 2022: improvement of safety indicators, reduction of CO<sub>2</sub> emissions linked to the Group's activities, increase in the waste recycling rate, reduction in water consumption);

- the non-financial objectives underlying the variable portion of the compensation of **top management** (Executive Committee members, business unit vice presidents) includes a composite CSR performance criterion representing 25%.

### Long-term incentive plans

- 33% of the criteria of long-term incentive plans for all members of top management and managers are dependent on quantifiable CSR performance (four criteria: percentage of women engineers and managers, percentage of waste recycled, reduction in water consumption, reduction of CO<sub>2</sub> emission intensity).

## 1.5. Improvement in the Group's CSR ratings

Mersen's social responsibility performance is regularly assessed by various rating agencies, using a variety of methods and criteria. These assessments contribute to the identification and analysis of areas for improvement.

- Mersen once again had its non-financial performance assessed by EcoVadis in 2022. The company received a score of 72 (versus 67 in 2021) and confirmed its "Gold" status, ranking among the top 3% of companies in its sector;



- in October 2022, Mersen received an "AA" rating in the MSCI rankings, an improvement on the 2021 rating ("A");



- in 2022, the Group obtained a "C" rating in the annual assessment of transparency and leadership on climate issues and water security conducted by global environmental body CDP. Mersen was one of the 18,700 companies assessed globally, underscoring the Group's commitment to contributing to the transition to a more environmentally friendly economy.

## 1.6. Application of the European Green Taxonomy to the Mersen group's activities for 2022

The Group presents the methodology of the European Green Taxonomy and the outcomes of its application in chapter 1 of this document.