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NON-FINANCIAL INFORMATION

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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 CO₂ 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 CO₂ 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.

2. MAIN NON-FINANCIAL RISKS AND OPPORTUNITIES

2.1. Methodology

In 2021, to update the CSR risk and opportunity map, the CSR Committee revised the previously established list of 16 challenges to reflect the emergence of new trends and provide comparison with a benchmark of companies operating in the same or a similar sector put together by an external firm.

The same firm conducted qualitative interviews with internal and external stakeholders to assess the various challenges based on the principle of double materiality, i.e., by evaluating the risks weighing on Mersen and the risks that Mersen places on its stakeholders. The analysis also served to identify the challenges whose materiality will increase most over time.

The matrix was not changed in 2022.

2.2. Materiality matrix

This process resulted in the inclusion of a new challenge, "Business continuity", in the risk map in 2021 on account of the global pandemic. Other risk definitions were fine-tuned to sharpen their relevance. Lastly, the "Ecological footprint of our products" challenge was broken down into three new challenges: "Pollution and discharges", "Waste prevention, recycling and recovery" and "Energy consumption and climate change".

However, the "CSR Governance", "Mersen Culture" and "Impact of transportation" challenges were not included, although the third one has now been integrated into the "Responsible supply chain" challenge.

A total of 17 challenges were presented and evaluated.

Risks are expressed as challenges, a concept spanning both risks in the strict sense and opportunities. In the matrix below, risks are presented at their face value, i.e., without taking into account measures taken by Mersen to address them.

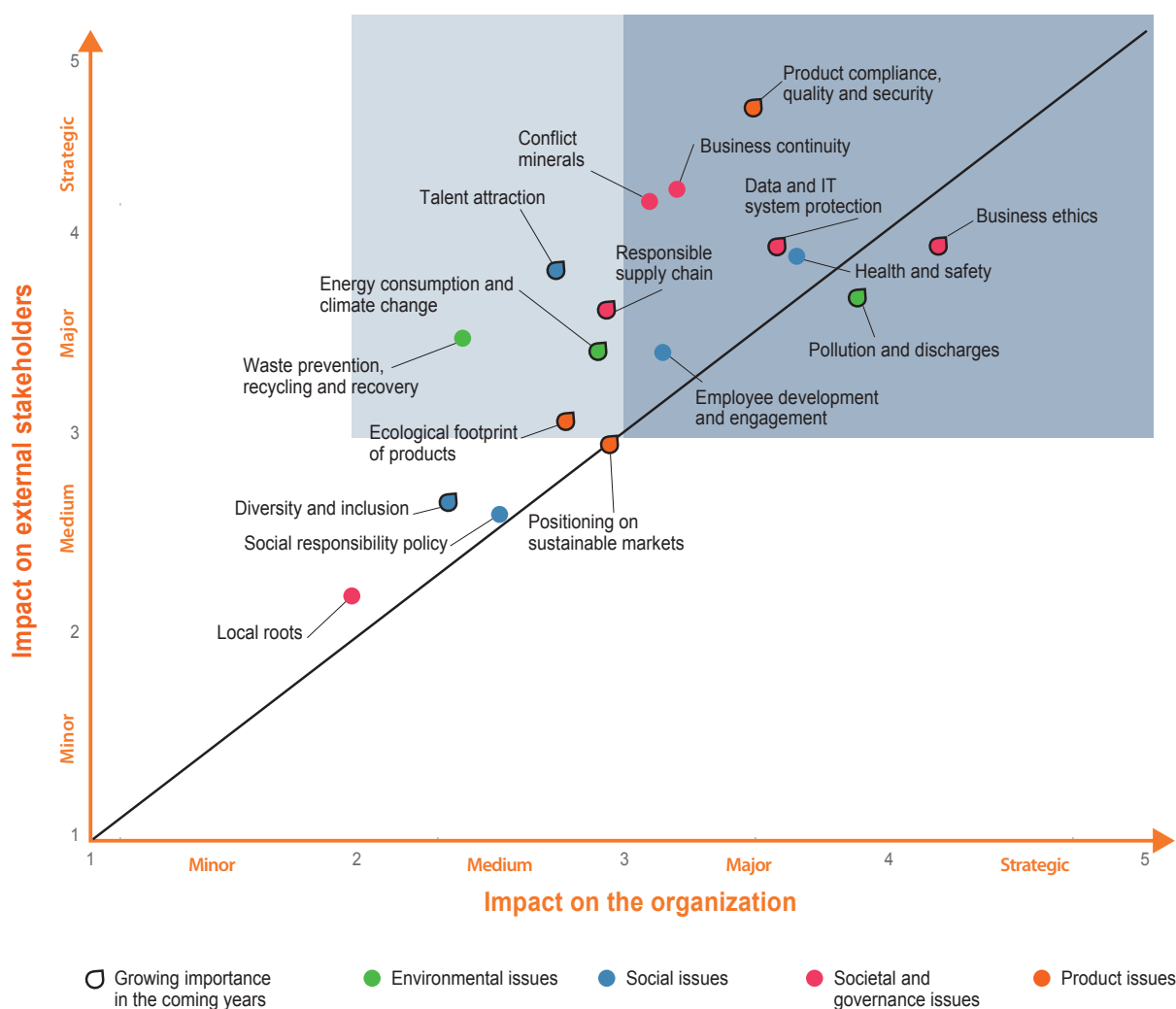
The dark gray area is for high-risk challenges, i.e., those perceived as being material or strategic both internally and for external stakeholders.

The light gray area groups together opportunities, i.e., challenges perceived as material or strategic for external stakeholders, but as moderate internally.

The blue line at the top indicates the perception of the greater materiality of the challenge for external stakeholders.

4 NON-FINANCIAL INFORMATION

Main non-financial risks and opportunities



This process resulted in the identification of 13 risks and opportunities. They are addressed in this chapter, broken down into the four following themes:

- Responsible partner;
- Limiting our environmental impact;
- Developing human capital;
- Ethics and compliance culture.

2.3. Description














Theme	Challenge	Pages
Responsible partner	Responsible management of the sourcing of metals with potentially negative social and/or environmental impacts, particularly conflict minerals.	116
	Integration of environmental and social criteria in the purchase of products and services.	116
Limiting our environmental impact	Reduction of energy consumption, decarbonization, implementation of measures to mitigate climate change and adapt to its impact.	122
	Reduction of waste production, adoption of sorting and recovery through recycling or reuse measures.	125
	Pollution and discharges into the air, water and ground with a serious impact on the environment.	126
	Compliance with international regulations, particularly on hazardous/chemical substances.	126
	Reduction of the ecological impacts of products over the entire life cycle: reduction in the use of resources during production, eco-design, energy-saving products, etc.	124
	Preservation of business continuity in the event of exceptional climatic or health events requiring a reorganization of activities, and which may constrain international trade.	130
	Gender parity throughout the organization, local recruitment, policies in favor of disabled people and juniors/seniors, fight against all types of discrimination.	140
Developing human capital	Training and promotion policy to ensure the development of internal skills and the appropriation of the company's values by employees.	145
	Ability of the company to attract the talent essential to its operations.	134
	Working conditions guaranteeing the safety of employees and service providers.	152
	Prevention of accident risks, including psychosocial risks, both at Group level and by entity depending on their activities.	152
Ethics and compliance culture	Group ethical rules and their appropriation by partners, including corruption, fraud, competition rules.	156
	Data protection, compliance with personal data regulations, and computer system security.	159, 160

2.4. Mersen's contribution to the United Nations Sustainable Development Goals

In September 2015, 193 United Nations Member States adopted 17 Sustainable Development Goals (SDG) with a view to ending extreme poverty, protecting the planet and ensuring prosperity for all as part of a new global agenda.

Mersen supports the SDGs and has identified policies and practices within its operations that make a direct or indirect contribution to their achievement.

The Group focuses specifically on making a genuine contribution to the 12 SDGs listed below:

Theme	SDG
Responsible partner 	 
Limiting our environmental impact 	    
Developing human capital 	    
Ethics and compliance culture 	

2.5. 2022-2025 roadmap*

Drawing on the process and results of the materiality analysis presented above, the Group has plotted out a new roadmap defining its CSR priorities for the 2022-2025 period.

The performance indicators and timeframes for each objective are presented in the following sections. A summary setting out the contribution to the United Nations Sustainable Development Goals to which they contribute is presented below:



* Compared with 2021 figures unless otherwise stated.

3. 2022 REVIEW OF THE 2022-2025 ROADMAP

Priority commitments	Ambition	2025 target (unless otherwise stated)	2022 achievements
Responsible partner	Integrate environmental and social criteria in the purchase of products and services	<ul style="list-style-type: none"> Assess 100% of our strategic suppliers in 2022 Conduct audits or visits to suppliers based on their CSR rating 	100% of supplier CSR self-assessments completed
Limit the environmental impact of our sites	Decarbonize and mitigate the impact of climate change	<ul style="list-style-type: none"> Reduce GHG emission intensity by 20% versus 2018 Increase the share of waste recycled to 75% Reduce water consumption by 10% versus 2018 	GHG emission intensity: -38% Waste recycling rate: 70% Water consumption: +2%
Develop human capital	Promote equal opportunity and diversity	<ul style="list-style-type: none"> 25% of women engineers and managers by 2022 25% of women in senior management positions Increase the number of employees with disabilities 2-fold 	25.3% 23.7% 174 (x1.3)
	Promote a social responsibility policy for all	<ul style="list-style-type: none"> Provide social protection with a universal indemnity in the event of death in service Standardize profit-sharing schemes Adopt a minimum amount of paid leave in all countries 	98% of employees covered 43% of employees
	Develop and consolidate the health and safety culture within the Group	<ul style="list-style-type: none"> Keep LTIR* ≤1.8 and SIR* ≤60 Increase the number of management safety visits (MSV) by 20% 	Minimum threshold set at 15 days LTIR*: 1.53 SIR*: 66 MSV*: +6,524% (+32%)
Develop of a culture of ethics and compliance	Develop and consolidate the health and safety culture within the Group	<ul style="list-style-type: none"> Compulsory ethics training every 2 years for new hires Compulsory cybersecurity training (for employees with a PC) 	93% of employees
			90% of targeted employees

* See glossary at the end of the document.

4. RESPONSIBLE PARTNER

With more than 50 sites in 34 countries, Mersen is an international company with a significant local footprint. The Group conducts its business according to ambitious responsible development values and goals. It is committed to improving its social and environmental practices in order to bring responsibly developed products to market.

This applies not only to its own internal practices, but also to those of its regular suppliers.

Purchasing is sourced from a wide range of suppliers with which the Group seeks to build quality relationships and amounts to approximately €500 million, or 50% of sales.

4.1. Strategy and policy

4.1.1. Purchasing Policy

The Group's Purchasing Policy, which is available in five languages (Chinese, English, French, German and Spanish), sets out guidelines for purchasing and supplies. It is underpinned by the following commitments:

- having suppliers commit to a Purchasing Charter;
- analyzing CSR risks and implementing contingency plans;
- managing the supplier base and supply chain to mitigate the Group's environmental impact and taking action to reduce greenhouse gas emissions from the products and services it purchase.

It is available on the Group's intranet.

4.1.2. Purchasing Charter

The Purchasing Charter for a Sustainable Supply Chain, which is available in five languages (Chinese, English, French, German and Spanish), formalizes relations with suppliers and sets the standard for virtuous collaboration.

The framework states the Group's requirements and promotes the implementation of best practices – including on social and environmental issues. It reaffirms Mersen's commitment to preventing slavery and protecting children's rights throughout the Group's supply chain.

The charter is circulated to regular suppliers who are asked to sign it. It is available on the Group's website.

4.1.3. External guidelines

The Group analyzes and reports its CSR impacts based on the guidelines of the Global Reporting Initiative (GRI).

4.2. Purchasing function – governance and organization

4.2.1. Organization and governance

Mersen's Purchasing function is structured by segment, purchasing category and region, covering the entire global scope. Key Category Managers (KCMs) are responsible for a set of strategic product categories organized by key account, while local purchasing is managed by purchasing teams at Mersen sites worldwide.

The Purchasing function consists of around 100 people, mainly working in the various businesses.

Developing a responsible supply chain is one of the purchasing teams' objectives and is taken into account when calculating the annual bonuses of eligible employees.

The segment Heads of Purchasing are responsible for overseeing, implementing and updating the Group's Purchasing Policy. They report to the segment Executive Vice Presidents, who are members of the Group's Executive Committee and propose an evaluation and action plans to General Management twice a year.

The Purchasing function is covered by the internal audit program. It is also audited by third parties for quality certification purposes (IATF, ISO 9001, IRIS, EN9100).

4.2.2. Training

To encourage CSR issues to be taken into account, a dedicated training module has been developed for the purchasing community. It has been available on the Mersen Academy e-learning platform since 2020. Some 50 people took the training in 2021 and another 14 in 2022.

4.2.3. Supplier Relationship Management - SRM tool

The Group has developed a supplier relationship management (SRM) tool, B2Mersen, to communicate with suppliers and manage them more effectively.

4.3. Responsible purchasing approach

4.3.1. Supplier CSR commitments

The Group's Purchasing Charter for a Sustainable Supply Chain is systematically sent out to all new suppliers, who are asked to sign it as a proof of their commitment.

In 2019, the Group also finalized a CSR questionnaire with a detailed self-assessment grid to help suppliers better integrate CSR and Compliance into their practices and measure their performance. It includes items bearing on CSR policy and related practices, ethical risks, non-discrimination, safety policy and environmental policy.

The self-assessment questionnaire has been completed by 400 strategic suppliers, representing 80% of the bill of materials (BOM). This objective is part of the Group's CSR roadmap.

4.3.2. Supplier mapping, action plans and progress monitoring

The self-assessments have made it possible to assign "Supplier CSR" ratings, with results and the related improvement plans monitored in the B2Mersen SRM.

The average rating in 2022 was 54/100.

Suppliers with a rating lower than 25 will be audited in order to define improvement plans and monitor their implementation, in collaboration with Mersen teams.

Suppliers with a rating higher than 25, but lower than 50, will be inspected on site, which may lead to a more in-depth audit.

The Group has committed to performing these audits and inspections by 2025 (2022-2025 CSR roadmap).

4.3.3. CSR risk and compliance management

Third-party corruption risk assessment

The Group has established a procedure to assess third-party corruption risk, including suppliers, using an internal database. All new third parties are now assessed on the basis of a risk table, with high-risk third parties subject to more in-depth scrutiny.

In 2022, specific assessments were conducted for 12 suppliers (out of a total of 86 third-party assessments) and the findings did not reveal any particular corruption risks.

Compliance with conflict minerals regulations

The systemic extraction and trade of certain natural resources such as tin, tantalum, tungsten and gold (often referred to as "conflict materials") can lead to serious human rights violations and abuses.

Pursuant to European Regulation (EU) 2017/821 on conflict minerals and the equivalent US legislation (section 1502 of the Dodd Frank Act), the Group is strengthening its processes to track conflict minerals throughout the supply chain in order to identify and assess supply risks related to minerals from conflict-affected areas. Moreover, the Group's Purchasing Charter sets out the commitments that suppliers have to make concerning the sourcing of tantalum, tin, tungsten and gold (and any other substances that could be added to the list of conflict minerals in the future) used in products they supply to the Group.

Conflict Minerals Reporting Templates (CMRTs) are available on Mersen's website. Corrective measures may be put in place if necessary. Approximately 95 suppliers are required to update their statement of compliance annually.

4.3.4. Supply chain environmental footprint reduction

Recyclability of key raw materials

Mersen's Purchasing Policy defines the practices to be implemented by the Group's purchasing community in order to encourage, in particular, recycled material alternatives whenever possible. In 2022, the Group identified the proportion of certain recycled materials in its purchases, focusing on copper (25% of the copper purchased comes from recycling channels). This approach will be continued in the coming years by integrating in particular silver, aluminum, steel and some graphite raw materials.

Local supply chain

The Group strives to select suppliers located as close as possible to its production facilities when feasible. It believes that this is the case for more than 80% of its purchases in the Europe, North America, China and India regions.

Greener vehicles

Whenever possible, the Group favors the use of electric or hybrid vehicles. In 2022, it issued a call for tenders for material-handling equipment with a view to replacing 95% of its internal combustion engine machinery with electric alternatives by 2025.

80% of the Group's purchases are made with partners located in the same geographical region as the purchasing site.

4.4. Revenues in sustainable development markets

Mersen operates in highly innovative sectors including renewable energies, energy efficiency and clean transportation and, for this reason, **invests in finding ways to help the green industry bloom.**

Mersen's solutions contribute to the progress made in photovoltaic solar energy, and to the manufacture of wind turbine generators. The Group also works with hydro generator manufacturers, and helps to **improve the performance and reliability of the equipment and infrastructure** of new forms of urban mass transit and electric vehicles.

In 2022, the Group generated 56% of its sales in sustainable development markets, as defined in its 2018-2021 roadmap. That definition does not replace those used in the EU Taxonomy Regulation and Delegated Acts presented in chapter 1 of this document.

4.4.1. Renewable energies

For many years, Mersen has been working alongside the leading manufacturers in the renewable energy sector. In addition to providing high-performance and sustainable solutions, we help get the energy produced to the customers.

Solar: Mersen supports the entire solar cell production process, from polysilicon manufacturing to silicon ingot pulling, and provides electrical protection for the panels. Our solutions optimize performance in terms of photovoltaic yield and energy efficiency.

Wind: Mersen is the leading supplier of the wind power sector, both in generator power distribution systems and yaw motors.

Hydroelectric power: Mersen is the preferred partner for customers across the hydroelectric industry, from turbine manufacturers to power plant operators.

Energy storage: Mersen offers electrical component solutions for the protection and monitoring of industrial lithium-ion batteries, which are used in the solar and wind energy sectors.

4.4.2. Electronics

Mersen offers electronics manufacturers comprehensive solutions to cover their insulation, heat recovery or power conversion needs.

Semiconductors: Mersen contributes to the development of semiconductors that are increasingly compact and efficient thanks to its offering of premium graphite and insulation felts. The quality and high-precision machining of our materials and coatings actively optimize manufacturing processes.

Power electronics: Mersen's solutions help manufacturers better adapt energy generation to needs, and therefore optimize the energy efficiency of their facilities.

4.4.3. Energy efficiency

Mersen is positioned on markets whose growth is linked to energy efficiency and the energy transition. Our solutions address both production costs, energy consumption of certain processes, and the final performance of products.

Manufacturing processes: Mersen provides optimized solutions for the entire high-temperature process industry. We offer a range of high-performance insulation products providing significant energy savings (see section 4.5). Other components are also used for speed drives to optimize the output of industrial equipment. Lastly, for certain process such as in mining and chemistry, Mersen's offering includes energy- and water-saving units (see section 4.5).

LED: Mersen provides graphite-based solutions and high-performance materials that are critical in the manufacture of LEDs. The increasing use of these particularly long-lasting bulbs has a considerable impact on electricity consumption.

4.4.4. Clean transportation

Mersen actively supports the development of clean transportation through its solutions that improve the performance and reliability of equipment and infrastructure.

Rail and urban mass transit: Mersen provides equipment for rolling stock and infrastructure electrical systems to enhance the reliability and performance of these popular means of transporting both people and goods.

Hybrid industrial vehicles and light electric vehicles: Mersen helps car manufacturers meet the challenges of this booming market. Thanks to our expertise in managing direct current in batteries, we are able to offer solutions for battery management and protection.

4.5. Contribution to reducing the impact of industrial activities at customer sites

Most of the products and solutions designed and manufactured by the Group help reduce the environmental impact of our customers' products or processes. This impact is measured in terms of longer life, improved performance or reduced consumption. These savings are taken into account by our customers.

Reduced energy and water consumption

Eco&Flex Synthesis Unit for the production of liquid HCl

This new-generation synthesis unit limits the production of steam for our customers, thereby reducing the CO₂ emissions linked to the production process:

- 60 liters of oil are needed to generate 1 tonne of steam. That represents the equivalent of 0.17 tonnes of CO₂ emissions per tonne of steam;
- with Eco&Flex and its heat recovery system, a synthesis unit producing 50 TPD (Tonnes Per Day) of HCl will generate 30 TPD of steam. That would prevent the emission of 1,785 tonnes of CO₂ over a year.

It would also reduce water consumption and in turn the associated kW:

- for the same synthesis unit, the saving would be 80 cu.m per hour, thereby reducing the consumption of electricity for cooling.

Reduction of 1,785 t CO₂ per year
Reduction of the water flow by 80 cu.m per hour
Reduction of 100 MW per year

Reduced energy consumption

Insulation felt for the semiconductor industry

The semiconductor manufacturing process involves very high temperatures (2400°C, the sublimation point of silicon carbide).

The very high insulating power of Mersen's insulation felt allows our customers to reduce their energy consumption by 15% compared with a standard product. If all players in the sector were to equip themselves with Mersen insulation felt, the savings could represent 25 GWh, or the equivalent of the CO₂ emissions of 3,000 cars.

Reduction of 25 GWh per year

Reduced material consumption

New Modulostar fuse holder

Mersen has designed a product based on the PEP (Product Environmental Profile) process. It helps define the areas offering scope to minimize the product's environmental impact.

The new Modulostar fuse holder will allow the following estimated savings based on current production:

Reduction of 22 t of copper per year

Other examples include:

• Improved product life

Grades of brushes or collector strips

Using an eco-design approach, the Group has developed new grades of brushes for wind generators and rail collector strips that improve the life of these products and thereby reduce maintenance downtime.

• Reduced pollution

MERSEN DustCollector, clean generators for hydroelectric power plants

The MERSEN DustCollector systems are designed to avoid short circuits caused by the reduction in insulation between the active coils and the ground. Each component of the chain, from the brushes to the industrial vacuum unit, is carefully studied and selected to collect a maximum amount of carbon dust during operation.

4.6. Commitment to society: improved understanding of the planet thanks to Polar Pod



Mersen is an official partner of the Polar Pod expedition, whose goal is to study the balance of the earth's climate and its biodiversity. The Polar Pod is an international oceanographic station. The program, which is coordinated by the French National Centre for Scientific Research (CNRS) in partnership with the French National Space Agency (CNES) and the French Research Institute for Exploitation of the Sea (IFREMER), has four avenues of research: air/ocean exchange, Southern Ocean monitoring, biodiversity survey and human impacts.

Mersen will contribute its energy management and power electronics expertise to ensure the Polar Pod platform's optimal autonomous performance.

The Perseverance supply vessel, specially designed for the Polar Pod expedition, was built and launched in 2022. IFREMER officially kicked off construction of the Polar Pod in December.

4.7. Circular economy

For Mersen, the drivers of the circular economy are as follows:

- sustainable supply chain: reducing the environmental and social impacts of purchasing through a responsible approach (see section 4.3);
- eco-design: taking environmental impacts into account systematically from the product design stage thanks to eco-design (see section 5.4.1);
- industrial ecology: optimizing the use of raw materials (see section 5.4.2) and controlling the use of hazardous substances (see section 5.4.4);
- improving waste management and recycling at all our industrial facilities (see section 5.4.3);
- using our products for markets related to sustainable development (see section 4.4);
- managing product end-of-life (see section 5.4.5).

5. LIMITING OUR ENVIRONMENTAL IMPACT

5.1. Environmental policy

Mersen is committed to reducing the environmental impact of its products and industrial operations. Every year, the Executive Committee renews its commitment to not compromise on environmental issues, regardless of the business, economic or financial challenges. This commitment is displayed in the local language at all of the Group's sites.

In addition, the Group responsibly develops products and solutions that enable customers to reduce their emissions.

The Environmental Management System (EMS) is an **environmental policy** that sets out the objectives, organization and principles implemented at all Group sites. It is based on the following elements:

- objectives, organization and steering committees;
- compliance with environmental regulations and operational control;
- sustainable use of resources (energy and water, materials, product eco-design);
- mitigation of climate change and reduction of greenhouse gas emissions;
- protection of biodiversity and control of discharges and waste.

As is the case every year, the environmental policy underwent a comprehensive assessment by the Executive Committee. In 2022, no changes were made. It was then submitted to and approved by the Board of Directors.

Governance

The Board of Directors: The Board of Directors endeavors to protect the interests of the Company and its shareholders while taking into consideration the social and environmental challenges of the Company's activities. To this end, it has appointed a director responsible for CSR issues who works closely with the Group's Executive Management and the Health and Safety, Environment and Industrial Risks function to address climate and environmental issues. The Board approves the environmental policy annually.

The HSE Committee: this committee comprises the Chief Executive Officer, the Human Resources Department, the Operational Excellence Department and the heads of both of the Group's segments. It oversees all environmental and health and safety actions and indicators at Mersen and meets on a monthly basis.

The Group Health and Safety, Environment and Industrial Risks function: this function is part of the Operational Excellence Department, which is responsible for implementing the Group's environmental program across all of its manufacturing sites.

Manufacturing Site Managers: Manufacturing Site Managers are responsible for implementing an environmental management system that is effective, compliant with regulations and adapted to the local business. They must appoint an environmental manager to oversee initiatives and report on a dotted-line basis to the Group's Health and Safety, Environment and Industrial Risks Manager.

Manufacturing Site Environmental Managers: Manufacturing Site Environmental Managers are in charge of monitoring site action plans, coordinating activities and evaluating progress. At the end of 2022, all manufacturing sites had an environmental manager appointed by the Site Manager.

Training/information

Communication of the environmental policy, training and awareness-raising on environmental issues are essential.

All new employees are required to take an e-learning course on the Mersen Academy platform called "Discover Safety & Environment by Mersen". It includes presentations, videos and quizzes on health, safety and environmental issues affecting the Group.

A total of 8,781 training hours were devoted to the environment in 2022, compared with 10,270 in 2021, a decrease of 14%. This decline reflects efforts in 2021 to launch the power and water management initiatives. The number of training hours in 2022, on the other hand, was 38% higher than in 2020.

Environmental training	2022	2021	Change
Training hours	8,781	10,270	-14%

Adapting to the circumstances, the Group continues to devote the appropriate financial resources to bring itself in line with regulatory developments and carry out environmental improvement projects. As a reminder, in 2021, the Group decided to move its operations in South Korea to a site with fewer environmental risks. This explains the significant amount of environment-related investments in 2021. Investments in 2022 totaled €3.8 million. Without the project in South Korea, investments in 2022 and 2021 would have been the same amount.

In €m	2022	2021	Change
Environmental investments	3.8	6.4	-41%

5.2. References

With regard to certification to the ISO 14001 environmental management system standard, the Group has focused its initial actions since 2019 on sites presenting the most significant environmental challenges, and will extend this scope from 2023.

Percentage of manufacturing sites certified	2022	2021
ISO 14001 – Environmental Management System	41%	39%
Environmental Management System – ISO 14001 (sites > 125 ppl.)	56%	56%

5.3. Limiting greenhouse gas (GHG) emissions

Mersen's industrial activities involve the development of graphite-based advanced materials and the assembly of electrical components. There are two steps in the graphite manufacturing process: heat treatment and machining. Those resulting from the production of electrical components are the assembly of the different elements of the component.

Mersen's greenhouse gas emissions are mainly related to energy consumption and the purchase of materials for manufacturing graphite-based materials.

Every year, Mersen completes the CDP Climate Change questionnaire. The CDP is a non-governmental organization that publishes corporate environmental information and provides a framework for action to combat global warming. The Group underlines its commitment and complete transparency by publishing its detailed emissions and reduction targets.

As in 2021, the Group scored a C on the Climate Change 2022 questionnaire (A indicates current best practices, B coordinated actions on climate issues, C awareness of climate impacts and issues, and D transparency on climate issues).

The Group is a member of the European Carbon and Graphite Association (ECGA), which participates in dialogue with European institutions to ensure prior consultation on the application of regulations concerning the graphite industry.

Early in 2021, the Group undertook to reduce the intensity of its greenhouse gas emissions by 20% between 2018 and 2025 (ratio of Scope 1 and 2 emissions in tCO₂ to sales in €m).

5.3.1. GHG emissions audit

The GHG Protocol standards break emission sources down as follows:

Scope 1 emissions

The Group's direct emissions resulting from:

- fossil fuel combustion for processes and building heating;
- fuel consumption by company vehicles;
- chemical transformation in graphite and felt production processes.

Scope 2 emissions

The Group's indirect emissions relate to the production of electricity. They result mainly from the consumption of electricity in industrial processes, and the heating and lighting of buildings.

Scope 1 and 2 emissions concern the Group's own activities. As a consequence, reducing these particular scopes is the priority.

Scope 3 emissions

Scope 3 emissions are indirect emissions from the Group's upstream and downstream value chain, resulting from:

- purchases of goods and services (components, plastics,...);
- purchases of investments;
- maritime, air and road transport, divided into upstream and downstream;
- business travel and commuting;
- waste.

Indirect emissions related to product use and end of life are not reported because none of the numerous types of uses are predominant. First, it is impossible to reliably estimate either category in view of the prevailing understanding of product use data and the lack of a recognized methodology. However, Mersen is developing products that consume reduced amounts of energy for our customers (see section 4.5).

The 2022 changes in scope set out below were reviewed to determine whether the 2021 data needed to be adjusted. It was decided that no adjustments were required for 2021 (emissions from the El Jadida site in Morocco were insignificant in comparison with the Group):

- manufacturing sites acquired or sold: none;
- manufacturing sites transferred to other Group sites: Fairfield to Reservoir, Ssangam to Chenoan;
- manufacturing sites, with or without sub-contracting, shut down and closed: El Jadida (emissions in tons of CO₂ equivalent: 86 (2021), 23 (2022));
- administrative sites transferred or shut down and closed: Moscow, St Petersburg.

GHG emissions in tonnes of CO ₂ equivalent	2022	2021*	Change
Direct emissions from fuel combustion	66,626	57,920	
Direct emissions from company cars	1,542	1,734	
Direct industrial process emissions	24,277	19,994	
Scope 1 emissions subtotal	92,445	79,648	+16%
Indirect emissions related to electricity consumption	44,136	79,032	
Scope 2 emissions subtotal	44,136	79,032	-44%
Indirect emissions related to the purchase of goods and services	141,976	105,364	
Indirect emissions related to capital expenditure	71,467	59,160	
Indirect emissions related to sea, air and road transportation – Upstream	19,558	20,255	
Indirect emissions related to sea, air and road transportation – Downstream	1,719	1,228	
Indirect emissions related to business travel	1,551	319	
Indirect emissions related to commuting	3,968	3,763	
Indirect emissions related to waste	5,629	4,743	
Scope 3 emissions subtotal	245,868	194,831	+26%
TOTAL EMISSIONS	392,449	353,511	+8%

* Emissions at constant 2022 scope.

The above emissions are calculated in accordance with the market-based method laid down by the GHG Protocol standards.

GHG emissions in tonnes of CO ₂ equivalent	2022	2021*
Indirect emissions related to electricity consumption (market-based)	44,136	79,032
Indirect emissions related to electricity consumption (location-based)	137,824	117,670

* Emissions at constant 2022 scope.

5.3.2. Reducing Scope 1 and 2 GHG emissions

Reducing GHG emissions involves three types of measures:

- reductions in energy consumption;
- energy purchased from a certified renewable source;
- self-generation of electricity using renewable or less GHG-intensive energy sources.

Reductions in energy consumption

Reducing the environmental footprint by reducing energy consumption is a priority for the Group. All manufacturing sites are involved in this continuous improvement process and are responsible for monitoring and improving their own energy consumption. Areas for improvement have been identified and actions are being taken to reduce energy consumption.

Energy in MWh	2022	2021	Change
Net electricity consumed	267,886	239,116	
Electricity purchased and consumed	266,448	238,210	
Self-generated and consumed electricity	1,566	1,317	
Self-generated and sold electricity	-128	-411	
Natural gas	264,180	227,417	
Liquefied petroleum gas (LPG)	2,774	2,474	
Fuel oil, propane, butane	4,705	3,246	
TOTAL	539,545	472,253	+14%
Energy intensity ratio in MWh/€m of sales	484	512	-5%

The Group's energy consumption amounted to 539,545 MWh in 2022, compared with 472,253 MWh in 2021, an increase of 14%. Electricity and natural gas are the two main energy sources, and the graphite and felt production processes using high-temperature furnaces in the Advanced Materials segment are the most energy-intensive.

The energy intensity ratio decreased from 512 to 484 MWh/€m of sales from 2021 to 2022. Energy was consumed during the start-up phase of the graphite production site in Columbia (United States), without there being any associated sales in 2021. Its energy intensity improved in 2022.

The principle of energy efficiency is implemented by production sites in renovation and maintenance projects, buildings and industrial processes. Systems for measuring and sub-measuring electricity consumption are being phased in to accurately measure consumption.

The vast majority of manufacturing sites continue to regularly replace inefficient lighting with LED bulbs.

The subsidiaries are gradually equipping their fleets with hybrid or electric vehicles. The installation of charging stations continues at several production sites.

Initiative in 2022

Several sites, including Gennevilliers, Pagny, Amiens, Kaposvar, Bommasandra, Dorion, Toronto and M'Ghira, have taken organizational measures to reduce the gas and electricity consumption of their auxiliary equipment. Air compressors (electric motor devices that convert power for applications such as ventilation and dust collection) are one such example. Operating hours were reviewed and reduced to the bare minimum, and drivers were installed to adjust power to the desired level.

Certified renewable electricity purchasing

In addition to initiatives aimed at reducing energy consumption, the Group is working to substitute its energy purchases with green energy (solar, hydro or wind) associated with energy attribute certificates.

In 2022, the Group stepped up its efforts by increasing from 5 to 14 the number of manufacturing sites that have signed certified renewable electricity purchase agreements. The addition of eight sites in China and one in Spain drove the amount of certified renewable electricity from 77,964 to 155,053 kWh.

Energy in MWh	2022	2021	Change
Electricity purchased with energy attribute certificates	155,053	77,964	+98%

Self-generation of renewable electricity

Mersen has eight manufacturing sites equipped with solar power plants. Four are designed for self-consumption and four partly for self-consumption and partly for exportation to the grid. In 2022, 24% of the electricity (3,152 MWh) used by the Saint-Bonnet site (France) came from self-generation. The Group plans to implement these renewable systems when there is a clear technical and economic advantage.

Initiative in 2022

The Husum site (Germany) is equipped with a biogas combined heat and power plant. The biogas fuel is derived from biomass, such as plant waste, corn and other grains. The combustion of the biogas drives a generator, which produces electricity and heat. The electricity is fed into the public power grid and the heat is used to supply building heating and sanitary water. Thanks to this system, the site can reduce its environmental footprint and cut energy costs by around 90%.

Taking into account the share of renewable electricity in purchases, calculated on the basis of the country's electricity mix (source IEA 2019 and 2020), as well as energy attribute certificates and self-generated renewable electricity, the volume of renewable electricity consumed by the Group came to 181,726 MWh in 2022, compared with 115,888 MWh in 2021.

In 2022, renewable electricity accounted for 68% of the Group's total energy consumption, up from 48% in 2021.

Renewable electricity in MWh	2022	2021	Change
Share of renewable electricity in purchases (excluding certificates)	25,602	37,017	
Electricity purchased with energy attribute certificates (certificates)	155,053	77,964	
Self-consumption of self-generated renewable electricity	1,566	1,317	
Self-generated renewable electricity sold	-128	-411	
TOTAL	182,093	115,888	+57%
Share of renewable electricity as a %	68%	48%	

Reduction of 20% in Scope 1 and 2 emissions intensity between 2018 and 2025

Emissions from prior and baseline years (since 2018) are not adjusted to the 2022 scope for the intensity ratio calculation. The scope for each year is the current scope, and emissions are consistent with sales.

The Group is on track to reduce intensity by 20% by 2025 thanks to measures to lower energy consumption and purchase energy from renewable sources.

In 2022, intensity decreased by 38% compared with 2018.

In 2023, the Group will examine a pathway for Scope 1 and 2 emissions, both in terms of intensity and absolute emissions, based on business forecasts.

Emissions intensity of Scopes 1 and 2 in tCO ₂ equivalent/€m of sales	2022	2021	2018*	2022-2018 change
Scope 1 emissions in tCO ₂ equivalent	92,445	79,648	67,021	
Scope 2 emissions in tCO ₂ equivalent	44,136	79,032	105,906	
Scope 1 and 2 emissions in tCO ₂ equivalent	136,581	158,680	172,927	
Sales (€m)	1,114.8	922.8	878.5	
INTENSITY	123	172	197	-38%

* Emissions at constant scope.

5.3.3. Controlling Scope 3 GHG emissions

Scope 3 indirect emissions are attributable to sources upstream and downstream of the Mersen value chain. Based on 2022 data and excluding the use and end-of-life categories of products sold (see explanation in “GHG emissions audit” section), they amount to 245,868 tCO₂ equivalent and break down as follows:

- purchases of goods and services (58%);
- maritime, air and road transport (9%);
- purchases of investments (29%);
- waste (2%);
- business travel and commuting (2%).

Indirect Scope 3 emissions accounted for 64% of total emissions. An increase in business volume automatically brings about an increase in goods and services procurement and transportation. In 2023, the Group will examine a pathway for these indirect emissions based on business forecasts.

Measures to control and reduce emissions from purchases of goods and services

The aim of the eco-design approach is to reduce the need for raw materials as much as possible (see section 5.4.1). For the same function, reducing the consumption of raw materials is the first means of limiting the environmental impact.

Measures to control and reduce transport emissions

The Group continues to develop information systems to measure greenhouse gas emissions with its transport providers. Emissions can be reduced using the measures set out below:

- restriction of the use of air freight;
- increase in the use of maritime, rail and river transport when alternatives to road transport are possible;
- pooling of transportation between subsidiaries;
- optimization of truck loading;
- use of the same means of transportation to avoid empty returns.

5.4. Innovating for a circular economy

Limiting the environmental impact also means implementing circular economy principles, which consist in moving from a linear consumption pattern to a circular approach akin to natural ecosystems.

The Group incorporates circular economy principles through the following measures:

- product design with the progressive integration of eco-design;
- responsible use of raw materials;
- waste management and recycling;
- control of the use of hazardous substances.

5.4.1. Product design with the progressive integration of eco-design

To offer products with a reduced environmental impact, Mersen uses appropriate techniques for the design of its new products by phasing in impact assessment practices throughout the life cycle.

Improved product life: Mersen designs and manufactures different types of consumables. This product category mainly concerns advanced materials, such as brushes for transmitting electrical current or crucibles for melting silicon. The Group is pursuing its R&D efforts to extend the life of these products, while responding to customer requests to lower operating costs.

For example, the lifespan of a wind turbine brush has grown from an average of 18 months in 2014 to 36 months in 2022.

Technology watch: trained in eco-design, the R&D teams at Mersen integrate environmental impact reduction targets into the specifications of new products. A group of experts has begun life cycle assessments of certain products.

Monitoring and measuring impacts: Mersen uses a suite of tools to monitor and measure the impact of its products in real conditions. The Electrical Power segment uses EIME (Environmental Improvement Made Easy) software for analyzing products’ environmental impact (water and air pollution, depletion of national resources, etc.) at each stage of their life cycle. When it comes to the choice of raw materials, packaging weight, assembly steps, waste volumes and recycling, the software ensures the traceability of existing lines while providing a basis for comparison when developing future product lines.

Eco-sustainable redesign-to-cost approach: the Mersen group has been developing this approach based on the functional analysis of products. It is intended to replace or reduce the proportion of certain components or raw materials, substituting others that are more environmentally sound without affecting product functionality. This approach will be systematically applied to new products.

5.4.2. Responsible use of raw materials

The Group has identified the main raw materials used in its manufacturing processes:

- graphite products such as pitch, coke, artificial graphite, copper, aluminum and steel;
- felt products, namely viscose fiber and phenolic resin;
- brush, fuse, bus bar and cooling products, namely copper, aluminum and plastic.

These seven raw materials represent significant volumes in relation to other purchases of goods.

The consumption of raw materials needed to manufacture graphite and felt is measured based on volumes of finished products, converted using coefficients from the product manufacturing recipes (pitch, coke, artificial graphite, viscose fiber and phenolic resin). The consumption of metals (copper, aluminum, steel) and plastic is derived from the purchasing data. Increased business activity in 2022 was reflected in the consumption of raw materials.

Since 2022, recycled metals consumption is also being measured. For example, the share of recycled copper purchases totaled 25% in 2022. In the coming years, the Group will continue to pursue a policy to promote recycled materials by improving the quality of its reporting and ensuring that suppliers meet recycling standards.

Raw materials in tonnes	2022	2021	Change
Pitch	10,170	8,342	+22%
Coke	11,101	9,077	+22%
Artificial graphite	5,116	4,220	+21%
Viscose fiber	1,470	1,228	+20%
Phenolic resin	122	110	+11%
Copper	4,248	3,528	+20%
of which recycled copper	1,079	N/A	
Aluminum	1,691	1,873	-7%
Steel	1,207	486	+148%
Plastic	631	N/A	

The graphite manufacturing process produces production residues, some of which are reused without additional processing in various production processes within the Group or in external channels. These residues are called by-products.

The consumption of wood and cardboard packaging materials is monitored at each site. They are used for downstream logistics for delivery to customers and between subsidiaries.

Raw materials in tonnes	2022	2021	Change
Timber	2,589	2,293	+13%
Cardboard	1,962	1,738	+13%

5.4.3. Waste recycling

The Group's recycling rate has grown steadily since 2018, rising from 46% in 2018 to 63% in 2021. In 2022, a new target was set of 75% by 2025. The fact that it achieved a rate of 70% in 2022 demonstrates the soundness of its initiatives. The Group has taken initiatives to recycle the production residues of graphite products, which generate the largest volumes of waste. It has worked with the steel sector, which uses graphite scrap and dust.

Industrial waste in tonnes	2022	2021	Change
Waste	20,776	17,268	+21%
- o/w hazardous waste	1,881	2,098	-10%
- o/w recycled waste and by-products	14,451	10,842	+33%
Waste recycling rate	70%	63%	

Initiative in 2022

The La Mure site (France) has introduced aluminum scrap compactors into its cooling plate machining process. The immediate consequence has been a decrease in the volume of hazardous waste. This operation has also made it possible to reuse cutting oil, and therefore reduce water consumption, transportation and the risk of pollution. The initiative will be extended to other Group sites.

5.4.4. Use of hazardous substances

RoHS Directive

The European RoHS Directive 2002/95/EC (Restriction of Hazardous Substances) sets rules restricting the use of hazardous substances in electrical and electronic equipment.

The Group complies with regulations and has based its organization on the following principles:

- update of calculations and certificates in accordance with the latest list distributed (substances and thresholds);

- provision of EU declarations to European customer services;
- active work by the R&D function on the replacement of substances on the exemption list to renew product lines before the RoHS deadline.

REACH Regulation

The European REACH Regulation 1907/2006/EC (Registration, Evaluation, Authorization and Restriction of Chemicals) is a unique integrated system imposing responsibility for registration and authorization of chemicals on industry. The Group complies with regulations and has based its organization on the following principles:

- collection of Safety Data Sheets from strategic suppliers;
- identification by the R&D function, in collaboration with the Purchasing, and Health and Safety functions, of presence of REACH substances and drafting of the necessary regulatory documents;
- provision of regulatory data to the Group's European customer services.

Since 2010, the Group has registered several substances used in the production of graphite (primarily resins) and felt. High-temperature coal tar pitch is an input that is subject to approval, but it is considered to be an intermediate product in the manufacturing process and is excluded from the REACH registration as it is untraceable in the graphite end product.

5.5. Controlling pollution

Emissions of all kinds (air, soil, water) and waste create a challenge in minimizing environmental impacts. Reducing them is both a regulatory requirement and an environmental performance goal.

Operations identified as having significant environmental impacts, legal requirements and environmental objectives have been listed for each site. The most complex operations are managed using documented procedures.

Despite Mersen's best efforts, it is impossible to totally rule out the possibility of an environmental incident or other emergency situation arising. The prompt development of emergency procedures can reduce injury rates, prevent or minimize environmental impacts, protect lives and minimize the loss of assets.

Mersen systematically carries out an environmental audit when purchasing or selling industrial real estate. Similarly, the Group performs environmental impact assessments for its significant prospective investments.

5.4.5. Product end-of-life management

The products that Mersen sells are integrated into complex systems by its customers, most of which are OEMs (Original Equipment Manufacturers). Consequently, it is generally our customers who take the decision to recycle those products, based on their own recycling procedures, and the Group acts as a long-term partner in the overall recycling process.

The Group's products can be split into two main categories:

Electrical products: low-voltage electrical products are subject to the European WEEE Directive 2002/96/EC (Waste Electrical and Electronic Equipment), and the Group pays the eco-contribution in accordance with the rules of each of the European countries where the products are sold.

Graphite-based products: because graphite powder and waste are used for making artificial graphite, graphite recycling forms part of a virtuous circle.

For example:

- the Suhl plant (Germany) and one of its customers are continuing to recover graphite scrap that hasn't been used since the 2000s;
- some wind turbine brushes are made from silver. One of the Group's customers in Germany returns its used brushes and, depending on the weight of silver recovered, gets a number of new brushes free of charge.

In 2022, the Group did not receive any notifications from environmental authorities and paid fines that totaled €34,000.

	2022	2021
Provisions for environmental risks (in €m)	4.2	4.4
Fines for non-compliance with environmental laws and/or regulations (in €m)	0.034	0
Notifications from environmental authorities (number)	0	6

5.5.1. Control of air emissions

Air emissions from the Group's activities come mainly from two sources:

- gas emissions related to the pyrolysis of raw materials to obtain graphite. These processes include gas emission processing systems to eliminate toxic products, sulfur dioxide (SO₂) and volatile organic compounds (VOCs). Such systems capture an average minimum of 90% of these pollutants. Nine sites emit SO_x and NO_x and comply with local regulatory requirements;
- particulate emissions due primarily to processes for raw material crushing and graphite product machining processes, and to silication used in fuse manufacturing processes. Each process includes a system to filter and capture particulates.

In Europe, four sites are subject to the European Directive 2010/75/EC (the Industrial Emissions Directive or IED). They are located in France (Amiens, Gennevilliers, Pagny-Sur-Moselle) and the United Kingdom (Holytown). Adopted in 2010, the IED aims to prevent and reduce air, water and soil pollution caused by industrial facilities by relying on the Best Available Techniques (BAT). These sites were contacted by their respective regulatory authorities for a review of their operations on the basis of BAT.

5.5.2. Soil pollution

Mersen does not directly exploit either the soil or biodiversity in its activities. Production sites are located mainly in specifically regulated activity zones.

The Group responsibly manages soil and groundwater contamination according to the following principles at all production sites:

- implementation of the prevention policy;
- implementation of an operational control in the event of an emergency procedure;
- soil remediation in consultation with local regulatory authorities.

In 2021, Mersen began soil remediation work at the Saint-Loup-de-Naud site (France) after obtaining approval from the administrative authorities. In 2010, the Group identified soil pollution that occurred prior to the acquisition of the site in 1991. The first phase of the work consisted in installing a hydraulic barrier to remove as much of the pollutant from the soil as possible. The process is working well and no impact on biodiversity or the local communities was identified in 2022. The first phase will continue until the contamination is reduced to a level specified by the administrative authority.

5.5.3. Biodiversity protection

In 2021, the Group updated its environmental policy with a commitment to protecting biological biodiversity so as to ensure the protection and survival of animal and plant species, genetic diversity and natural ecosystems. This commitment is based on the prevention, management and repair of damage to natural systems resulting from the Group's activities and their emissions and waste.

In 2021, the Group identified its production sites (both former and current) and their proximity to protected areas in a biodiversity map. Three sites are located within one or more protected areas, and 14 are located within a kilometer of one. All sites have received detailed information on their positions and their responsibility with respect to biodiversity. At the end of 2022, the Frankfurt office (Germany) was sold, and the Asan-Si plant (South Korea) was transferred to another site, though the Group still owns the site. The number of sites concerned has therefore been reduced from 17 to 16.

No site reported biodiversity loss in 2022.

Country	City	Protected area	Surrounds	WDPA reference	Category (IUCN or other)	Main usage	Owner/ Lessee	Type of protected area
Germany	Husum	Adjacent	Standortübungsplatz Husum	555517811	Natura 2000	Plant	Owner	Land
Germany	Jestetten	Adjacent	Hochrhein-Klettgau	321646	V	Plant	Owner	Land
Germany	Linsengericht	Adjacent	Auenverbund Kinzig	378402	V	Plant	Lessee	Land
Germany	Maulburg	Adjacent	Dinkelberg und Röttler Wald	555623537	Natura 2000	Plant	Lessee	Land
Brazil	Cabreuva	Inside	Apa Cabreuva	555576351	V	Plant	Lessee	Land
Canada	Vaudreuil-Dorion	Adjacent	Lac Saint-Louis (Rivière des Outaouais) Water Fowl Gathering Area	555567530	IV	Plant	Owner	Land
South Korea	Asan-Si	Adjacent	Chungcheonnampo Asansi Eumbongmyeon 2	555637530	IV	Plant Operations shut down	Owner	Land
Spain	San Feliu De Llobregat	Adjacent	Serra de Collserola	555523642	Natura 2000	Plant	Owner	Land
France	Bazet & Lannemezan	Adjacent	Echez water system		ZNIEFF type I	Plant	Owner & lessee	Fresh water
France	La Mure	Inside	Bas-marais du Villaret		ZNIEFF type I	Plant	Owner	Fresh water
France	La Mure	Inside	Lacs et zones humides du pays Matheysin		ZNIEFF type I	Plant	Owner	Fresh water
France	La Mure	Inside	Prairie humide de la citadelle		ZNIEFF type II	Plant	Owner	Land
France	Pagny-sur-Moselle	Adjacent	Les Pres et Gravieres de Pagny-sur-Moselle		ZNIEFF type I	Plant	Owner	Land
France	Pagny-sur-Moselle	Adjacent	Boisements humides et Gravieres d'Arnaville		ZNIEFF type I	Plant	Owner	Land
France	Pagny-sur-Moselle	Adjacent	Coteaux calcaires du Rupt de Mad au Pays Messin		ZNIEFF type II	Plant	Owner	Land
France	Pagny-sur-Moselle	Adjacent	Lorraine		Natural Park/5	Plant	Owner	Land
France	Saint-Loup-de-Naud	Inside	Ancienne tourbière de la Voulzie		ZNIEFF type I	Plant Not operated by Mersen	Owner	Fresh water
France	Saint-Loup-de-Naud	Inside	Rivière du Dragon		Natura 2000	Plant Not operated by Mersen	Owner	Fresh water
Netherlands	Schiedam	Adjacent	Nnn-Zh	555638690		Plant	Lessee	Sea
Tunisia	M'Ghira	Adjacent	Sebkhet Sejoumi	903086	Ramsar	Plant	Lessee	Land
USA	Louisville	Adjacent	Beargrass Creek Greenway at Irish Hill	555602449	V	Plant	Lessee	Land
USA	Newburyport	Adjacent	Ram Island State Wildlife Sanctuary – Salisbury	555655682	VI	Lab/R&D Former factory	Lessee	Sea
USA	Newburyport	Adjacent	Carr Island	55551004	V	Lab/R&D Former factory	Lessee	Land

WDPA: World Database on Protected Areas.

IUCN: International Union for Conservation of Nature.

5.5.4. Reduction of water consumption

The Group uses water primarily to cool equipment used in heating processes (firing, graphitization and impregnation of graphite), ensuring water quality before disposal. Discharges are subject to rigorous inspection to avoid any risk of pollution. In 2021, the Group undertook to reduce its absolute consumption by 10% between 2018 and 2025.

Following a unit error at a U.S. site, data for 2018-2021 were corrected in 2022.

Water withdrawals in 2022 represented 764,352 cu.m, an increase of 3% from 2021. Compared with 2018, the progression was 2% despite a significant increase in sales (up 27% as reported between 2018 and 2022). The Group has implemented protection measures to secure data and carried out targeted initiatives at two of the main contributing sites. As a result, the ratio of withdrawal intensity to sales has improved substantially. The Group is pursuing its water reduction plan by developing long-term projects for its principal sites.

Water consumption in cu.m	2022	2021	2018	2022-2021 change
Total water consumption	764,352	741,151	747,853	+3%
- o/w sourced from water suppliers	669,872	609,899		
- o/w sourced from surface water	3,852	1,150		
- o/w sourced from underground water	90,628	130,102		
- o/w sourced from seawater	0	0		
- o/w sourced from water produced	0	0		
Percentage change in water consumption since 2018	+2%	-1%		
Water consumption intensity in cu.m/€m sales				
<i>Water consumption intensity ratio</i>	686	803	851	-14.5%

Aware of its responsibility and in accordance with its commitments made in 2018, the Group mapped the water stress of its production sites in 2021, drawing on the global conservation atlas prepared by the World Resources Institute. The degree of water stress corresponding to the gap between natural supply and human demand is determined by ecoregion. Ecoregion stress levels in which sites are located are presented below in descending order of criticality:

- sites in Bangalore (2) and Pune (India): extremely high;
- sites in Santiago (Chile), Malonno (Italy), Juarez and Monterrey (Mexico), Terrassa and Sant-Feliu (Spain), M'Ghira (Tunisia) and Gebze (Turkey): high;
- other sites: medium-high, low-medium, low or no stress.

The production sites with the highest consumption are not located in regions with high or extremely high levels of water stress.

Initiative

The Bangalore site in India is working collectively to find solutions to save water, such as reprocessing wastewater or installing water savers. Since 2019, the site also benefits from a 200,000-liter reservoir to collect rainwater.

5.6. Managing climate-related physical risks

Mersen has endeavored to identify the main phenomena related to extreme weather events near its production sites: earthquakes, winter storms, hail, lightning, tornadoes, cyclones, volcanoes, fires, floods and tsunamis.

With the help of an external firm, mapping of the Group's sites was drawn up in 2021, using Munich Re's Nathan (now Natural Hazards Edition) maps. The highest exposures were determined for the following sites and dangers:

- sites in Chiba and Kazo (Japan) and Gebze (Turkey): exposure to earthquakes;
- sites in Chanxing, Kunshan and Shanghai (3 sites) (China), Pagny-sur-Moselle and Gennevilliers (France) and Juarez (Mexico): exposure to flooding.

The table below presents an assessment of potential dangers which the 14 production sites representing the highest asset values face.

Main climate events		Earthquake	Winter storm	Hailstorm	Lightning	Tornado	Tropical cyclone	Volcano	Forest fire	Flash flood	Flooding	Coastal flooding	Tsunami
St. Marys	USA	1	2	2	2	3	1	0	1	3	1	0	0
Pagny sur Moselle	France	1	3	2	2	2	0	0	0	2	5	0	0
Amiens	France	1	3	2	2	2	0	0	0	2	1	0	0
Gennevilliers	France	1	3	2	2	2	0	0	0	2	5	0	0
Saint Bonnet de Mure	France	1	3	3	2	2	0	0	1	2	1	0	0
Chongqing	China	1	0	3	2	3	0	0	2	2	1	0	0
Bay City	USA	1	2	2	2	3	0	0	1	2	1	0	0
Holytown	UK	1	3	1	1	1	1	0	1	2	1	0	0
Greenville	USA	1	2	2	2	3	0	0	1	2	1	0	0
Juarez	Mexico	1	2	2	2	1	0	0	2	2	5	0	0
Bazet	France	2	2	4	2	2	0	0	0	2	1	0	0
Songjiang	China	1	1	3	2	1	2	0	1	3	5	5	0
Hittisau	Austria	2	3	2	2	2	0	0	1	2	1	0	0
St. Marys (office)	USA	1	2	2	2	3	1	0	1	2	3	0	0

Level of risk: 0: none – 1: very low – 2: low – 3: moderate – 4: high – 5: very high

Overall, Mersen's property assets and activities appear to have little exposure to physical climate-related risks.

The impacts of climate change on the ability to work in hot weather are the subject of adaptation measures already in place (seasonal shift in collective schedules, shift rotation, additional breaks, ventilation of workstations, etc.).

The Group commissioned a detailed assessment of the Juarez site's (Mexico) exposure to climate risks (see chapter 1, Taxonomy). The results show that the site is highly exposed to high-temperature hazards and moderately exposed to water stress. In addition to measures already taken (insulating buildings, painting walls white, reusing water), the site will study other adaptation strategies in 2023 in order to further limit the risks.

6. DEVELOPING HUMAN CAPITAL

6.1. Human Resources strategic roadmap

In 2020, Mersen drew up its new strategic HR Roadmap for 2021 to 2025, based on four main pillars, which comprise programs and objectives related to "Human Capital". Each of these programs is led by one or more members of the Executive Committee and is aimed at strengthening the promotion of a corporate culture whereby people are the bedrock of the Group and its business development.

The four major programs are focused on:

- affirming Mersen's identity;
- being a learning organization;
- enhancing the employee experience;
- HR excellence & support.

6.2. References

Mersen's approach to human rights is set out in its Human Rights Policy. Circulated within the Group in 2021, it has been translated into four languages (English, French, Chinese and Spanish).

It serves as a reference for the "Ethics at Mersen" training course, which is mandatory for all Mersen employees.

This Group Policy is based on the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact, whose principles it supports and respects.

6.3. Organization

The HR organization is structured around four main areas that interact on a daily basis:

- **The Group Human Resources Department** defines and implements Group policy. It provides expertise on specific topics (compensation and benefits, human capital development, training and performance management, HR Information Systems, internal communication), as well as common HR tools and solutions. The Vice President for Human Resources is a member of the Group Executive Committee and the CSR, HSE, Compliance and Diversity committees.
- **The segments' human resources** services provide the businesses with the talent and resources needed to achieve their strategic objectives. They also play a key role in anticipating employee skills and development needs.

- The Group and business HR departments are supported by **regional HR teams** to ensure the effective implementation of the Group's HR policy and programs in the different host regions, in compliance with local regulations. These departments play a vital role in managing labor relations.
- **The site human resources services** assist managers on a daily basis in assessing and developing the human resources needed to achieve the site's objectives. These services also manage payroll-related administrative tasks and are supported, in some countries, by shared services centers designed to optimize efficiency and costs.

6.4. Workforce mapping

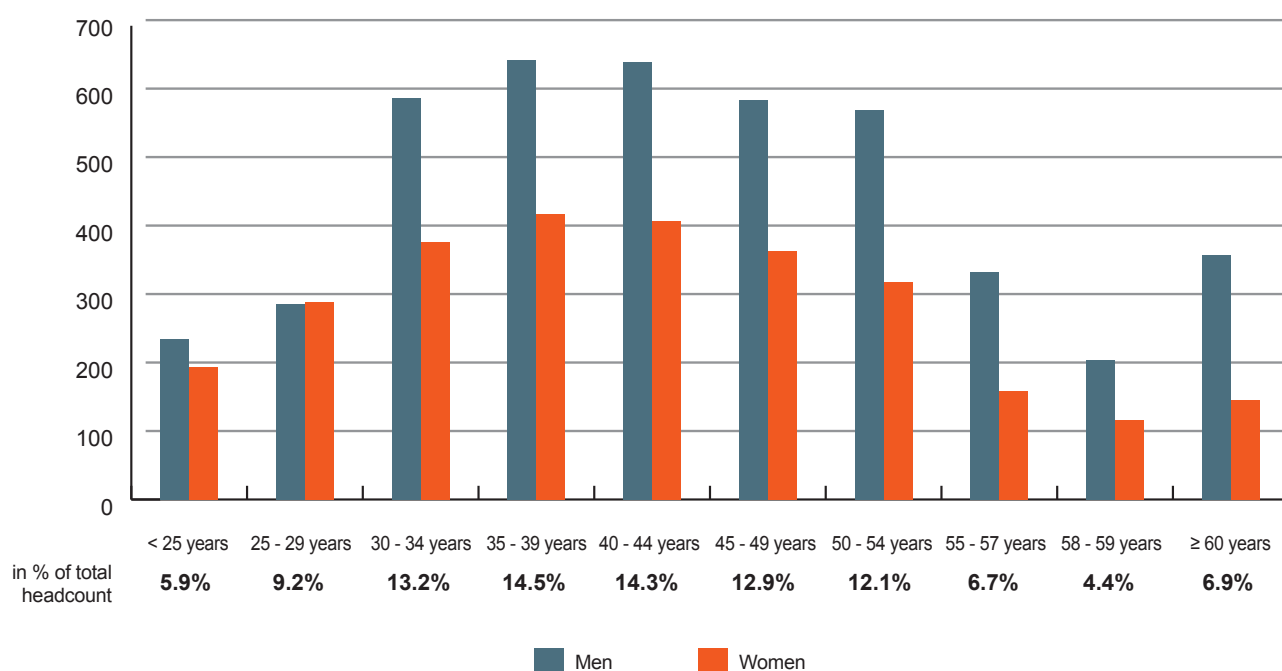
Headcount by region	2022		2021	Change
Europe	2,745	38%	2,661	+84
o/w France	1,329	18%	1,309	+20
North America (including Mexico)	2,377	32%	2,153	+224
Asia-Pacific	1,676	23%	1,635	+41
South America – Africa – Middle East	517	7%	519	-2
TOTAL	7,315		6,968	+347

The workforce is comprised of 59 nationalities.

Headcount by employee category	2022		2021	Change
Engineers and managers	1,590	22%	1,546	+44
Technicians and supervisors	1,585	22%	1,511	+74
Clerical workers	229	3%	231	-2
Operators	3,911	53%	3,680	+231
TOTAL	7,315		6,968	+347

Headcount by age and length of service	2022	2021
Average age	42.3	42.2
Average age (women)	41.3	40.9
Average age (men)	43.0	43.0
Average length of service	8.5	8.9
Average length of service (women)	7.1	7.4
Average length of service (men)	9.4	9.8

Age pyramid



Headcount by type of contract	2022	2021
Permanent work contracts	6,207	5,614
Permanent work contracts (women)	2,324	2,076
Permanent work contracts (men)	3,883	3,538
Fixed-term work contracts	1,108	1,354
Fixed-term work contracts (women)	459	561
Fixed-term work contracts (men)	649	793
TOTAL	7,315	6,968
of which part-time employees	2.8%	2.8%
Temporary contracts (average annual FTE)	637	119
Work-study programs, professional training contracts, etc.	96	100

Changes in headcount	2022	2021
End of year headcount Y-1	6,968	6,434
Scope	0	295
Hires*	2,755	2,465
Terminations*	-278	-220
Retirements	-98	-82
Other departures	-627	-435
Resignations	-1,386	-1,356
Adjustments	-19	-133
END OF YEAR HEADCOUNT	7,315	6,968

* HRIS scope.

The majority of the year's hires and departures were in Mexico (49% of hires and 52% of other departures). Mersen has a high staff turnover rate in Mexico as the local labor market is very volatile. This is also the case for some sites in China. This partly explains the Group's recruitment rate (number of new hires/year-end workforce) of 39.5%.

Terminations mainly concerned Mexico (34%) and the United States (14%).

Voluntary turnover (ratio of voluntary departures to the average annual workforce) and overall turnover (ratio of overall departures to the average annual workforce) are calculated excluding the Juarez site (Mexico) and China.

	2022	2021
Voluntary turnover	9.4%	9.2%
Overall turnover	19.5%	16.5%
Absenteeism	4.9%	4.0%

High turnover in 2021 and 2022 was related to job market pressure in many countries.

6.4. Affirming Mersen's identity

6.4.1. Shared values

In 2016, five fundamental values were formalized and communicated across the Mersen organization, laying the foundation of a Group culture that is strong, recognized and appealing because of the level of trust and responsibility given to employees. These fundamental values determine who we are and how we work together.

Since then, the context has changed, as has the way employees perceive and embrace these values as a source of pride – that is, what makes them especially proud to be part of the Group.

As a result, the Group decided to redefine these five values in order to align them more closely with the everyday concerns and perceptions of its employees (as expressed in surveys), without, however, revolutionizing them. There are now four values instead of five.

The Mersen group's new values are: put people first; always be one step ahead; promote cross-functional collaboration; and innovate for our customers.



To encourage employees to buy into the new values, various communication and information sharing workshops were organized at each Mersen site in September 2022.

The Group continues to ensure that its fundamental values are effectively put into practice. In particular, it conducts worldwide surveys on values and commitments to compare its fundamental values with those encountered by employees on a daily basis, as well as those they aspire to for Mersen's future. This survey gave the Group both a local and global vision, enabling it to define indicators for each site (human potential success rate, pride in belonging, alignment with values, alignment with duties, engagement rate), together with action plans.

Confirming the positive trend of the previous years, the latest survey conducted at the end of 2022 revealed a rise in the human potential success rate. A vast majority of employees (91% vs. 89% in 2018) also said they were proud to belong to the Group. According to the different 2022 surveys, employees consider the main sources of pride to be: the fact that Mersen is a global international group, has a rich history, is attentive to the well-being and safety of its employees and focuses development on technological innovation while remaining faithful to its values.

6.4.2. Rollout of the employer brand

To continue to innovate and develop high-quality solutions and components, our Group must attract and retain talent.

In 2021, Mersen formalized its employer brand in order to achieve this. Working groups were created to collect testimonials from Mersen employees, with a view to formalizing a shared vision.

This resulted in the development of a strong employer brand that reflects our identity, who we are and the experiences of employees. The employer brand represents the Group's promise to its current and future employees.

It is based on 3 pillars:

■ Be part of the progress

A promise that illustrates the diversity of its professions, technical qualifications and cultures: At Mersen, we're proud to be drivers of progress and to contribute to tomorrow's world.

■ Be part of the challenge

A promise that represents opportunities for development in an industrial environment driven by technological innovation: At Mersen, everyone gets the opportunity to shape their career and development thanks to a rich and diverse array of professions.

■ Be part of the family

A promise that embodies the idea of a company with a human dimension, where relations, at every level, are built on proximity and simplicity, where people enjoy a good working environment: At Mersen, team spirit and mutual support are part of our day-to-day.

Contribute to tomorrow's world, have opportunities to develop, be recognized and appreciated: These are the pillars of our "Be part of the changing world" global positioning, summed up in the tagline: "Mersen, a genuinely industrial & human culture".



In December 2020, Mersen rolled out its employer brand in six pilot countries: Austria, Canada, China, France, India and the United States. A year later, after the brand was fully implemented in these countries, feedback from all pilot stakeholders was collected and analyzed. Based on this analysis, preparations for brand rollout were made in all of the Group's host countries, which took place in May 2022.

The Group currently boasts a robust employer brand network of more than 140 ambassadors, whose role is to draw on their personal stories at Mersen to promote the brand, both internally and externally.

The countries carried out a variety of employer brand initiatives in 2022, including training sessions for managers and human resources staff and employee video testimonials.

A customized training course for recruiters called "How to improve the hiring process through employee branding and CSR" is being finalized and is scheduled to launch in the first quarter of 2023.

Great Place to Work®

In November 2022, Mersen India received Great Place to Work® certification, which recognizes employers who create an outstanding employee experience.



6.4.3. Inclusion: collaboration based on respecting local cultures and combating all forms of discrimination

6.4.3.1. Respect for local cultures

Present in 34 countries on four continents, Mersen has made the diversity of its teams' origins, training methods, cultures and ways of thinking one of its quintessential strengths.

Diversity has formed part of the Group's values and HR strategy for a long time now, as we believe that having a wide variety of profiles is a real asset and a driver of engagement and performance. This very diversity is what drives collaboration between our teams and sparks our creativity so that we can understand the needs of our customers around the world better.

Diversity, and more specifically gender balance, is now one of the pillars of the Group's CSR policy and our employer brand. Because we firmly believe that promoting diversity will have a profound and positive impact on our organizations and business.

Mutual respect, the recognition of the intrinsic value of each individual whatever their origin, and combating all forms of discrimination are key aspects of our corporate culture. The Group strives to ensure equal opportunities at every level, while maintaining and strengthening the multi-disciplinary capabilities of teams.

In 2020, an anti-harassment policy was published at Group level and supplemented locally in line with the applicable laws and regulations. For example, in France a charter was drawn up on preventing and managing workplace bullying, sexual harassment and sexist behavior. It sets out the process to follow when handling any employee complaints. As early as June 2015, a local harassment reporting procedures had been defined and introduced in North America. A similar procedure has also been extended to China (August 2022).

As a member of the United Nations Global Compact, Mersen is committed to eliminating all forms of discrimination in employment and occupation around the world. We also defend this cause within various organizations and regularly discuss best practices with other companies.

6.4.3.2. Local commitment: Mersen, partner to schools and universities

Mersen cultivates ties with schools and universities in all of its countries of operation in order to introduce young people to its sectors of activity and operations. As a strong advocate of learning, the Group is actively involved in training the talents of tomorrow by awarding scholarships and welcoming young people at its various sites through work-study contracts, internships or orientation visits.

Objective	Attract and train students, promote and stimulate interest in industrial careers, support education
Train and promote learning	<ul style="list-style-type: none"> ■ South Africa: The site has developed a close relationship with the SAJ Competency Training Institute, which provides regular technical training (fitters and turners, boilermakers, electricians); ■ Austria: The Hittisau plant has a very active apprenticeship policy, in which eight apprentices are hosted by the site for several years. In 2022, seven apprentices joined the company on short-term summer contracts; ■ Chile: In 2022, a training program was developed in partnership with the Pontificia Universidad Católica de Chile to allow a selection of students to improve their leadership and communication skills; ■ Spain: The Terrassa site set up a university internship program that will accept several interns per year, including foreign students; ■ France: Created to address the difficulty in recruiting high-precision machining specialists, Mersen's in-house school at the Gennevilliers site has offered a seven-month work-study certificate program since 2015, in partnership with AFORP, a professional training body. Chiefly geared to job seekers, the program is also open to Mersen employees, allowing them to earn an additional qualification. Since the school was first established, 40 external people and seven Mersen employees have been trained, including 25 who were hired on fixed-term and permanent contracts. After having been put on hold for two years due to the health crisis, the program was relaunched in 2022 and currently has seven trainees; ■ Hungary: A partnership created in 2021 with Óbuda University in Budapest provides electrical engineering training at the Kaposvar site; ■ China: The Yantai site has established a partnership with the Yantai Engineering Vocational and Technical College to enable site employees to continually improve their skills; In 2022, 70 technicians and operators received a nationally recognized certificate of competency and an apprenticeship grant through this program. ■ United States: The St. Marys plant teamed up with a local school to hire young graduates; ■ Grande-Bretagne: The Teesside plant has entered into a partnership with a local university that combines research projects with work-study placements. One of the participating students has been recruited by the Group and is preparing a doctorate simultaneously; ■ India: As part of its ongoing partnership with Teamlease, the site is helping 150 young people gain operational skills over three years while continuing their studies; ■ Netherlands: The Schiedam plant has been officially recognized as a "learning company", enabling it to attract students whom it can then train in the production unit; <p>Worldwide: Interns and work-study students are offered opportunities in many of the countries where the Group operates.</p>
Stimulate interest in the industry and its professions	<ul style="list-style-type: none"> ■ Austria: At the Hittisau plant, 14 teenagers participated in career discovery days focused on technical and administrative jobs, six school visits were hosted, and a bring-your-child-to-work day was held; ■ China: Virtual job fairs were held at several universities, including Chongqing University of Technology and University of Shanghai for Science and Technology; <p>The Xianda site organizes student visits through a partnership with the Shanghai Institute of Technology;</p> <ul style="list-style-type: none"> ■ Spain: The Terrassa plant attends university graduation ceremonies to make itself more accessible to students and enhance its visibility. A female Open Expert visits schools to encourage young girls to study engineering; ■ France: Mersen Boostec has been supporting the local engineering school ENIT for several years as a member of its administrative committee; <p>The Amiens plant has created a scholarship for the children of employees enrolled in a college-level program. The site is also a partner of many schools, universities and training centers;</p> <ul style="list-style-type: none"> ■ Hungary: Since 2020, the Kaposvar plant has been participating in the annual "Night of Power Plants" to promote engineering and technician jobs to young people. The site also organizes visits for high school students; ■ India: The site runs a number of initiatives in partnership with schools and universities. These include plant tours, helping students with specific projects and career counseling for employees' children; <p>Worldwide: The sites regularly participate in university fairs to look for apprentices and interns.</p>

Objective	Attract and train students, promote and stimulate interest in industrial careers, support education
Support education	<ul style="list-style-type: none"> ■ China: Mersen volunteers visited elementary schools in Yufeng and Yunnan to distribute school supplies to children; ■ South Korea: Scholarships were offered to seven students and one needy person; ■ United States: Women in Mersen (<i>WiN</i>) team members at the Columbia site participate in Tennessee Achieves, a mentoring program for high school students. The St. Mary's site has introduced a scholarship program for the children of employees; ■ India: Mersen helps fund an organization that provides training to vulnerable young women and a daycare center for employees' children; ■ Brazil: Different types of support are available to employees, such as partial reimbursement for technical or language training.

6.4.3.3. Success and close relationships through local management

While Mersen enjoys a strong corporate culture, it needs to adapt to local cultures to be truly effective. This is why all of the Group's sites are run by local managers. This balance of respecting our principles and values and recognizing local realities is what lends substance to the Group's human dimension.

Industrial plants	2022	Sites with a workforce of above 125	2021
Europe excluding France	13	3	13
France	8	4	8
North America	14	3	14
Asia-Pacific	13	4	13
Africa and South America	4*	2	5
TOTAL	52	16	53
Site managers with local nationality	100%		98%

* In 2022, outsourcing of activities in Morocco.

The Group influences local and regional development because it has facilities around the world. It promotes local initiatives implemented by local teams, while also making sure these initiatives comply with the Group's values and Code of Ethics.

Local teams take part in both economic initiatives with local partners and charitable initiatives.

Objective: develop local economic partnerships

- Project examples**
- **China:** The Harbin site joined the New District of Harbin's industry-education alliance. China Holding is a member of the board of the China Electric Carbon Association;
 - **Spain:** The San Feliu site is a member of the think tank "AEPLA", which brings together several local companies to enhance the industrial community;
 - **France:** Mersen actively participates in competitiveness clusters, which bring together groups of companies and institutions in a clearly identified geographic area to examine a specific topic:
 - Mersen Boostec, located in the Occitanie region, is a member of the European Cluster of Ceramics, Aerospace Valley (aviation, space and embedded systems) and the European House of Innovative Processes (MEPI). The company has also joined the French Confederation of Ceramic Industries and the French Federation of Photonics,
 - Mersen Angers is a member of S2E2 (*Smart Electricity Cluster*), a competitiveness cluster specialized in renewable energy, electricity grids and energy efficiency,
 - Mersen Amiens is a member of several networks: France Chimie, Amiens Chamber of Commerce and Industry, GERME (Groupes d'Entraînement et de Réflexion au Management des Entreprises) and MDEP,
 - The Pagny-sur-Moselle site participates in social committee meetings organized by France-Chimie (East) on a regular basis;
 - **India:** Mersen is a member of the Karnataka Employers' Association, which organizes job training, as well as the Confederation of Indian Industry (CII);
 - **United States:** The plants belong to different local organizations:
 - Greenville: Michigan Chamber of Commerce, local chamber of commerce,
 - Louisville: Women in Manufacturing (WIM),
 - Rochester: Women in Manufacturing, Society for Women in Engineering,
 - Salem: Roanoke Workforce Development Board, ASME graphite code development subcommittee, Salem economic development strategic planning committee.

Mersen also relies upon local charities to address specific community needs and issues as much as possible, through a variety of initiatives. Through these initiatives, the sites and teams collectively engage in community outreach actions that in turn provide them with a sense of pride and meaning:

Objective: raise awareness and take action to protect the environment

- Project examples**
- **Argentina:** Waste paper is collected for recycling by a non-profit organization that uses the revenue to develop its charitable activities. In 2022, 30 boxes of paper weighing about 130 kilos were collected;
 - **Austria:** The Hittisau plant provides assistance to employees wishing to purchase electric bicycles;
 - **Brazil:** The project "Zero Plastic Waste Generation" was launched to eliminate the use of single-use plastic. Objectives include:
 - replacing 9,600 plastic bottles used in 2021 with 2,000 refillable glass bottles in 2022;
 - replacing bubble wrap and polystyrene with paper for the packaging of small items;
 - holding a contest to create a work of art from recycled single-use plastic;
 - **China:** In Harbin, a group of employees collected 53 kilos of waste during a clean-up operation at the river next to the site.

Objective: support vulnerable people through charitable actions**Project examples**

- **China:** Mersen Xianda provides assistance to two poor families in the city of Fengcheng through a local government initiative called "Dream Action";
- **South Africa:** Employees donated 200 blankets to underprivileged children;
- **United States:** The Rochester plant organized a Thanksgiving food drive in 2021 and 2022, as well as a campaign to benefit a women and children's shelter in the city. The Bay City site has supported several organizations since 1999 (United Way, Toys for Tots, Women's Shelter, Rescue Mission, food banks);
- **Worldwide:** Most of the Group's sites give cash or in-kind donations, or organize collections for local charities (cancer or Alzheimer's research, women's refuges, children's homes, retirement homes, food banks, animal welfare organizations, etc.) and employees from a number of sites volunteer their time together.

Funding cancer research

Some 696 Mersen France employees took part in the Institut Curie's "A Daffodil Against Cancer" collective race. Thanks to their engagement, Mersen covered a total of 38,185 kilometers. For each kilometer covered, the Group donated 1€ to cancer research. At the beginning of July 2022, the three runners who ran the most kilometers for Mersen gave a check of €38,185 to the Institut Curie.

"Donation and Recycling" Operation in Mersen China

A day dedicated to donation of clothes for recycling was held in China in September 2022. The objective of the event was to strengthen awareness of environmental protection, demonstrate the site's commitment to CSR and promote the Mersen brand. All Mersen China employees were encouraged to get involved in the initiative, which resulted in the collection of more than two tons of clothes.

6.4.3.4. A commitment to employee health and wellness

The physical and mental health of employees is at the heart of Mersen's values; most sites provide annual checkups. In addition to complying with local and Group standards, the sites implement a variety of health and wellbeing initiatives:

Prevention and wellness

- **South Africa:** The site held a health week event focused on prostate and breast cancer in July 2022;
- **Austria:** A health booklet prepared with the help of physiotherapists was distributed to employees in 2022. Healthy dining solutions were introduced at the Hittisau plant;
- **Brazil:** Health-related initiatives are organized on a regular basis: A doctor available on site during pink October and blue November provides medical advice and prescribes tests, and blood pressure checks are offered to employees throughout the year;
- **Chile:** The site conducted a psychosocial survey and created a "wellness committee" in 2022;
- **China:** All of the plants organize health discussions for employees;
- **United States:** The Salem site has forged a partnership with *Hope Tree Family Services*, a non-profit organization that provides mental and behavioral health services to children and adults;
- **United Kingdom:** A "Wellbeing Days" campaign held in October 2022 was aimed at providing tips and advice on how to lead a healthier life and identify the signs of illness that require medical attention.

Screening and medical follow-up

- **South Africa:** Employees are offered tuberculosis screening and eye exams. A support program exists for people with AIDS;
- **Brazil:** A doctor available on site provides medical advice and prescribes tests, while blood pressure checks are offered to employees throughout the year;
- **China:** All of the plants conduct annual health checkups and organize health discussions for employees. Employees at the Yantai site have access to sports fields;
- Moreover, flu vaccination campaigns are carried out in Oceania, South Korea, France, South Africa and the United Kingdom.

Promote sports

- **China:** Employees at the Yantai site have access to sports fields;
- **United States:** The St. Marys plant organized an on-site walking challenge in which employees were asked to walk 10,000 steps per day for six weeks. The Louisville site created a racing group in 2022;
- **India:** Employees are encouraged to participate in yoga sessions;
- **Sweden:** The Mersen Nordic site offers its employees gym membership.

6.4.3.5. Gender balance: ensuring equality in the workplace at all levels

The Group's primary objective, namely the integration of an increasing number of women in all roles including roles in production, has over many years led to several initiatives in recruitment, professional development, communication, raising manager awareness, compensation, maternity/paternity leave, organizational changes, adaptation of workstations, etc.

	2022	2021	2018
% of women in the Group's workforce	38	38	36
% of women in senior management positions (on the Executive Committee and the management committees of businesses and support functions)*	23.7	22.6	27
% of women engineers and managers	25.3	24.4	20

* Members of the Group's Executive Committee; members of the Segment and Business management committees; senior managers and directors reporting to the Chief Executive Officer, the Group Vice President for Finance and Administration or the Group Vice President for Human Resources.

To attain this objective, the Group established a diversity governance structure based on four areas of action.

Governance

The Group's Executive Board is responsible for the policy on gender equality and ensures its implementation. Mersen's Diversity Committee, created in 2018, comprises Executive Committee officers and Human Resources directors, illustrating the importance Mersen places on diversity. The committee meets four times a year. The committee's role is to monitor the progress of the Group's commitment, put forward proposals to the Executive Committee, decide on and carry out priority actions for the year, and share and encourage best practices.

The Group's diversity policy and the progress of action plans are presented and discussed each year at a meeting of the Governance, Appointments and Remuneration Committee, which is one of the Board of Directors' specialized committees. In addition, diversity is one of the four CSR criteria underlying the multi-annual variable compensation of the Group's key executives.

All Mersen entities contribute to the Group's goal of increasing the number of women employees. More generally, all Mersen managers are involved in this diversity transformation process, particularly through special training.

Special attention is given to bottom-up feedback in order to better identify any problems women encounter which hold them back in their professional development, and to better align gender objectives among the different countries and segments. In 2020, Mersen took part in a research project on gender equality in the workplace created by PWN Lyon and the IDRAC business school, in order to find out more about the extent to which gender inequality still exists and the underlying reasons for it. The results were published in 2021.

Mersen's diversity action program is based on the following four areas:

■ Recruiting more women, especially engineers and managers

The Group has set two objectives:

- one for the recruitment of women engineers and managers: in 2018, Mersen set itself the collective goal of hiring more women engineers and managers in order to increase female representation in this category to at least 25% in 2022, compared with 20% in 2018. The objective was achieved in 2022, and the Group now aims to increase the proportion of women engineers and professionals to at least 27% by the end of 2025.
- the other for increased representation of women on the Group's management committees: the Group has set a target of having 25% of women in senior management bodies by 2025.

The Group has laid down certain hiring rules: In the event of the departure of a management committee member (Group, Segment, Business), efforts are made to find a woman to fill the vacancy. At all other levels, the candidate shortlist must include applicants of both sexes, except when there are specific hiring challenges that must be shown to be unbiased. The Group's recruitment guide not only highlights the need for parity among the final candidates, but also among the selection panel.

In addition, the recent implementation of the employer brand stresses the importance of developing women's careers, both internally and externally, thereby helping to promote them.

■ Developing women's careers and giving them greater visibility to encourage internal promotion

In order to deliver on its commitments, the Group needs to create a robust talent pool of women who can develop their skills and reach the highest levels of responsibility.

The effort to promote women from within is backed by the Group's career committees, which strive to identify female talent more efficiently and enhance the internal visibility and promotion of women. In recent years, the number of women on career committees has more than doubled. They are now also present in the Group's Open Expert network.

In 2018, the Group launched a mentoring program to accelerate the development and recognition of female talent. It is now deployed worldwide (Europe, North America, China). At the last session in 2022, 46% of mentors and mentees were women. The program now teams up high-potential women with Group senior managers in order to support their career development and facilitate their internal promotion to positions of responsibility.

The Group also created Women in Mersen (WiN), a network that offers women development opportunities and gives them greater visibility. Today the network conducts concrete actions throughout the world. For the first time, representatives from each of the regional networks met online at the end of 2022 to exchange best practices and discuss better ways to coordinate their actions.

- **American networks:** The network had 138 members at the end of 2022 (triple that of 2021), 39% of whom are men. In 2022, it forged a partnership with Women In Manufacturing and the Society of Women Engineers, which seek to empower women in industry. The Brazilian subsidiary created a network in 2022. Comprised of 50 members, it participated in a "zero plastic" project, and its recommendations were implemented in the workshop.
- **European networks:** This network has existed since 2019 and includes 69 members, some of whom met in October 2022 at the Maulburg site (Germany). France set up a network a few years ago. This year, its 79 members were invited to a conference on sexism led by an outside speaker.
- **Asian networks:** Created in 2022, the Chinese network already has 132 members from the different local sites who are very active on the social media. Mersen India is developing a network.

■ Building an inclusive culture

Through the launch of its global anti-harassment policy in 2021, Mersen formalized its commitment to zero tolerance of harassment and gender-based violence.

All sites are encouraged to provide harassment prevention training to managers, HR heads and employees. In the United States, all employees have undergone sexual harassment training. In the future, all new Group employees will be required to undergo this training.

The 2021 anti-harassment policy defines the roles and responsibilities of the different stakeholders in the case of suspected harassment, as well as follow-up guidelines and the penalties, if applicable. This policy has been supplemented by specific procedures in the different host regions.

Since 2020, a challenge has been organized every year around International Women's Day, showcasing the best local initiatives to promote gender balance. Increasingly popular, this initiative underscores Mersen and its teams' commitment to gender equality via strong employee participation through tangible, transparent actions. The third edition was a resounding success, with 34 participating sites. The Diversity Committee used the opportunity of International Days, a seminar that brings together Mersen's top managers, to announce the most significant initiatives in 2022 and congratulate the sites that implemented them. Four sites were recognized: Santiago (Chile), Pagny-sur-Moselle (France), Mersen Argentina and M'Ghira (Tunisia). Mersen Chile won the first prize for a rap video clip on inclusion, equality and gender balance.

Adjustable working hours for mothers in Hungary

The opening of a new production site in Kaposvár (Hungary), where women account for more than 75% of the workers, gave the local HR team an opportunity to set up a "mother's shift" from 8 a.m. to 4 p.m. to help and support women with young children returning to work.

Lastly, diversity awareness is promoted at the Group level through a one-hour training module available in six languages on the Learning Management System (LMS) platform. Lasting an hour and available in six languages, this module is compulsory for the Group's managers and supervisors and recommended for all other employees. Its aim is to help them fully realize the advantages and opportunities that comes with having a diverse organization. Awareness of the issue is spread via numerous local actions.

A Diversity Newsletter is published quarterly to share news and best practices on the topic.

In June 2021, Mersen joined the global community of companies taking action to promote gender equality by signing the United Nations Women's Empowerment Principles.

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

■ Promoting equal pay between men and women

The Group pays particular attention to reducing any gender pay gaps in its salary policy and is stepping up action in this area.

Since March 2020, the Group has published the professional equality index for each site with more than 50 employees in France, together with improvement plans, on its website.

In 2022, the Group also introduced a new tool to analyze pay equality. The Mercer methodology was selected for its rigorous approach, its national and international coverage and the fact that it is already used by many companies. The indicators resulting from this analysis (notably the gross wage gap and the gender wage gap) were compared. The analysis was conducted on all sites in France, the United States and Canada. The study highlighted the existence of gender pay gaps between men and women. The Group has established a goal of eliminating this pay gap by 2025 and has set aside a special budget to reduce the discrepancies in the three countries concerned, starting in January 2023. This analysis will be gradually extended to other regions of the world (Germany, China, etc.).

At the end of 2022, the ratio of female median wages to male median wages was calculated for each country. On this basis, the Group calculated the median ratio of all of the country ratios:

Median ratio of women to men	Basic salaries	Gross items paid
Engineers and managers	0.82	0.79
Technicians and employees	0.87	0.87
Operators	0.86	0.83

These figures do not take into account length of service or type of job.

6.4.3.6. Inclusion: stepped up efforts to promote the integration of disabled workers

Mersen is aware of its responsibility to develop equality, inclusive values and respect for diversity. Consequently, in 2021, Mersen decided to add disability in its proactive diversity development plan by including it in the Diversity program. To this end, concrete actions for the employment of disabled people have been developed, with a focus on recruitment, job retention, combating prejudices and stereotypes, accessibility and workplace adjustment.

To mark its decision, the Group published a disability policy and joined The Valuable 500, an international network of 500 CEOs and their companies working towards lasting change for the 1.3 billion people living with a disability worldwide.



On the basis of a survey carried out at all sites at the start of 2021, an objective and a policy have been set to better integrate people with disabilities.

The new policy is built on four main pillars:

- recruitment and job retention;
- adaptation of the physical work environment;
- combating prejudices and stereotypes;
- promoting internal and external inclusion.

This policy aims to strengthen the presence of disabled employees within its teams at all levels of the organization and to have access to a pool of talent that has not been sufficiently solicited until now.

The employment rate for people with disabilities was 2.4% at the end of 2022, up from 1.9% in 2021. The Group has established the objective of doubling the number of disabled employees by 2025 (i.e., more than 200 people). In Mersen's host countries, plants must comply with any legal obligations to which they are subject, and sites where employees with disabilities account for a very small percentage of the total workforce must develop and implement a clear plan of action (the United States, Canada and Mexico in particular). Local situations vary widely (employees with disabilities represent 0% to 6.7% of the workforce, depending on the site).

More efforts are needed to raise awareness of disability issues to build and foster an inclusive culture within Mersen. To improve knowledge about disability, particularly among management staff, the awareness-raising module developed in 2021 was incorporated into the Group's Learning Management System (LMS) platform in 2022. It is now mandatory training for managers and supervisors, and it is recommended for all other employees. Testimonials are available from different countries (Brazil, South Korea, United States, France, Hungary, India, Switzerland, Tunisia), and those who wish to deepen their knowledge have open access to additional training resources.

In early 2022, the 28 sites that participated in the International Day of Persons with Disabilities in December suggested implementing initiatives to illustrate the four pillars of the Group's disability policy, including contacts with specialized partners and non-profit organizations, hosting interns, collective awareness sessions with outside speakers or internal presentations, discussion workshops and inspirational readings.

Objective: sustainably integrate people with disabilities through employee education and engagement

Awareness-raising	<ul style="list-style-type: none"> ■ South Africa: A sculpture was made depicting invisible disability; ■ Brazil: During an open day event, children of employees created paintings on the theme of disability and inclusion. The works were then exhibited in the factory; ■ China: Testimonials from disabled people were posted on the local video platform (Youku); ■ United States: Themed posters were displayed on the premises. A suggestion was made to develop employee awareness in the form of a quiz; ■ France: The Amiens plant organized a diversity week that included disability themes. An introduction to sign language session was held at the Pagny-sur-Moselle site.
Supply subcontracts and/or purchases	<ul style="list-style-type: none"> ■ France: The site relied on various sheltered work agencies (ESAT) in France for the accomplishment of different tasks, including the delivery of meal trays and small-item supplies. It also purchased sculptures made by an ESAT to decorate the La Défense headquarters.
Special initiatives	<ul style="list-style-type: none"> ■ South Korea: At the Ssangam plant, a disabled masseur offers massages to the operators after their day's work; ■ France: An interpreter was hired to accompany a deaf-mute employee at the Amiens plant; ■ At several Group sites: Disabled interns are accompanied by a disability contact person (Spain, France, India), if necessary.
Financial or in-kind donations	<ul style="list-style-type: none"> ■ India: The Bommasandra site funded the purchase of electric wheelchairs; ■ Turkey: The plant donated wheelchairs to disabled people during the International Day of Persons with Disabilities on December 3.

So while initiatives are local, they are also part of a comprehensive commitment made by the Group's Executive Committee.

Initiatives for the 2022 International Day of Persons with Disabilities were organized around the theme "Not all disabilities are visible", with the indirect goal of encouraging people with disabilities to share their situation with the company to allow for better accommodation of their needs.

An in-house challenge showcased the three most outstanding actions and enabled the winning sites to strengthen their commitment to disability inclusion by funding non-profit organizations or disability-themed projects.

Some sites, such as Saint Bonnet de Mure, Pagny-sur-Moselle and La Mure, also put forward initiatives on the theme of disability as part of their 2022 safety week. Other sites shared their actions during the quarterly HR Talks, during which site HR managers shared their best practices.

Mersen's commitments are managed at the highest level of the Group. For the first time, the issue was on the agenda of the International Top Managers' Days, and the video celebrating the first anniversary of The Valuable 500, an international network that Mersen joined in 2021, was shared with the following message: "Disability affects everyone. The disability community is one of the only minority groups that anyone can join at any time in their life."

	2022	2021
Employees with disabilities	174	135
As a % of the number of employees	2.4	1.9

10,000 businesses for inclusion and professional development

In December 2019, Mersen Boostec joined the French Ministry of Labor's "10,000 businesses for inclusion and professional development" (10,000 entreprises pour l'inclusion et l'insertion) plan, which encourages businesses to hire vulnerable workers. In this respect, the site had already committed to organizing a factory visit for young job-seekers, hiring interns from low-income communities and carrying out specific initiatives for people with disabilities.

6.4.3.7. Promotion of human rights

Mersen has been a signatory of the United Nations Global Compact since 2009. Since then, the Group has published an annual communication on progress. The first two principles of the Global Compact call on businesses to "support and respect the protection of international human rights within their sphere of influence" (Principle 1) and "ensure that their companies are not complicit in human rights abuses" (Principle 2).

In 2021, the Group unveiled its Human Rights Policy. This policy outlines the Group's commitment to combat forced labor, combat child labor, uphold the freedom of association, promote fair employment conditions and ensure equal opportunity.

Throughout the world, the Group ensures that each employee performs his or her job on the basis of agreed upon terms and conditions of employment and receives a fair wage according to the number of hours worked. Freedom of association is guaranteed at all sites. The age of the employee is checked by a local team as part of the fight against child labor. An analysis of the human resources database is performed annually to make sure that employees under 18 have special employment contracts related to a specific course of study, such as apprenticeship contracts.

Pursuant to Article 18 of the EU Taxonomy Regulation, the Group has conducted a survey of 11 of its sites in order to identify areas and/or activities potentially at risk with regard to human rights as defined by the International Labor Organization. Based on the results of this assessment, action plans will be implemented in 2023.

6.4.3.8. Strengthened internal communication

The MersenONE intranet site is Mersen's first in-house communication media. Its main aim is to provide a simple and agile environment for improving the way in which each Mersen employee can connect, collaborate and communicate to help drive our Group's development. The user experience is of paramount importance, and efforts are constantly being made to make the interface intuitive and easy to use. Actions are undertaken regularly to encourage intranet engagement.

In early 2021, a "My Employee Experience" page went live on MersenONE. It gives employees access to all of the useful tools and HR information they need at key moments in their career within the Group. As an extension to this, several sites have launched their own "My Site Employee Experience" page, a local version of the Group page. These pages provide employees with pertinent practical information and information specific to their site. As of today, all 9 sites in France, all 10 sites in the United States, both sites in Canada and the Mersen Nordic site have their own "My Site Employee Experience" page.

In order to encourage and promote employee bonding, new communities were created on MersenONE in 2022. These communities, whether private or open, allow users to share and access information about a specific area of interest:

- at the beginning of the year, a community was set up for Newcomer Event (NCE) participants. Open to everybody, the "Newcomer Event 2022" community allows:
 - NCE participants from all regions to introduce themselves, get to know each other and discuss work undertaken in preparation for the event,

- all Mersen employees to find out what an NCE is and what it aims to do,

- all NCE participants and Mersen employees to have access to the information shared at these seminars and learn more about the Group and its employees;

- at the end of 2022, a community for Group managers was launched on MersenONE. Its main objective is to simplify the life of managers by centralizing all of the tools and techniques needed to keep employees motivated, committed and productive. This community is a place where managers can provide mutual support, express their needs and learn ways to improve their managerial skills and practices. A series of webinars on management issues led by either in-house or external speakers is available to members. A first webinar on the new Performance and Development Review (PDR) for managers was held in December 2022;
- lastly, Water Fountain, an informal interaction space aimed at encouraging employee bonding, was created in 2022, allowing employees to initiate or participate in a discussion on any topic they wish (sports, cinema, science, etc.), and giving them a chance to share their knowledge and interests with others.

MersenONE is constantly evolving. In 2022, it was enriched with the following content:

- an inventory of the Group's key documents (policies, charters, procedures);
- a new page presenting the Group, its history, its operations, its organization chart and its key documents;
- a set of pages presenting the head office units, their duties, their key documents and their employees.

In 2021, the format of the Group's in-house magazine, Inside, was revamped to devote more space to information from the sites and to showcase local initiatives. To that end, each issue highlights a country or region where the Group operates. A new editorial committee has been established, and the circle of contributors has been expanded. At each site, a person tasked with distributing the newspaper to operators has been appointed. In 2022, three issues were devoted to Spain, the United States and Oceania.

6.5. A learning organization

Mersen operates in complex, high-tech sectors and owes much of its success to the expertise of its teams and skills of its employees. To retain its talent and attract new talent while adapting to the technical and technological developments of its markets, the Group implements a human resources policy focused on continuing professional development. This is a forward-looking approach to employment that allows Mersen to make the necessary changes to maintain its reputation as a leader.

The Group has created the Mersen Academy online training platform which has the following objectives:

- streamline training through e-learning;
- support teams in their personal development and employability;
- integrate new hires into the core of Group training processes more easily;
- systematically offer training programs on essentials, such as safety, quality, ethics and management;
- reduce training costs;
- promote interactivity and collaborative work within the Group;
- facilitate the rollout of training in all formats: online, face-to-face or multimodal;
- record training times for each learner with the relevant access, allowing the Group's training offer to be adjusted or improved in line with user needs and usage observed after overall analysis.

6.5.1. Training

	2022	2021
Hours of training as defined in the reporting methodology ⁽¹⁾	118,323	98,459
Average number of hours per employee	16.2	15.1
<i>o/w Mersen Academy</i>	4.4	4.8
<i>o/w France</i>	14.0	13.2
Training expenses (in €m)	3.7	1.4
Spending on training as a % of total payroll costs		
<i>Group</i>	1.5	1.2
<i>France</i>	2.0	1.4
Main training programs (number of people trained)		
GPS	60	8
Management Academy	545	395
Ethics ⁽²⁾	5,620	1,207
Finance Insight	81	74
Sales Academy	121	254

HRIS scope

(1) Includes Discover Safety and Environment and Environment training for employees with a Mersen Academy account.

(2) Ethics training is described in the "Ethics and Compliance" section.

6.5.1.1. Global Project Standard (GPS)

Whether they be acquisitions, industrial adjustments or major investments, Mersen carries out major projects throughout the year. The successful execution of these complex projects relies on the use of a shared management method, the Global Project Standard (GPS).

Group training and deployment methods are also in place.

Multimodal learning: An e-learning module on the GPS method is used to familiarize employees with the broad guidelines and methods. It has been mandatory for new engineers and managers since 2016 and can be rounded out with in-depth classroom training given by in-house experts. In 2018, this training was complemented by role-playing exercises. To adapt to the context resulting from the health crisis and to offer an alternative solution to face-to-face training, role-plays were incorporated into the virtual training format in 2020. Since 2021, a hybrid “multimodal” format has made it possible to train new learners through virtual classes using an online game board.

Ambassadors: Thirteen ambassadors in charge of providing methodological support to the project teams were certified by the business segments and the Company’s principal operating regions. They ensure that the GPS culture is applied and respected across the Group, assist and train project managers and their teams, and answer any queries they may have.

6.5.1.2. Management Academy

Faced with a changing, fast-moving world, Mersen has chosen to adapt its management culture through its Open Manager framework. Open Manager sets out the management behaviors that are expected throughout the Group management structure for corporate executives, middle managers and supervisors. It is broken down into five areas: working with everyone, communicating and making sense, motivating and developing employees, building the future, and achieving and raising standards.

Managers are employees who are responsible for leading teams. There are 947 of them in the Group.

Identification of skills: Going forward, the decision to assign an individual to a management position will be based on the new managerial skills identified. For certain key positions (expertise area executives, business managers and product line managers), the Group combines the approaches of internal promotion/external recruitment.

Training: Mersen launched its “Management Fundamentals” training course in 2018 aimed at the Group’s entire open management community. The purpose was to revisit the fundamental practices that all managers need to apply in order to lead their teams effectively on a daily basis. In 2020, the course was released in a virtual format, allowing its rollout to continue despite the health conditions resulting from the Covid pandemic. The shift in teaching format, combined with the creation of a network of eight international trainers, allowed the Group to reach its objective of having 100% of managers trained by the end of 2021. Since its launch in March 2018, this course has been completed by 1,186 team managers.

The development of the Group’s managers continued in 2021, with the launch of a new multimodal training course based on the “Motivate and Develop” dimension of the Open Manager framework: the “Evaluate and Develop My Team” training enables managers to identify their employees’ development needs and to adopt the appropriate solutions from among a wide range of development tools and training courses. At the end of 2022, 40% of the Group’s managers on the December 2022 payroll had fully completed the training.

Management Academy training accounted for 7,638 hours in 2022.

Personal development: Group senior managers have access to personalized development programs. These programs are based on a 360-Degree Feedback Development Program that serves as the basis for drawing up development plans with the help of certified coaches.

6.5.1.3. Finance Insight

The Group has developed training for members of the financial community and for all non-financial employees who wish to improve their financial literacy. It offers standard content and customized training to meet individual needs.

Rolled out in September 2022, it accounted for 2,349 hours of training in 2022.

6.5.1.4. Sales Academy

Introduced in September 2020, the Sales Academy is primarily aimed at developing the skills of employees in the “sales” area. It teaches them to master basic sales skills and use tools like Customer Relationship Management (CRM) to boost business performance.

“Sales Fundamentals”, an introduction to the training program for sales employees, accounted for 2,067 hours in 2022.

6.5.2. Career development: opportunities for every profile

Mersen’s global dimension provides employees with genuine career development opportunities. The Group has demonstrated its desire to encourage exchanges between its various segments and geographic areas by prioritizing mobility and the international diversity of managers. This international mobility policy is underpinned by a desire to develop local talents and recognize skills wherever they may be. This approach allows Mersen to encourage responsiveness to customers and foster growth and innovation. An Internal Mobility Policy was formalized and circulated in 2021. It sets out what is expected from the various stakeholders and describes the various tools used to support and promote internal mobility.

Career committees: Career committees provide the opportunity to assess the career outlooks of key managers in each of the businesses and to prepare individual skills development plans on a yearly basis. These reviews are conducted at facility and segment level and help to identify key and/or high-potential employees for review by the Management Committee's Talents Committee. These committees contribute to improving succession planning in the same way as experience interviews.

Evaluations: Individual evaluations are held for senior managers or other experienced managers who are expected to be promoted to a key management position in the short term. The aim is to check the suitability of the potential promotion and draw up a personalized development plan, which will also help employees succeed in their new role. Since 2018, evaluations for emerging talent have also been in place.

6.5.3. Managing human resources for the future

While the Group is preparing its future by identifying the skills it will need to ensure its growth going forward, employees also need to be aware of likely changes in their jobs so that they can actively improve their own skill set.

To this end, each business performs a forecast of the skills it will need in the medium term, based on strategic workforce planning and in step with its priorities and those of the Group. This analysis is consolidated at the Group level, based on Mersen's benchmark job framework.

Group job map: Updated annually, it identifies and describes, for each of the 11 job fields (sales, marketing, business, R&D, production, production support, sourcing, information systems, human resources/safety/general services, finance and legal affairs, and business process owners), the 115 Group benchmark jobs shared by all divisions. This job map, along with challenges, specificities and associated skills, is used to increase the effectiveness of the Group's HR policies (hiring, mobility, training, etc.) and narrow down the types of skills in demand during the hiring phase.

A methodology for updating the job map was established in 2021. The aim was to clarify the approach, ushering in an annual agenda of regular meetings of a "Jobs Committee" comprising 11 two-person teams (one manager and one HR representative) for each job field.

6.5.4. Open Expert: Mersen's community of experts

To ensure the Group's development, and in particular to strengthen its technological excellence, Mersen set up an expertise career path called "Open Expert", in parallel with its management path. It includes experts chosen for their key expertise in the Group's strategic business lines, as well as for certain behavioral skills.

These specialists are volunteers who, in addition to their expertise, are especially skilled in sharing know-how and galvanizing their colleagues to help move the Group forward.

Three levels were defined (experts, senior experts, executive experts). At the end of 2022, there were 29 Open Experts (including three women) who together form the foundation of a community dedicated to spreading the Group's culture of expertise.

A fourth level (specialists) was added in 2021 for people with high-level skills in certain technical and scientific fields specific to the Group's markets. To date, Mersen has identified 32 different fields and over 100 specialists. The experts belonging to this second circle are encouraged to cultivate and pass on their know-how.

The Open Experts share their expertise through the community of experts, which is open to all employees on the Group's intranet. The annual Open Expert Convention was held in September 2022.

A 40-hour multimodal training course provided as part of the Expert Academy was launched in July 2022: Called "Innovation Management", it is taken by all Open Experts. The goal is to enable them to take ownership of the project screening process to ensure that the objectives are in line with Mersen's long-term strategy/vision. It also enables them to identify the resources needed to develop, produce and sell a product/solution.

	2022	2021	2020
Number of Open Experts	29	24	20
Number of women Open Experts	3	2	1

6.6. Enhancing the employee experience

6.6.1. New recruit integration program

To allow every new recruit to quickly find their feet and take ownership of the Group culture, Mersen developed the mandatory integration program called “I Become Mersen”. It starts on the first day on the job: the new recruit is given a welcome booklet and kit containing all of the information he or she will need to learn about the Group. The program is then adapted to the profile of each new recruit. In 2021, a new platform called “My Employee Experience” was created, which is accessible via the Group intranet and gives all new employees the possibility of learning everything they need to know about the key moments to expect within the Group, both in their daily work and their overall career.

Mentors may be appointed for new employees depending on their site and position, and everyone joining the Group is required to follow a number of in-house training sessions. This training is accessible either face-to-face or via e-learning, such as the modules on health and safety, and training on the Group’s Code of Ethics, for example.

Engineers and managers are offered specific training courses (such as on project management or on the Group’s management model Open Manager, etc.), as well as an induction seminar called the New Comer Event. The objective is to give the year’s new hires an opportunity to meet one another and interact with the members of the Executive Committee and other managers in their region, and to learn about the Group while building their internal network. A new format was introduced in 2022: a preparatory training program on Mersen Academy that devotes more attention to interaction and collaborative work throughout the seminar. Each seminar includes a tour of a manufacturing site. In 2022, 163 new engineer and management hires participated in one of the three annual NCEs (one per continent: Europe, Asia, the Americas).

Mersen also implemented a specific integration program, “We Become Mersen”, for new employees joining the Group as part of an acquisition. The adapted program focuses on human, social and cultural aspects.

A new onboarding process was rolled out to the Global HR teams for testing at the beginning of 2022. The process concerns all new Group employees, regardless of their status. It is a tool designed to help managers and HR departments prior to and during the integration and follow-up phase. It identifies the people involved in onboarding and the different stages of support offered to help new employees settle into their role so as to fully contribute to Mersen.

6.6.2. Knowledge transfer: managing key knowledge and skills

While planning ahead for departures linked to demographic trends in the Group’s workforce continues to be vital to Mersen’s human resources planning policy, managing key knowledge and skills is a crucial issue that doesn’t only concern employees preparing for retirement.

Each of the Group’s sites has identified critical employees, as well as specialists in one or more of Mersen’s 32 strategic specialties. Based on a risk matrix that considers impact and probability, the sites established their priorities for taking action. Following the local career committee meetings at the end of March, the plants launched action plans based on the five-step process proposed to the sites. The process was rolled out in 2022 via presentations to site managers and the HR community and was translated into English and Chinese to facilitate buy-in. It can also be used on sites at any time for all managers, engineers, technicians or experienced operators and to plan for retirements.

An initial assessment of the actions will be conducted at the beginning of 2023 and in the context of the 2023 career committees. Concerning the Open Experts, follow-up will be ensured by the Open Experts committee as part of the status report that each Open Expert is required to submit. Parallel to this, some Open Experts are examining which medium is best for creating a secure knowledge base that will ensure the safe storage of sensitive information.

Mersen is also pursuing its proactive policy of welcoming young people on internships and work-study programs, which contributes to the formalization and transmission of key knowledge and skills. It is also a way to address the Group’s changing needs and attract greater numbers of young people, and women, to its professions, particularly the technical ones. The Group identifies, trains and promotes mentors, who play a key role in the integration of work-study students and the transmission of knowledge.

6.6.3. Tools for better supporting and managing teams

Mersen offers its managers a range of tools to help with managing teams and to provide personalized support to every employee.

Annual evaluation: The annual evaluation is a key element of the skill development process and is an ideal opportunity for discussion between employees and their direct managers. In addition to measuring individual performance and setting new targets, the evaluation is also an opportunity to assess current and upcoming skill development. If necessary, a mid-year evaluation can be held in addition to the annual evaluation.

Managers around the world can familiarize themselves with the evaluation process via training on the Mersen Academy platform.

In 2022, over 70% of eligible staff (workforce excluding operators and clerical workers) who had access to the performance assessment module had an annual evaluation (i.e., 27.4% of the Group’s total workforce). Other employees can have a discussion with their manager directly.

Career reviews: Career reviews are another tool providing a full analysis of employees' professional accomplishments, helping them to formulate their expectations and goals for the medium term. They also provide an opportunity for managers two tiers up to have direct contact with employees and to listen to their aspirations. Career reviews can also be offered during Career Committees or at the mid-point of an employee's career to see how the land lies.

Key findings report: Since 2018, at certain sites, every new employee prepares a key findings report after their first three months. This is part of the Group's continuous improvement process and is an opportunity to assess employees' level of integration, and receive any questions and feedback. The information is then used by each site to further develop their own continuous improvement programs.

Continuing education: Mersen has given its employees access to its e-learning platform since 2013. Since 2018, the Mersen Academy training platform has helped develop the skills of the Group's employees and support their professional development.

The Group also promotes qualifying training programs via joint qualification certificates in its business areas, such as metallurgy and chemistry.

Training methods are described in section 6.5.1. of this chapter.

Exit interviews: In 2018, Mersen introduced specific interviews for employees who choose to leave the Group in order to better understand their reasons and get an overview of their career with Mersen. These interviews aim to identify any potential issues and implement the appropriate action in order to better retain talent.

6.6.4. Recruitment procedure

To ensure successful recruitment, HR teams can use the Group's various reference frameworks for skills (Open Manager, Open Expert, Group job map).

In 2021, the rollout of the employer brand included a training module on "How to integrate the employer brand into recruitment" which was offered to all HR managers in the six pilot countries (Austria, Canada, China, France, India, USA). It was offered to recruiters in these six pilot countries in 2022 and will be offered digitally in 2023 to all Group recruiters.

6.6.5. Labor and employee relations

Labor relations is a core component of Mersen's human resources policy. It forms part of a process of continually seeking a balance between economic and social imperatives and is adapted to all levels of the Group and in all of its countries of operations – giving the utmost respect not only to Mersen's values and ambitions, but also to the local cultures and history of each site.

Europe: Dialogue with employee representative bodies takes place at meetings of the Group Committee and the European Works Council, which has been held online since the health crisis. Mersen's situation and its strategic priorities are discussed at these meetings, which complement existing consultation and discussion bodies within the Group's companies in the various European countries. In 2022, the Group Committee meeting

took place in person. The appointment of the employee director was renewed for another term. The European Works Council meetings were held by videoconference. Management and a special negotiating body have drawn up a draft agreement setting out the European Work Council's operating rules, which will be presented to the members in early 2023.

France: Yearly meetings are held with each union organization. Negotiations were conducted on health and death/disability insurance and changes to benefit plans. Following wage negotiations in December, all French sites signed agreements with the unions.

■ **La Mure:** Agreements pertaining to weekend work, profit sharing and salary were signed in 2022.

■ **Amiens:** Staff representative bodies have a space where they can accommodate employees. It can also be used for holding general meetings, such as during mandatory annual negotiations (NAO). Weekend work agreements were signed in 2022.

Spain: In San Feliu, an employee representative group is responsible for negotiating and advocating on behalf of employees, particularly with regard to complementary health insurance and salary increases.

United Kingdom: In Holytown and Teesside, a joint consultative committee has been meeting monthly for many years to field employee questions and concerns. The latter are then forwarded to the plant managing director and HR department for discussion. The committee is open to representatives elected by the teams.

South Africa: The site is a member of the employer federation SEIFSA. Every three years, it meets with the trade unions to negotiate wage and employment condition issues on behalf of industry. The current agreement is in effect until June 2025.

Argentina: The plant's union examines and regulates labor agreements. It signed a wage agreement that is revised every six months in line with local inflation conditions. Agreements related to production bonuses for operators were concluded in 2022.

Brazil: Mersen's staff representative bodies take part in various annual renegotiation discussions (wages, profit sharing, overtime hour bank systems, etc.). Two committees, CIPA (health and safety) and PPR (profit sharing), also regularly oversee the Group's performance. Employees are also convened by General Management four times a year to discuss company strategy, market conditions and the performance of Mersen do Brasil.

South Korea: The subsidiary has established a Labor Management Counsel.

Canada: Since its creation in the 1960s, the Mersen Dorion subsidiary has a formal union accreditation by virtue of a contract that is signed every four to five years between Mersen and the union organization, United Food and Commercial Workers (UFCW). The contract covers several areas (wages, profit sharing, working conditions, health and safety, public holidays, etc.) and was renegotiated in 2019 for a further five years, i.e., until 2024.

China:

■ in Kunshan, a collective agreement on working hours, working conditions and wages is reviewed annually;

- in Harbin, a collective agreement on the protection of employees and their rights was signed in 2022;
- in Xianda, a collective agreement primarily aimed at guaranteeing a minimum wage for employees is signed every year;
- in Yantai, a collective agreement is signed twice a year with the site's trade union and mainly concerns employee wellness, wage increases and medical benefits. The union regularly conducts employee satisfaction surveys.

United States: The St. Marys plant has worked with an external union for many years, discussing wages, working and employment conditions, and employee benefits. The unions meet on a regular basis to address issues of common interest in order to ensure alignment with mutual interests. The last contract was signed in 2022 for a term of three years.

India: The subsidiary has signed a five-year agreement with the trade union, bearing notably on benefits and salary increases granted to non-management grade employees. The agreement began on May 1, 2020 and expires on December 31, 2025.

Oceania: A three-year agreement negotiated with employee representatives has been in place since 2022.

54% of the sites signed one or more collective agreements (or the equivalent) during the year.

45% of the workforce is covered by local or branch collective agreements.

6.7. HR excellence & support

6.7.1. Compensation policy: responsive and expanding

Geopolitical unrest in 2022 has had a major impact on the economy. Inflation has increased sharply, prompting companies to adapt their compensation policies.

Despite this challenging environment, Mersen has chosen to pursue and deepen its commitment to compensate employees in a manner that is more just, more equitable and more protective, while bearing in mind the need to maintain competitiveness.

Responding to inflation

Mersen's constant goal is to offset inflation. In recent decades when inflation was practically non-existent, this was a feasible goal. When the increased salary budget was initially prepared for 2022, the rise of the cost of living was factored in. As a result, the average salary increase budget for all host countries was double that of the previous year.

In the course of 2022, however, it became apparent that inflation in some countries was much higher than anticipated. As a result, it was decided to grant additional increases and/or exceptional bonuses to employees where the situation was the most critical. These additional increases were therefore determined for employees in Turkey and Hungary. Bonuses were paid to employees in the following countries: Canada, United States, United Kingdom, Germany, Italy and France. In France they were paid out through a legal mechanism called the value sharing bonus.

Employees were given a flat sum bonus, regardless of their salary. Mersen's main goal was to offset inflation for those with the lowest incomes, i.e., those who were the hardest hit by the situation. In the interest of solidarity and fairness, employees with high incomes were excluded from the scheme.

A competitive and effective long-term compensation policy

Despite inflation, Mersen has decided to maintain the principle of selection, especially for hiring managerial staff. The use of the across-the-board increase mechanism has been limited to low salaries (at the same time reserving a portion of the budget for promotions and rewarding merit). For managers, pay is set on an individual basis. Salary reviews continue to be linked to performance and the market value of the position. Salary budgets for 2023 were prepared based on all of the above principles. Guided by the notions of fairness, standard of living and competitiveness, realistic budgets have been drawn up for each of the countries where Mersen operates.

Deepening our commitment to equality

Mersen is aware that gender wage gaps continue to persist in some countries with no objective factors to justify their existence. It has made the commitment to do everything it can to fight this injustice. To get an objective view of the situation, Mersen enlisted the support of Mercer, a world-renowned human resources consulting firm. Mercer has developed a process to assess wage gaps that identifies unexplainable differences in pay attributable to gender bias. In 2022, assessments were carried out in France, Canada and the United States. The results showed an average gap of 3.7% to the detriment of women. In order to reduce this problem, Mersen decided to allocate a budget exclusively for this purpose. The goal is to close this gap by 2025.

Implementation of Mersen Care

Launched in 2021, the Mersen Care program is built on three pillars: equity, protection and balance. While these principles are in place at most sites, the goal is to apply them universally across the Group.

- **Equity:** Here the focus is placed on making profit sharing more widespread. By 2025, all Group sites will be required to implement a program that allows employees to receive a portion of the profits, when there is a profit relative to the budget.

At the end of 2021, 43% of employees benefited from a profit-sharing scheme.

(In thousands of euros)	2022	2021
Amounts allocated to employees	9,122	7,903
Number of beneficiaries	3,145	3,004
As a % of the number of employees	43%	43%
Number of sites covered (as a %)	44%	43%

- **Protection:** In 2022, death benefit coverage was extended to all Mersen sites. 98% employees now receive death benefit protection, compared with 81% previously. In 2022, the starting benefit amount was set at one year's salary, paid out in a lump sum to the employee's beneficiaries. In 2023, the sites will be asked to adjust the capital value in line with local practices.

Risk covered	2022		2021	
	% of sites	% of employees	% of sites	% of employees
Supplementary pension	63	54	63	54
Complementary health insurance	71	85	64	76
Death/disability insurance	49	51	43	48
Life insurance/death benefit*	95	98	69	81

* Includes sites with a contract as of 12/31/2022 but effective as of 01/01/2023.

- **Balance:** Here the focus is on work/life balance. The first issue to be addressed concerns the number of days of leave. Mersen has set a minimum annual threshold of 15 days, regardless of the employee's length of service. In 2022, employees at certain sites in North America (Canada and the United States) with less than five years of service had less than 15 days of paid leave. A minimum of 15 paid vacation days is now applicable throughout our North American sites. In 2023, this rule will be extended to the Group's sites in China. By 2025, 100% of the Group's employees should have at least 15 days of paid leave.

6.7.2. Pay ratio

Mersen also calculates the pay ratio for each of the countries in which it operates. The calculation method consists of comparing the highest gross compensation paid by country to the average wage for all employees.

A calculation is also made to measure the ratio of increase in the employee's compensation with the highest gross compensation paid in 2022 to other employees in the same country.

The median ratio is calculated at Group level as the average of the ratios calculated by country.

	2022	2021
Highest paid employee/Average compensation paid	4.05	4.44
2022 increase of the highest paid employee/Average increase for all employees	0.79	0.67

The pay ratio, which shows the difference between the compensation of executive officers and the median and average wages of all French employees, is provided in chapter 2 (section 2.2.4.).

The ratio of men to women by socio-professional category is also provided in paragraph 6.4.3.5 above.

6.7.3. Promoting best practices for our compensation policy

Knowledge of the market and of legal and regulatory developments, as well as compensation benchmarking, are the key components of an effective compensation policy.

Mersen participates in numerous compensation surveys and belongs to networks whose membership includes the main companies in the industry. In 2022, the Group's Compensation & Benefits department created an information exchange group bringing together some 20 compensation and benefits directors from head offices based in the La Défense business district in Paris. It allows for fast, efficient and direct communication on compensation practices and developments.

6.7.4. HR Information System

As defined in its 2021-2025 HR Roadmap, Mersen is committed to modernizing its Human Resources Information System (HRIS), a key tool for HR service excellence.

In 2021, the Human Resources department launched a major project for a new HRIS that will cover all HR processes, including recruitment, integration, performance, career and succession, and compensation. The implementation strategy involves rolling out the system in a step-by-step fashion between end 2022 and end 2023 so that the component dedicated to the annual review process will be available in time for the 2023 session, while ensuring enough time to implement the other components.

This transformational project will greatly enhance the HR function, enabling it to better serve its internal customers, strengthen its partnership with the operational teams, and prepare the Mersen of tomorrow.

6.8. Promoting well-being, health and safety at work

Mersen pledges to provide the best possible work environment for the well-being, health and safety of all of its employees. Every year, the Group's Executive Committee renews its commitment to not compromise on health and safety, whatever the commercial and financial implications, and this commitment is displayed at all of the Group's sites. Achieving excellence in occupational health and safety is a constant priority, as it is a key concern for stakeholders.

Our health and safety strategy is underpinned by the commitment of our managers to deploying a preventive approach at their sites based on the following principles:

- ensuring employees are aware of the risks and hazards they may face and carrying out risk and hazard assessments on a regular basis, as well as each time there is a change in working organization;
- providing regular training to employees on health and safety and collective and personal protective measures;
- ensuring that both managerial and non-managerial employees report on and analyze any incidents.

Prevention and health and safety performance measures are progressing in the workplace over time.

6.8.1. Health and safety policy

The Health and Safety Management System sets out the objectives, organization and principles implemented at all of the Group's sites. It is based on the following elements:

- objectives, organization and steering committees;
- engagement from managers, health and safety indicators, and the annual prevention plan;
- risk assessments, compliance with regulations, sub-contractors' prevention plans and health protection;
- golden rules on safety;
- job-specific training, emergency evacuation procedure;
- observations, safety visits and audits;
- analyses of incidents and potentially dangerous events.

As in previous years, the health and safety policy was given a comprehensive assessment by the Executive Committee. In 2022, no changes were made. It was then submitted to and approved by the Board of Directors.

Governance

The Board of Directors: The Board of Directors endeavors to protect the interests of the Company and its shareholders while taking into consideration the social and environmental challenges of the Company's activities. To this end, it has appointed a director responsible for CSR issues who works closely with Executive Management and the Group's Health and Safety, Environment and Industrial Risks function to recognize and address health and safety issues. The Board approves the health and safety policy annually.

The HSE Committee: Comprising the Chief Executive Officer, the Human Resources Department, the Operational Excellence Department and the heads of both of the Group's segments, this Committee oversees all environmental and health and safety actions and indicators at the Group and meets on a monthly basis.

The Group's Health and Safety, Environment and Industrial Risks function: This is part of the Operational Excellence Department, which is responsible for implementing the Group's health and safety policy across all industrial sites.

Manufacturing Site Managers: Manufacturing Site Managers are responsible for implementing a safety management system that is effective, compliant with regulations and adapted to local business. Manufacturing Site Managers must appoint a Site Health and Safety Manager to oversee these actions and report on a dotted line basis to the Health and Safety, Environment and Industrial Risks function.

Site Health and Safety Managers: Site Health and Safety Managers are in charge of site action plans, coordinating activities and measuring progress. By the end of 2022, all manufacturing sites will have a health and safety manager appointed by the Site Manager.

Regional Health and Safety Coordinators: Regional Health and Safety Coordinators are responsible for conducting cross safety audits and monitoring regulatory changes in their geographical area. During a cross safety audit, a health and safety manager from one manufacturing site reviews how the policy and procedures are implemented at another site. In 2022, all of the manufacturing sites were assigned to a geographic area (Northern Europe, Southern Europe, China, Asia Pacific, North America, South America).

The Safety Council: Comprised of the Group's Operational Excellence Department, the Industrial Directors of each Business Unit and Regional Health and Safety Coordinators, the Safety Council ensures that the health and safety policy is implemented at all sites and also organizes audits.

Training/information

Communication on the health and safety policy, training, and awareness-raising on health and safety issues are all essential.

All new employees are required to take an online e-learning course featuring presentations, videos and quizzes entitled "Discover Safety & Environment by Mersen". It provides an overview of the Group's health, safety and environment policy.

A total of 65,363 hours were devoted to health and safety training in 2022.

Training hours	2022	2021	Change
Health and safety training	65,363	52,908	+24%

The Group continues to consistently invest in improving equipment safety and protecting the health and safety of employees and sub-contractors. It invested €3.1 million in 2022.

In €m	2022	2021	Change
Health and safety capital expenditure	3.1	2.9	+7%

6.8.2. References

With regard to certification to the ISO 45001 safety management system standard, the Group has focused its initial actions since 2018 on the sites presenting the most significant safety challenges and will extend this scope from 2023.

Percentage of manufacturing sites certified	2022	2021
ISO 45001 Safety Management System	31%	32%
ISO 45001 Safety Management System (sites > 125 people)	38%	38%

6.8.3. Prevention of health and safety risks

Risk assessment and management safety visits: Mersen's approach to health and safety also involves identifying and assessing hazards and risks through the systematic implementation of a number of tasks and procedures. The most important of these are (i) annually updating a Risks Assessment document for each site, and (ii) carrying out Job Hazard Analyses (JHA). As at December 31, 2022, 98% of the manufacturing sites had updated their Risk Assessment within the last 12 months.

Management Safety Visits, or MSVs, are an important element of the Group's prevention toolkit as they are aimed at seeing how employees work on the ground and opening up dialogue with them to identify any hazardous acts or conditions. In 80% of cases, immediate corrective action can be taken to remedy any problems identified during MSVs. In 2019, the Group set up a training schedule for people conducting these visits. It consists of two days of basic training, followed every three years thereafter by a skills maintenance and improvement course.

A target was established to increase the number of visits by 20% from 2021 to 2025 following a rise of 19% between 2018 and 2021. Having attained an increase of 32% in 2022, Mersen's goal is now to focus on improving the quality of the visits.

Management Safety Visits (MSV)	2022	2021
Number of safety visits	6,569	4,927
% change compared with 2021	+32%	

Awareness-raising: Mersen raises employee awareness on an ongoing basis and seeks to share best practices between sites. A "health and safety week" is held every year at all of its manufacturing sites. These awareness-raising events contribute to fostering a culture of safety and feature themed workshops and guest speakers (emergency services, ergonomics experts and health professionals) and are a great success with employees. Other than safety in the workplace, health, food hygiene and the risk of domestic accidents are also addressed. Regional coordinators share best practices with site health and safety managers during regular meetings.

Audits: Each year, the Executive Committee draws up a program of corporate audits for the Group's different sites. This is in addition to cross-audits between sites. The Group's objective is for each site to undergo an annual audit. Put on hold in 2020 due to an internal decision to limit travel, the program resumed in 2021, and the percentage of audits reached 72% in 2022.

Health and Safety audits	2022	2021
Percentage of total Group sites subject to corporate audits and cross-audits	72%	25%

6.8.4. Reduction in accident frequency and severity

The Group continues to develop an occupational health and safety culture informed by a commitment to transparency and learning from experience.

Accident reduction is aimed at both the number and severity of injuries. Accident rates have included temporary staff since 2011 and sub-contractors since 2019. The frequency rate of occupational accidents with or without lost time (Lost Time Injury Rate, or LTIR, and Total Recordable Incident Rate, or TRIR) measures the number of reported accidents per million hours worked, and the Severity Injury Rate measures the number of days of lost time per million hours worked.

The Group has set a target of keeping the LTIR less than or equal to 1.8 and the SIR less than or equal to 60 throughout the 2022-2025 period (scope: Mersen employees, temporary workers and sub-contractors). These performance targets, which have already been achieved in the past, have been stable since 2017, with a frequency rate of 1.40 to 2.00 and a severity rate of 45 to 85.

In 2022, the frequency rate (LTIR) stood at 1.53 and the severity rate (SIR) at 66.

The change in 2022 reflects an increase in the number of accidents involving Mersen employees and a decrease in those involving temporary workers and sub-contractors. To cope with increased business volume in 2021 and 2022, the Group had to hire new production operators, and despite systematic job training, the absolute number of lost-time accidents went up. Furthermore, in 2022, Mersen improved its safety training for temporary workers, which led to a decrease in accidents in this category.

The Group pays particular attention to ensuring that priority employees, i.e., people new on the job and temporary staff, receive training on safety protocols.

Lastly, a sensitivity analysis conducted on the frequency rate in 2022 showed that one accident has a 0.06 impact on the results.

Rate of accidents per million hours worked (Mersen employees, temporary staff and sub-contractors)	2022	2021
Lost Time Injury Rate (LTIR)	1.53	1.62
Total Recordable Incident Rate (TRIR)	4.66	3.75
Severity Injury Rate (SIR)	66	47
Fatal accidents (employees, temporary staff and sub-contractors)	0	0
Number of accidents with serious consequences (>6 months' lost time)	1	0

Rate of accidents per million hours worked (Mersen employees)	2022	2021
Lost Time Injury Rate (LTIR)	1.50	1.06
Total Recordable Incident Rate (TRIR)	4.28	3.17
Severity Injury Rate (SIR)	53	44
Fatal accidents (temporary staff and sub-contractors)	0	0
Number of accidents with serious consequences (>6 months' lost time)	0	0

Rate of accidents per million hours worked (temporary staff and sub-contractors)	2022	2021
Lost Time Injury Rate (LTIR)	1.74	4.93
Total Recordable Incident Rate (TRIR)	6.97	6.27
Severity Injury Rate (SIR)	143	60
Fatal accidents (temporary staff and sub-contractors)	0	0
Number of accidents with serious consequences (>6 months' lost time)	1	0

Safety Awards: Mersen gives out awards to manufacturing sites that have logged a record number of days without lost-time accidents. At the end of 2022, the results were as follows:

- 3 sites with more than 5,000 days;
- 2 sites with more than 4,000 days and less than 5,000 days;
- 5 sites with more than 3,000 days and less than 4,000 days;
- 7 sites with more than 2,000 days and less than 3,000 days;
- 11 sites with more than 1,000 days and less than 2,000 days;
- 7 sites with more than 500 days and less than 1,000 days.

6.8.5. Health protection

Since its update in 2019, Mersen has been implementing its health protection policy along the following lines:

- prevention of chemical risks;
- protection against noise and dust;
- workstation ergonomics;
- medical supervision of workers, in particular symptoms of stress and musculoskeletal disorders (MSDs).

Preventing chemical risks: All products and substances that come on to Mersen's manufacturing sites are authorized and monitored by the Site Health and Safety Managers. Risk assessments are requested regularly from both internal and external medical services. Periodic air quality checks are conducted in line with legal requirements and the information is then included in the risk assessments. The Group is maintaining its training efforts on exposure to polycyclic aromatic hydrocarbons (PAHs) at sites that manufacture graphite products.

Protection against noise and dust: The Group constantly strives to protect employees and local residents from noise caused by machinery and transportation. First and foremost, we make sure we comply with the applicable regulations in our host countries, and we constantly seek to eliminate sources of noise or take protective measures where this is not possible. Noise sources are measured and analyzed to determine sound levels. Depending on local restrictions, sound levels are measured as far as the site's boundaries and surroundings if it is located near a residential neighborhood.

Dust is primarily emitted during the processes to transform graphite and to fill fuses with sand. Graphite dust collection systems are monitored closely in line with regulations under a priority preventive maintenance program.

Workstation ergonomics: MSD prevention and load carrying rules are two priority focuses to improve ergonomics. Multidisciplinary working groups have been formed to adapt workstations, with the help of ergonomics experts at some sites.

Occupational illnesses: The scope is limited to France due to a wide variety of definitions for occupational illness across the Group's host countries. Occupational illnesses within the Group mainly concern musculoskeletal disorders.

Occupational illnesses (Mersen employees)	2022	2021
Deaths due to a recognized occupational illness	0	0
Employees declaring an occupational illness which is recognized by the authorities	4	4

Occupational illnesses (temporary staff, sub-contractors)	2022	2021
Deaths due to a recognized occupational illness	0	0
Employees declaring an occupational illness which is recognized by the authorities	0	0

6.8.6. Biological/infectious/epidemic risk management

Since the beginning of 2019 and the onset of the pandemic, Mersen has continually made the health of its employees a top priority. The main rules were established in a decentralized and pragmatic manner at Group level in 2019, and since then, all sites without exception apply the recommendations and regulations of the administrative and health authorities before then adopting the key Group rules.

Working organization was altered in line with Covid-19 restrictions and home working was put in place, with a home-working health and safety booklet provided to all employees concerned.

7. ETHICS AND COMPLIANCE CULTURE

7.1. Commitment

The Mersen group's development owes a great deal to the trust and confidence we inspire in all stakeholders, particularly our employees, customers and suppliers, investors and banks, and shareholders.

This is reflected through values and ethics that are shared by all of its employees and applied responsibly, at all levels, from site management and human resources to financial transparency, anti-corruption and, of course, an ambitious sustainable development policy.

Mersen's regulatory environment is becoming increasingly complex. This is particularly the case for regulations in the fields of competition law, anti-corruption and money laundering. Another

area where complexity is mounting is in respect of export control regulations, embargoes, economic sanctions and other trade restrictions imposed by the United States, Canada, the European Union or other countries or bodies.

Mersen's corporate governance policy is in line with the legislative and regulatory provisions applicable to listed companies in France and the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies to which the Company refers.

Executive Management has a strong commitment to the respect of business ethics. It takes an active part in the compliance program and monitors its proper application through dedicated governance.

7.2. Organization of ethics and compliance within the Group

The highest levels of the Company are involved in ethics and compliance governance, including senior management and the Board of Directors through its Audit and Accounts Committee.

The Risk, Audit and Compliance Department develops and coordinates the Group's ethics and compliance policy effectively and sustainably.

It is tasked with (i) identifying and assessing any risks of non-compliance with laws or regulations that could damage the image, culture or financial stability of the Group, (ii) implementing appropriate procedures and processes to minimize such risks, (iii) informing and raising the awareness of Group employees of the main risks and (iv) managing the "ethics hotline."

It supports the development of the Group's ethics culture and ensures that action plans are properly implemented. In the event of an ethical and/or compliance related alert, the Committee is tasked with analyzing the situation and deciding on the measures to be taken. The Ethics and Compliance Department also works with:

- the Human Resources Department to prevent illicit work and harassment, protect whistleblowers, ensure compliance with labor laws and train employees;
- the Legal Department to ensure that regulations are interpreted properly;
- specialized committees (CSR, MAR ⁽¹⁾, HSE ⁽²⁾, etc.) that deal with compliance.

Work on ethics and compliance is supervised by an Ethics and Compliance Committee comprising the Group's Chief Executive Officer, the Chief Financial Officer, the Vice President for Human Resources, the Director of Risk, Audit and Compliance and the Group Compliance Officer. It meets at least quarterly. It can also meet on an as-needed basis, particularly in the event of an ethics alert.

The Director of Risk, Audit and Compliance reports to the Audit and Accounts Committee on his ethics and compliance work at least once a year.

For the implementation of the European General Data Protection Regulation (GDPR) ⁽³⁾, the Group has set up a working group to determine the actions to be taken to comply with the regulation. The Group officially appointed a Data Protection Officer in early 2019 to step up the action needed to implement those measures. The latter relies on a network of local correspondents in the Group's companies located in the European Union and organizes a quarterly meeting with them to review the progress of projects and discuss the implementation of various tools and procedures.

In addition, in order to monitor the implementation of the various data protection regulations around the world, a Data Protection Committee was established. It includes the Director of Risk, Audit and Compliance, the Data Protection Officer, the General Counsel and representatives of the Human Resources Department and the IT Department.

Finally, the implementation of the competition law compliance program is managed by the Group's Legal Department.

(1) Market Abuse Regulation.

(2) Health, Safety, Environment.

(3) Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

7.3. References

Mersen's commitments and rules in terms of business ethics and compliance are enshrined in the Group's codes and charters. Procedures are in place to ensure compliance with laws and regulations.

7.3.1. Code of Ethics

The Code of Ethics restates the collective and individual commitment of Mersen and its employees to establish and build on mutual trust both within the Group and with all our stakeholders. It applies to all Mersen employees, irrespective of the country in which they work or their position, as well as to the members of the Board of Directors, and formalizes the Group's reciprocal commitments to:

- its employees;
- its external stakeholders;
- civil society.

The full Code is available on the Mersen website: <https://www.mersen.com/group/ethics-and-compliance>

7.3.2. Human Rights Policy

Mersen fully supports the values of the United Nations Global Compact, of which it is a member, and notably its principles on human rights and labor standards.

In 2021, the Group rounded out these general principles by drawing up its own "Human Rights Policy" which sets out its commitments in terms of:

- lawful work, particularly the Group's zero tolerance policy on child labor and forced labor;
- freedom of association and the right to collective bargaining;
- working conditions;
- equal opportunities;
- relations with local communities;
- human resources and governance strategies.

In line with the Taxonomy Regulation, a human rights risk map was created in 2022. An action plan was drawn up for 2023 and 2024 that will enable us to further improve human rights awareness across all our units.

7.3.3. The Anti-Corruption Code of Conduct

The Anti-Corruption Code of Conduct presents the rules to be implemented and respected in order to combat corruption at all levels and in all countries where Mersen is present. It is available on the Group's website. The Anti-Corruption Code of Conduct was rounded out in 2020 by a practical guide setting out best practices for preventing corruption.

Its rules cover the following areas:

- specific rules for public officials;
- gifts and hospitality;

- donations, patronage and sponsorship;
- facilitation payments;
- third-party due diligence;
- conflicts of interest;
- accounting records and internal controls.

Third-party control

The Group has developed a tool for performing an initial analysis of new partners (suppliers, customers and agents) worldwide, based on three criteria:

- sales generated;
- country; and
- end market.

The assessment is based on data published by Transparency International.

If a potential risk is detected in the analysis, more in-depth study is conducted based on data from a recognized independent source.

The in-house tool used to carry out the tests was updated in 2022 to take into account the latest Transparency International rankings.

The number of requests for additional assessments doubled in 2022.

Some offers were not made available to certain customers, as the final destination of the product was not clearly evident.

Accounting audits

Each month, an accounting extract of certain sensitive accounts with regard to corruption (gifts, donations, invitations, etc.) is carried out over a scope covering 75% of the Group's sites. The accounts in question are analyzed. Where necessary, additional questions are asked.

Corruption risk mapping

Group mapping of corruption risks was updated in 2019 and is scheduled to be reviewed again in 2023.

At the same time, corruption risk mapping is performed each year for certain corruption-sensitive countries (based on the Transparency International classification). Mapping of four countries was performed in 2020 and 2021. Two additional units were covered in 2022. An action plan is then developed to improve the control of potential risks. It is monitored by the Risk, Audit and Compliance Department.

To ensure objectivity and understanding of the local cultural, the maps can be produced by a third-party firm with local correspondents in the countries concerned.

In 2021, Mersen commissioned an external firm to assess its compliance program under the Sapin II law. This assessment did not reveal any shortcomings, although it did allow a few improvements aimed at better formalizing certain processes to be recommended. In this respect, the Anti-Corruption Code of Conduct was revised in 2022.

7.3.4. Export control procedures

Mersen manufactures and delivers some products with sensitive applications, and must comply with specific regulations, such as those applicable to dual-use items.

It must comply with both European regulations (Regulation (EU) 2021/821 of the European Parliament and of the Council of May 20, 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items) and U.S. regulations (Export Administration Regulations – EAR and International Traffic in Arms Regulations – ITAR). In particular, several of the Group's plants in the United States fall under ITAR guidelines because of the products or sub-assemblies they manufacture.

In addition, the Group has to comply with national or regional regulations on economic sanctions and embargoes in the countries where it operates.

Due to the extraterritorial application of some laws, especially U.S. legislation, all Group companies may have to comply with certain U.S. regulations (e.g. Office of Foreign Assets Control (OFAC) regulations with regard to counter terrorism sanctions).

The Group ensures compliance with these regulations. Policies and procedures are put in place and reviewed regularly to align them with changes in the regulatory requirements. Awareness-raising actions are carried out among the most exposed employees, especially those in charge of exports.

7.3.5. Other procedures

Specific documents, codes and charters also set out the various aspects or practices of compliance applicable regardless of the country, including:

- Information Systems User Charter;
- Social Media Charter;
- Personal Data Protection Charter;
- website privacy policy;
- procedure for exercising GDPR rights;
- the Code of Stock Market Ethics.

7.4. Whistleblowing procedures

A whistleblowing hotline has been available since the end of 2017 to allow any individual who wants to report an issue to the Group to do so safely and anonymously.

A procedure on this hotline and for whistleblowers was completed in 2019 and reviewed in 2020 and is posted on the Group's intranet. It describes the process for handling reports and the protection measures for whistleblowers. Mersen is committed to ensuring that no disciplinary measures are taken against whistleblowers acting in good faith, and to preserving their anonymity in accordance with the regulations applicable to whistleblowers.

Two channels can be used to report issues:

- for internal staff, a dedicated email address is available: ethics@mersen.com;
- for internal and external stakeholders, a contact form is available on the Group's website.

The Group Compliance Officer and Group Vice President for Human Resources are authorized to receive these reports and are required to deal with them with due care.

Thirteen cases were brought to Mersen's attention in 2022. All of the cases were investigated and have since been closed. Alerts and proven cases of misconduct have resulted in disciplinary action and dismissals.

	2022	2021
Total ethics alerts, o/w:	13	11
<i>Moral/sexual harassment</i>	6	6
<i>Conflict of interest</i>	2	3
<i>Discrimination</i>	0	0
<i>Respect for human rights</i>	1	0
<i>Labor law dispute</i>	2	0
<i>Other</i>	2	2

7.5. Training and communication

Communication, awareness-raising and training for managers and employees are essential in explaining Mersen's Ethics and Compliance policy. There are four mandatory training courses: two on safety and ethics for all Group employees, and another two on anti-corruption and antitrust for more targeted populations.

Detailed information on these courses is provided in paragraph 6.5 of this chapter.

To reinforce Compliance culture, all internal audits include Compliance awareness with the site management during the kick-off meeting.

Lastly, the MersenONE Group intranet gives each employee easy access to all of the Group's charters, codes and policies.

7.5.1. Ethics training

A specific communication and training plan has been rolled out throughout the Group to raise awareness of the ethical behavior to be adopted and to prevent undue internal and external solicitations. Initial training was taken by all employees from 2018.

The Code of Ethics e-learning module was updated and expanded in 2021. It is aimed at all employees. Newcomers are required to complete the module. Employees with a computer are required to take it once every two years. Ad hoc events must be organized on site every two years for other employees.

It should be noted that sanctions, such as non-payment of the bonus, have been imposed on people who have not taken this training.

7.5.2. Anti-corruption training

A training course first implemented in 2018 is given to all employees directly exposed to these issues due to their departments (e.g., sales, procurement, finance) or position (management staff).

This training went online in 2020 via Mersen Academy. It is compulsory for all newcomers joining the Group in one of the aforementioned positions that are the most exposed to corruption risks.

Since 2021, any employee who fails to follow this training is not eligible for a bonus.

7.5.3. Training on competition law

The Group updated its competition law training course in 2020. It is now available on the Group's e-learning platform, Mersen Academy. Mandatory for the categories of people with the greatest exposure to the issue, mainly people in the sales and purchasing functions.

Since 2021, any employee who fails to follow this training is not eligible for a bonus.

7.5.4. GDPR training

Training on the subject of personal data protection, within the framework of the GDPR, was put online in 2021. This training is intended mainly for the GDPR correspondents of the various sites concerned by the regulation, as well as for the human resources employees of the same sites.

Summary of trainings	2022	2021
Ethics		
Number of people trained per year		
■ Employees with access to LMS	1,705	1,207
% completion	96%	75%
■ Employees without access to LMS	3,915	
% completion	89%	
Anti-corruption		
Number of people trained per year	314	278
Competition law		
Number of people trained per year	295	88
GDPR		
Number of people trained per year	98	48

7.6. Control and audit of ethics and compliance policies

The monitoring and implementation of ethics and compliance policies are principally overseen by the Ethics and Compliance Committee, which is described at the beginning of this chapter and assesses progress on the issues within its remit on a quarterly basis.

The Committee reports on compliance to the Group's Executive Committee and the Audit and Accounts Committee at least once a year.

As part of its control program, the Internal Audit Department introduced tests in 2019 to ensure that the ethics and compliance policy is effectively implemented and observed. Under the compliance monitoring process, the following points are verified:

- compliance with embargoes;
- export controls and compliance with OFAC regulations;
- gifts, invitations and donations;
- implementation of ethics and anti-corruption training;
- conflicts of interest.

7.7. Protecting information systems

The Group endeavors to protect its information systems from attacks intended to damage its systems or to manipulate, block or steal data through simulated cyber attacks and awareness-building campaigns for all of its employees.

The Risk Department is responsible for overseeing information systems security, and specifically (i) ensuring the security of the IT systems and protecting data confidentiality, and (ii) ensuring the security of IT infrastructure and applications to safeguard the continuity of operations.

7.7.1. Organization – information systems governance

An Information Systems Security Manager reports on a dotted-line basis to the Risk and Compliance Department. Their role is to:

- verify that the information systems security policy is implemented properly;
- lead the information systems' network of correspondents on all aspects of security;
- propose analysis and improvement tools for optimum control of the existing systems;
- develop an information systems security culture;

The Information Systems Security Manager organizes at least two meetings per year with the Risk and Compliance Department, the Chief Financial Officer and the Group Chief Information Officer to review the security of the Group's information systems.

Since 2016, the Information Systems Security Manager has reported to the Audit and Accounts Committee on the cyber risks facing the Group and the corresponding policy implemented.

7.7.2. References

Launched in 2013, Mersen's information systems security policy is based on industry best practices and standards, particularly ISO 27001 and NIST SP 800-171.

The underlying objective of the policy is to protect Mersen's data and ensure optimal availability of IT tools and systems, while adapting the level of protection to be in line with the requirements of the Group's various businesses and minimizing user constraints to every extent possible.

7.7.3. Audit and risk mapping

The information systems protection policy is underpinned by an audit manual that lists the main domains to be controlled, as well as technical documents and best practices that are available on the Group's intranet. The policy evolves over time in line with changes in information security threats and is based on a risk map that is updated on a regular basis. It is focused primarily on the implementation of preventive actions and mechanisms.

The Group performs internal audits on site or remotely.

In 2021, the Group decided to create a SOC (Security Operation Center) with a view to significantly improve the real-time surveillance of threats.

7.7.4. Training

IT staff and advanced users have had access to an e-learning module since 2016. Information letters are regularly issued in several languages to keep IT teams and users updated about potential risks and best practices. Specific training sessions are also held on a regular basis.

To increase awareness of cyber security among employees who have a PC, the Group updated and rolled out a training module in 2022. The aim is to have trained all people concerned by 2025.

In 2022, 2,700 users underwent cybersecurity training, which corresponds to 90% of the target. New employees are automatically enrolled in the course and follow-up is closely monitored by the Group's training teams.

7.8. A responsible taxpayer

As an international group operating worldwide, Mersen is keenly aware of the important role that tax plays in countries' economies.

The Group is committed to being exemplary when it comes to tax matters, and takes particular care to comply with all of the applicable national and international tax laws and regulations.

Mersen has always sought to build and maintain good relations with the tax authorities and ensures that its business is conducted in a spirit of mutual trust and transparency.

The Group's overall tax policy is designed to be responsible and effective, in line with Mersen's business and strategy, while ensuring legal certainty and safeguarding the Group's reputation. It also helps preserve the value generated for the Group and its shareholders.

In particular, Mersen does not engage in transactions that are purely tax driven or which are artificially structured. It may, however, benefit from tax incentives in some countries that are available to all companies and are therefore not specific to Mersen.

7.8.1. Organization and governance

The Group's Finance Department is responsible for coordinating and managing Mersen's tax situation. In this role, the Finance Department makes sure that the most relevant tax options are chosen in full compliance with the applicable laws and regulations. It also ensures that all taxes and provisions for tax risks are properly accounted for in the consolidated financial statements.

The Finance Department reports to the Audit and Accounts Committee on the Group's tax situation and its main tax risks at least once a year.

The Finance Department draws on the expertise of the Group Tax Department. The Group's Tax Director reports directly to the Group's Chief Legal Officer and on a dotted-line basis to the Chief Financial Officer.

He is responsible for applying the Group's tax policy, especially for cross-border transactions, and for advising the Group's various companies on tax matters. He also provides specialist tax advice for all acquisition and divestment projects and on any other industrial operations. The Tax Director can be assisted by external consultants and advisors where required.

7.8.2. Mersen's geographic locations

At December 31, 2022, no Mersen group companies were located in (i) a country considered "non-co-operative" by France or the European Union, or (ii) a jurisdiction classified as "non-compliant" in the OECD's 2022 tax transparency report.

7.8.3. Country-by-country reporting (CbCR)

In accordance with the applicable laws and regulations, Mersen reports to the French tax authorities on a country-by-country basis.

However, it does not publicly disclose this information for reasons of confidentiality with respect to its main competitors as the CbCR contains sensitive industrial and commercial information that could be used by competitors.

To the best of Mersen's knowledge, at December 31, 2022 none of the Group competitors mentioned in the Universal Registration Document had publicly disclosed its CbCR.

7.8.4. Variable compensation related to tax performance

None of the performance objectives of the operations or finance staff of the Group's sites or businesses relate specifically to reducing the amount of tax paid or recorded in the accounts. The objective based on operating margin before non-recurring items – which applies to everyone who receives variable compensation – is set on a pre-tax basis. By contrast, Group cash level targets take into account the amount of taxes paid.

The Group Chief Financial Officer and certain managers from the Group Finance Department may have performance objectives related to the Group's tax rate, in line with the budget, or changes in tax losses in certain countries. Some finance managers are given objectives for improving their performance in terms of tax monitoring or managing tax risks, or related to the documentation process for transfer pricing.

The Group's effective tax rate (ETR) for the past three years

	2022	2021	2020
Group ETR	24%	24%	269%

The Group's ETR primarily reflects the tax rates applicable in the countries where the Group conducts business. The ETR was particularly high in 2020 due to the fact that significant amounts of non-deductible, non-recurring expenses were recorded during the year, as well as impairment losses on deferred tax assets.

7.8.5. Cross-border transactions

Mersen takes care to ensure that its intra-group transactions comply with the arm's length principle set out in the OECD's Transfer Pricing Guidelines and in the bilateral tax agreements signed by the countries where the Group operates. One of the roles of Mersen's Tax Department is to ensure that this principle is properly applied.

Transfer pricing documentation is prepared for cross-border transactions and provided to the local tax authorities whenever required.

7.8.6. Tax risks and audits

The Finance Department endeavors to eliminate risks resulting from uncertainties or complexities in interpreting tax laws and regulations, with the assistance of external consultants or advisers where necessary. Mersen places particular importance on rigorously complying with both the letter of the law and the objectives sought by the legislators.

However, given the scale of its operations and the volume of its tax obligations, the Group's tax positions may be contested by the tax authorities due to differences of interpretation. In such cases, the Finance Department is responsible for defending the Group's interests.

The Group carries out tax due diligences whenever it acquires a company but may nevertheless be exposed to unidentified risks.

Mersen is subject to tax audits, which may be carried out in any of its host countries.

The main tax disputes are managed by the Group Tax Department, in conjunction with external consultants or advisers when necessary. The Group's principal tax risks are presented on a regular basis to the Audit and Accounts Committee.

8. OUR REPORTING METHODOLOGY

This chapter contains the social, societal and environmental information required under Article R. 225-105-1 of the French Commercial Code, as amended by order no. 2017-1180 and Implementing Decree no. 2017-1265, transposing Directive

2014/95/EU of the European Parliament and Council of October 22, 2014, relative to the publication of non-financial information. Reporting principles are described in a set of guidelines that is updated every year (v1.2 in October 2022).

8.1. Reporting scope

The CSR reporting scope encompasses all companies in the Group, whether consolidated or not, based on the following principles:

- **standard reporting:** all companies included in the financial consolidation scope;
- **labor reporting:** workforce indicators are published for all companies included within the Group's financial scope of consolidation (except for the "workforce by age" indicator which is only available for companies included in the HR Information System – HRIS). All of the other indicators that are published only relate to the financial-scope companies included in the HRIS;

- **social reporting:** all Group industrial and administrative sites;
- **safety reporting:** all Group industrial sites, except for accident statistics that cover all Group industrial or administrative sites;
- **environmental reporting:** all industrial sites.

Certain exclusions from the scope of reporting have been defined for certain indicators, such as where local legislation does not permit the reporting of relevant data or where sufficient arrangements for the collection of certain types of data have not yet been made. The summary table at the end of this section sets out the scope covered by each of the indicators.

8.2. Reporting periods

Quantitative indicators are calculated using the following method:

- **labor data:** for the period from January 1 to December 31, 2022, with figures reported as at December 31, 2022;

- **health and safety data:** for the period from January 1 to December 31, 2022, or for companies acquired within the last year, as of the date they were integrated into the Group;
- **environmental data:** for the period from January 1 to December 31, 2022, or for companies acquired within the last year, as of the date they were integrated into the Group.

8.3. Data collection

Quantitative information is reported using the indicators described in the dedicated frameworks. These frameworks specify the indicator's objectives, its scope of application, the definitions needed to understand the indicator and its scope, the calculation methodology, and the consistency checks.

8.3.1. Labor information

Labor information is collected through the HR Information System (HRIS) used in all of the Group's consolidated companies, with the exception of a few entities (especially companies recently integrated into the scope of consolidation). For these companies (scope not covered by the HRIS), only the workforce indicator is available.

Once collected and prior to final consolidation, the data submitted by the subsidiaries is verified for consistency on various criteria. Any value or change in value considered suspect is verified with the relevant site, which will be asked to correct or explain the data. If the value cannot be corrected or if the explanation provided is deemed inconclusive, the scope concerned by that value will then be disregarded from the scope of consolidation.

8.3.2. Safety information

Health and safety indicators are collected monthly through the Calame reporting system implemented at all Group companies. Indicators on accidents cover Mersen employees as well as temporary workers and employees from outside companies working at Mersen sites.

Once collected and prior to final consolidation, the data submitted by the subsidiaries is verified for consistency on various criteria. Any value or change in value considered suspect is verified with the relevant site, which will be asked to correct or explain the data.

8.3.3. Environmental information

Environmental indicators are collected annually through the Calame reporting system. Only data on waste is collected on a quarterly basis.

Once collected and prior to final consolidation, the data submitted by the sites is verified for consistency on various criteria. Any value or change in value considered suspect is verified with the relevant site.

8.3.4. Social information

Qualitative indicators are collected annually through a questionnaire sent to all subsidiaries.

8.4. Reporting process participants and their responsibilities

A certain number of employees are involved in implementing the reporting process within the Group and all of its subsidiaries.

There are three levels of responsibility:

Corporate responsibility

In conjunction with the Human Resources Department (for social information) and the Financial Communications Department (for societal information), the Operational Excellence Department organizes the reporting with the directors of the companies that fall within the scope. Its role is to:

- define framework indicators;
- relay the framework and its indicators to the Group's site managers and section managers and ensure that they are clearly understood by providing adequate information and training;
- coordinate data collection;
- ensure that the reporting schedule is adhered to;
- check the completeness and consistency of the data collected;

- consolidate the data;
- use and analyze the data.

Group companies' responsibility

Data reporting is the responsibility of the site manager. Their role is to:

- organize data collection at company level by defining responsibilities and ensuring that their compliance with the definitions of indicators;
- safeguard data traceability;
- ensure that the reporting schedule is adhered to;
- check the exhaustiveness and consistency of the data provided and implement the requisite checks and verifications by persons not involved in the collection process.

External organization

Audit and verification of data were performed in 2021 by an independent third-party organization, in accordance with the Implementing Decree of August 9, 2017.

8.5. Notes on methodology

On account of the Group's global presence and some local legislation, indicator data collection methodologies are adapted to certain constraints of the Group.

Absenteeism

Number of days of absence from work for any reason related to the employee that the employer cannot anticipate: illness, workplace accidents, maternity/paternity leave, strikes and any other unforeseeable absence. Absences related to reduced working time as a result of the Covid-19 pandemic in 2020 are not included in this indicator.

Agreement

All arrangements made and accepted by the management of an operating company, segment of the Group and one or more employee representatives.

Disabled employees

The Group operates in a large number of countries and is subject to the laws in force in those countries, and can therefore only collect information on disability affecting its employees within the framework of those laws. Quantitative information for certain countries is therefore only partial.

Employees suffering from an occupational illness (operations in France, i.e., 19% of headcount)

As the concept of occupational illness varies significantly from country to country, this information is provided only for France. An illness is recognized as “occupational” if it appears on one of the tables appended to the French Social Security Code (Code de sécurité sociale) or French Rural Code (Code rural).

Under certain conditions, illnesses that do not appear on the tables may also be included:

- illnesses designated in a table of occupational illnesses, but for which one or more conditions have not been met (with regard to the time limit on claims, the length of exposure or the limited list of jobs), when it has been established that the victim’s regular work is the direct cause of the illness;
- illnesses not designated in a table of occupational illnesses when it has been established that they are caused, mainly and directly, by the victim’s regular work and that they lead to permanent disability at a rate at least equal to 25% or are the cause of a victim’s death.

Environment

All environmental data are expressed at current scope unless otherwise stated.

Environmental protection training

This indicator recognizes the total number of training hours provided whose title and/or main topic is linked directly to environmental protection issues.

Governing bodies

Executive Committee and management committees of businesses and support functions.

Health, Safety and Environment (HSE) Manager

An HSE Manager is an employee who is responsible for managing environmental, health and safety matters.

Hiring

Total number of people hired during the fiscal year who meet the definition of headcount described above.

Local nationality

Local nationality is defined as the nationality of the country in which the company is located.

Lost-time accident

An accident resulting in time off work. An accident affecting several people is recognized as a single accident. Only the causative event is taken into account. The accidents taken into account are those considered to be directly work-related following investigation by the health and safety officers and against which the Group may be able to take preventive action. Certain events, such as non-work-related conditions or commuting accidents, are excluded, even if the relevant authorities have declared them to be workplace accidents. The LTIR (Lost Time Injury Rate), TRIR (Total Recordable Incident Rate) and SIR (Severity Injury Rate) indicators include Mersen employees, temporary workers and external companies.

Managers

Employees are considered to be managers when they hold a managerial function, including engineer, project manager or technical expert, or a team management position, with the exception of first-level management (supervisors). However, the notion of “manager” (based on managing a team) associated with the “Open Manager” training program comprises the “manager” and “supervisor” job categories. The notion of “manager” (based on level of responsibility) associated with workforce indicators, notably gender diversity, includes the “engineer” and “manager” categories.

Policy

A policy is an organized general framework, disseminated and deployed by the Group’s top management throughout all the companies or targeted groups of companies. This framework is formalized as an official, signed document.

Raw materials

Dark materials and resins are accounted for when they enter into the manufacture of semi-finished products.

Reported accident

Bodily or psychological harm or injury that is the sudden consequence of an event that occurred due to or in the course of work-related activity, which has led to treatment by a health professional, and which must be reported to the occupational health and safety authority according to local regulations.

Safety training

This indicator includes training required for the position, general and regulatory training.

Senior employees

Over 55 years of age.

Total headcount and breakdown by gender, age and geographic area

Employees included in the workforce at the end of the fiscal year, under open-ended or fixed-term contracts, excluding temporary workers, interns and sub-contractors.

Training

Scope: Administrative sites with fewer than ten employees are not included in the reporting scope for training indicators.

Training activities recognized as such are those organized and paid for by the Group and that are designed to:

- improve performance and help the employee adapt to changes in their jobs;
- develop employees’ talents and help them acquire new skills.

The following are excluded: required training for the position, trial periods, information programs, regulatory training, internships and apprenticeships (during education courses). The HRIS model used is based on monthly data collection. As training is not provided systematically on a monthly basis, it is subject to manual reprocessing at the end of the fiscal year.

9. SUMMARY TABLE OF NON-FINANCIAL INDICATORS

To help understand Mersen's different indicators, the following table summarizes the list of indicators, their scope and their type (i.e., qualitative or quantitative), and the Global Reporting Initiative standards (2016 version) to which they correspond.

	Qualitative or quantitative information	Scope*	GRI reference ⁽¹⁾	Page
RESPONSIBLE PARTNER				
			204 301-308	
Purchasing policy	Qualitative	Standard		115
Supplier self-assessment of CSR performance	Quantitative	Standard	308-1	116
Conflict minerals: number of suppliers involved	Quantitative	Standard		116
Sales linked to sustainable development markets	Quantitative	Standard		114
Percentage of suppliers who have signed the procurement charter	Quantitative	Standard		118
Examples of contributions to reducing the impact of industrial activities	Qualitative	Standard		116
Percentage of local suppliers	Quantitative	Standard		
ENVIRONMENT				
			204 301-308	
Organization of the Company to ensure environmental compliance	Qualitative	Standard		120
ISO 14001 certification rate	Quantitative	Environmental	103-2	121
Hours of training on environmental issues	Quantitative	Environmental	103-2	120
Investments linked to environmental compliance	Qualitative	Standard	103-2	120
Significant provisions for environmental risks	Quantitative	Standard	307-1	126
Fines for non-compliance with environmental laws and/or regulations	Quantitative	Standard	307-1	126
Notifications for environmental risks	Quantitative	Standard	307-1	126
Greenhouse gas (GHG) emissions				
Scope 1 GHG emissions	Quantitative	Environmental	305-1	122
Scope 2 GHG emissions	Quantitative	Environmental	305-2	122
Scope 3 GHG emissions	Quantitative	Environmental	305-3	122
Reduction in GHG emissions	Quantitative	Environmental	305-5	122
Energy				
Electricity purchased	Quantitative	Environmental	302-1	122
Self-generated electricity	Quantitative	Environmental	302-1	122
Renewable electricity	Quantitative	Environmental	302-1	123
Renewable electricity with or without compensation	Quantitative	Environmental	302-1	123
Natural gas consumption	Quantitative	Environmental	302-1	122
LPG consumption	Quantitative	Environmental	302-1	122
Fuel oil, propane, butane consumption	Quantitative	Environmental	302-1	122
Energy intensity ratio	Quantitative	Environmental	302-1	123
Raw materials				
Pitch consumption	Quantitative	Environmental	301-1	125
Coke consumption	Quantitative	Environmental	301-1	125
Artificial graphite consumption	Quantitative	Environmental	301-1	125
Viscose fiber consumption	Quantitative	Environmental	301-1	125
Phenolic resin consumption	Quantitative	Environmental	301-1	125
Copper consumption	Quantitative	Environmental	301-1	125
Aluminum consumption	Quantitative	Environmental	301-1	125

* Scope: refer to definitions given in paragraph 1 of the Reporting Methodology.

(1) In 2020, the Group carried out a comparison of the definitions for its indicators against those used by the GRI (2016 version) in order to allow for the gradual alignment of certain indicators over the medium term.

	Qualitative or quantitative information	Scope*	GRI reference ⁽¹⁾	Page
Consumption linked to packaging and logistics				
Wood consumption	Quantitative	Environmental	301-1	125
Cardboard consumption	Quantitative	Environmental	301-1	125
Waste				
Total waste	Quantitative	Environmental	306-3	125
Hazardous waste	Quantitative	Environmental	306-3	125
Recycled waste and by-products	Quantitative	Environmental	306-4	125
Biodiversity				
Biodiversity protection (site mapping)	Quantitative	Environmental	304-1	128
Water				
Water consumption	Quantitative	Environmental	303-3	129
Change in water consumption	Quantitative	Environmental	303-3	129
Water consumption intensity ratio	Quantitative	Environmental	303-3	129
Climate risk				
Exposure to climate risks (mapping)	Quantitative	Environmental		130
HUMAN CAPITAL			102, 402, 404-413	
Head count by gender	Quantitative	Standard	102-8	132
Age pyramid	Quantitative	Labor	405-1	132
Average age (M/F)	Quantitative	Labor	405-1	132
Length of service (M/F)	Quantitative	Labor	405-1	132
Head count by region	Quantitative	Standard	102-8	132
Headcount by employee category	Quantitative	Standard	401-1	132
Headcount by type of contract	Quantitative	Standard	102-8	132
Part-time employees	Quantitative	Standard	102-8	133
Number of new hires	Quantitative	Labor	401-1	133
Number of dismissals	Quantitative	Labor	401-1	133
Number of voluntary departures	Quantitative	Labor	401-1	133
Overall number of departures	Quantitative	Labor	401-1	133
Turnover rate	Quantitative	Labor	401-1	133
Absenteeism rate	Quantitative	Labor		133
Pride of belonging to the Group (human potential success rate)	Quantitative	Standard		134
Diversity				
Diversity and equality policy	Qualitative	Standard		135
Employees with disabilities	Quantitative	Standard	405-1	142
Percentage of engineers and managers who are women	Quantitative	Standard	405-1	140
Percentage of women on corporate governance bodies	Quantitative	Standard	405-1	140
Percentage of seniors	Quantitative	Labor	405-1	132
Percentage of site managers of local nationality	Quantitative	Standard		137
Number of manufacturing sites	Quantitative	Standard		137
Labor relations				
Percentage of workforce covered by collective agreements	Quantitative	Standard	102-41	150

* Scope: refer to definitions given in paragraph 1 of the Reporting Methodology.

(1) In 2020, the Group carried out a comparison of the definitions for its indicators against those used by the GRI (2016 version) in order to allow for the gradual alignment of certain indicators over the medium term.

	Qualitative or quantitative information	Scope*	GRI reference ⁽¹⁾	Page
Training and skills development				
Training policies implemented	Qualitative	Labor		145
Number of hours of training per employee	Quantitative	Labor	404-1	145
Number of hours of Mersen Academy training	Quantitative	Labor		145
Number of people trained	Quantitative	Labor		145
Hours of training as a % of total payroll costs	Quantitative	Labor		145
Remuneration				
Compensation policy	Qualitative	Labor		150
Gender pay gap	Quantitative	Labor	405-2	142
Total annual pay gap	Quantitative	Labor	102-38	151
Percentage increase in total annual compensation	Quantitative	Labor	102-39	151
Percentage of sites and employees covered by a supplementary pension plan	Quantitative	Labor		151
Percentage of sites and employees with a supplementary health insurance plan	Quantitative	Labor		151
Percentage of sites and employees covered by death/disability insurance	Quantitative	Labor		151
Profit-sharing	Quantitative	Labor		151
HEALTH AND SAFETY			403	
Health and safety policy	Qualitative	Standard	403-1	152
Health and safety audits	Quantitative	Standard	403-7	153
ISO 45001 or OHSAS 18001 certification rate	Quantitative	Standard	403-3	153
Percentage of sites with a dedicated HSE Manager	Quantitative	Security	403-3	152
Lost Time Injury Rate (LTIR)	Quantitative	Standard	403-9	154
Total Recordable Incident Rate (TRIR)	Quantitative	Standard	403-9	154
Severity Injury Rate (SIR)	Quantitative	Standard	403-9	154
Hours of health and safety training	Quantitative	Standard	403-5	153
Amount of health/safety investments	Quantitative	Standard		153
Number of management safety visits	Quantitative	Security	403-7	153
Safety awards	Quantitative	Security	403-6	155
Occupational illnesses	Quantitative	France	403-10	155
ETHICS AND COMPLIANCE			205-207, 408-409	
Organization of the Company for ethics and compliance concerns	Qualitative	Standard	205-206	156
Training on the ethics code	Quantitative	Standard	205-2	159
Human rights policy	Qualitative	Standard	408-409	157
Measures implemented to prevent corruption	Qualitative	Standard	205-1	157
Anti-corruption training	Quantitative	Standard	205-2	159
GDPR Training	Quantitative	Standard	205-2	159
Third-party corruption risk assessment	Quantitative	Standard		157
Personal data protection	Qualitative	Standard		156
Training on competition law	Quantitative	Standard	206	159
Whistleblowing procedures	Quantitative	Standard	205	158
Tax transparency	Qualitative	Standard	207-1	160
Protection of information systems	Qualitative	Standard		160

* Scope: refer to definitions given in paragraph 1 of the Reporting Methodology.

(1) In 2020, the Group carried out a comparison of the definitions for its indicators against those used by the GRI (2016 version) in order to allow for the gradual alignment of certain indicators over the medium term.

10. REPORT VERIFYING THE NON-FINANCIAL INFORMATION STATEMENT

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

The Non-Financial Information Statement reviewed covers the year ended December 31, 2022.

Request, Responsibilities and Independence

At Mersen SA's request and pursuant to the provisions of Article L.225-102-1 of the French Commercial Code (*Code de commerce*), we have verified the Non-Financial Information Statement (hereinafter the "Statement") for the year ended December 31, 2022 included in Mersen SA's Universal Registration Document, as an independent third party certified by COFRAC under number 3-1341 (whose list of locations and scope are available at www.cofrac.fr).

Pursuant to Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code, the Board of Directors is responsible for preparing a compliant Statement which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators.

The Statement has been prepared in accordance with the reporting guidelines (hereinafter the "reporting procedures") of the company (hereinafter the "entity"). The Statement will be available on the entity's website along with a summary of the reporting procedures.

It is our responsibility to verify the Statement, which enables us to provide a reasoned opinion as to:

- The Statement's consistency with the provisions of Article R.225-105 of the French Commercial Code.
- The fairness of the information provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code.

We verified the Statement in an impartial and independent manner in accordance with the professional practices of the independent third party and pursuant to the French Code of Ethics (*Code éthique*) applied by all members of Bureau Veritas.

Nature and scope of our work

In order to provide a reasoned opinion on the Statement's compliance and the fairness of the information supplied, we carried out our work in accordance with Articles A.225-1 to A.225-4 of the French Commercial Code and our internal methodology for the verification of the Statement, in particular:

- We obtained an understanding of the scope of consolidation to be considered for the preparation of the Statement, as specified in Article L.233-16 of the French Commercial Code. We also verified that the Statement covers all the entities within the scope of consolidation specified in the Statement.

- We obtained an understanding of the entity's activities, the context in which the entity operates, the social and environmental impact of its activities and the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation.
- We obtained an understanding of the content of the Statement and verified that it included the items listed in Article R.225-105 of the French Commercial Code:
 - presentation of the entity's business model;
 - description of the principal risks associated with all the consolidated entities' activities for each category of information set out in Article L.225-102-1 III, including, where relevant and proportionate, the risks associated with their business relationships and products or services, as well as the policies implemented by the entity, where applicable, and the due diligence procedures implemented to prevent, identify and reduce the occurrence of the identified risks;
 - the outcomes of these policies, including key performance indicators.
- We examined the entity's procedures for reviewing the impacts of its activities as listed in Article L.225-102-1 III, identifying and prioritizing the associated risks.
- We identified missing information, as well as information omitted without explanation.
- We verified that the Statement includes a clear and reasoned explanation for the absence of information regarding the principal risks identified.
- We examined the data collection process implemented by the entity to ensure the completeness and consistency of the information referred to in the Statement. We assessed the reporting procedures with respect to their relevance, reliability, understandability, completeness and objectivity, with due consideration of industry best practices, where appropriate.
- We identified the people within the entity who are in charge of all or part of the reporting process and interviewed some of them.
- We asked what internal control and risk management procedures the entity has put in place.
- Through sampling, we assessed the implementation of the reporting procedures, in particular the collection, compilation, processing and verification of the information.

- For the quantitative results ⁽¹⁾ that we considered to be the most important, we:
 - performed analytical procedures and, using sampling techniques, verified the calculations and the consolidation of the data at the level of the Group and the verified entities;
 - selected a sample of contributing entities ⁽²⁾ within the scope of consolidation according to their activity, their contribution to the entity's consolidated data, their presence and the outcomes of work performed in earlier years;
 - performed tests of details, using sampling techniques, in order to verify the proper application of the reporting procedures, reconcile the data with the supporting documents and verify the calculations made and the consistency of the outcomes;
 - selected a sample representing 18% of the headcount and between 23% (wood consumption) and more than 53% (coke consumption) of the values reported for the environmental data tested.
- We referred to documentary sources and conducted interviews with the people responsible for drafting the documents in order to corroborate the qualitative information that we considered to be the most important.
- We assessed the consistency of the information referred to in the Statement.
- Our work was carried out by a team of six auditors between September 28, 2022 and the completion of our report, and took a total of about five weeks. We conducted over 40 interviews with the people responsible for reporting at the time of this assignment.

Comments on the reporting procedures or the content of certain information

Without qualifying the conclusions below, we provide the following comments:

- Due to an overestimation of the gas emissions factor, scope 1 GHG emissions have been overstated by approximately 12%, which represents 2.5% of total GHGs. The methodology has been retained to ensure these indicators are monitored over time on an identical calculation basis.
- We also noted that digital activities (messaging, software, data storage and transfer, etc.) are not included in the scope 3 assessment.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to call into question the Statement's compliance with the provisions of Article R.225-105 and the fairness of the information provided.

Puteaux, February 28, 2023

Bureau Veritas

Laurent Mallet

Managing Director

(1) **Human resources information:** active headcount at December 31, broken down by socio-professional category, broken down by contract type; number of recruitments; number of dismissals; turnover rate; percentage of women engineers and managers and percentage of women in senior management positions; LTIR, TRIR, SIR and number of deaths (employees, temporary workers and sub-contractors); percentage of employees with an occupational illness; number of management safety visits; average number of training hours per employee; human potential success rate; absenteeism; pay ratio.

Environmental information: electricity consumption (purchased, self-generated, sold, with energy certificates) and energy intensity ratio; gas consumption; total energy consumption; water consumption; raw material use: coke, coal tar pitch, artificial graphite, copper and aluminum; packaging consumption: wood and cardboard; scope 1, scope 2 and scope 3 CO₂ emissions and intensity ratio; tonnage of total industrial waste; tonnage of industrial waste and by-products recycled; tonnage of hazardous industrial waste; provisions for environmental risk; investments for environmental protection; fines and penalties for non-compliance with environmental regulations; percentage of 14001 and 45001 certified sites.

Qualitative information: significant CSR initiatives (inclusion: collaboration based on respecting local cultures and combating all forms of discrimination); responsible purchasing approach; ethics and compliance culture.

(2) On-site audit of human resources and environmental information: Amiens (France), La Mure (France), Rochester (USA), Hittisau (Austria), Kaposvar (Hungary); remote audit of human resources data: Bommasandra (India); remote audit of some environmental data: St Marys (USA).