

MERSEN COMMITTED TO SUSTAINABILITY

CSR ROADMAP



JULY 2022

mercen

CSR Evaluations



Avant d'aller dormir sous les étoiles – Illustrations : Frank Ganter

Mission statement



AT MERSEN, OUR COMMITMENT TO CSR ISN'T A CHALLENGE AND IT ISN'T NEW – IT'S JUST WHO WE ARE.

We've always tapped innovation at the source to change the world. Driven by our founders' strong sense of social responsibility, we work to constantly contribute to progress, striving daily to improve people's lives and protect the planet. Our efforts also reflect our determination to always surpass ourselves.

We, Mersén's CSR Committee, want to encourage everyone to step up and help move things forward. This report sets out our ambitions and attests to the actions we take on a daily basis. Its goal is to make you want to know more – and above all to make you want to do more. **Together, we have the power to act.**

ALWAYS CULTIVATING AN ETHICS AND REGULATORY COMPLIANCE CULTURE

Trust can't be bought. It can only be earned through our behavior with customers, suppliers, employees, shareholders and all other stakeholders. It's the key to our development, and something we nurture day after day, in line with our code of ethics.



BEING RESPONSIBLE PARTNERS, EVERYWHERE WE OPERATE

Because people, the planet and our shared future are everyone's business, we take a collaborative approach to our dealings with customers and suppliers. We do this to achieve a more responsible value chain, driving a virtuous, profitable circle for all.

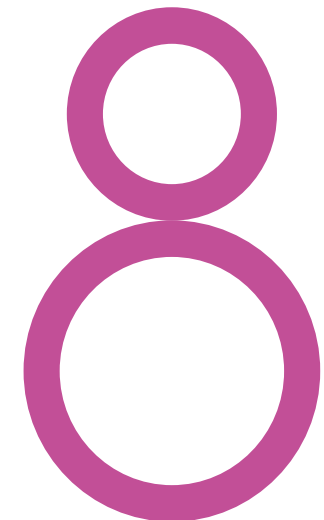
LIMITING OUR ENVIRONMENTAL FOOTPRINT AS MUCH AS POSSIBLE

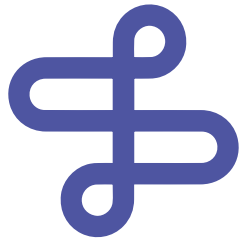
We strive each day to reduce the environmental impact of our business. In particular, we're working to mitigate the CO₂ emissions of our most energy-intensive processes.



ENTHUSIASTICALLY DEVELOPING OUR HUMAN CAPITAL

Paying attention to every employee at all of our sites means giving them the best working conditions and ensuring their health and safety. It also means creating opportunities for all communities and all talents, while respecting their diversity.





Always cultivating an ethics and regulatory compliance culture

IN EVERYTHING WE DO, WE MAKE SHARED TRUST THE CORNERSTONE OF OUR GROWTH.



A culture of ethics

Embodying our codes of ethics and anti-corruption

Building trust first and foremost means delivering on commitments and following shared rules. Our principles, which are set out in a code of ethics and an anti-corruption code of conduct, guide our actions in line with business ethics and regulations. Every Group employee, regardless of position, role or country, is expected to make them the basis of all their behavior. An ethics hotline is also available to report any misconduct.

Informing and educating each employee

Targeted communication, awareness and training initiatives help employees take these principles onboard. A practical guide has also been issued, setting out best practices to improve understanding and prevention.



Customized online training

In 2021, compulsory ethics training for all employees was updated and translated into seven languages, making it even easier to learn best practices. The course is part of all new hires' onboarding program and managers are required to take refresher training every two years. Anti-corruption training is also available to all but only compulsory for employees in sales, finance, purchasing and management, whose jobs more directly expose them to corruption.

////// Silvana Machado,
General Manager, South America



"SINCE AN ETHICS AND COMPLIANCE SECTION WAS ADDED TO THE AUDIT PROGRAM

in 2019, we're even more aware of export control and embargo issues. We've also put in place specific procedures in Brazil to systematically check compliance with rules on gifts, invitations and donations."

12

The number of languages our code of ethics and our anti-corruption code of conduct are translated into



Being responsible partners, everywhere we operate

ONLY BY WORKING TOGETHER WITH CUSTOMERS,
SUPPLIERS AND PARTNERS CAN WE CREATE A MORE
RESPONSIBLE VALUE CHAIN.



A responsible value chain

Carefully monitoring supplies

Suppliers are the first links in the value chain. That's why we've asked some 400 strategic suppliers accounting for 80% of our purchases of components and materials to complete a self-assessment before the end of 2022 to measure progress in their CSR program.

Improving energy performance

The strength of our solutions lies in their ability to reduce our customers' energy consumption by addressing their insulation, heat recovery and power conversion issues. This in turn increases profitability and optimizes performance.

Innovating for tomorrow's markets

We're experts in the technologies underpinning renewable energies and clean transportation. Whether for wind, solar or hydropower, or electric vehicles, mass transit or rail, our solutions are at the heart of tomorrow's markets.

High- performance insulation felts

Temperatures during the semiconductor manufacturing process can reach a sweltering 2,400°C. Our insulation felts ensure 15% less energy is needed compared with standard alternatives. If our felts were used industry-wide, annual savings could represent 25 GWh – equivalent to the CO₂ emissions of 3,000 cars.

€71m

Sales in the solar
market in 2021

Évelyne Martinez, Vice President
Purchasing, Advanced Materials

Christophe Ravaz, Vice President
Purchasing, Electrical Power



"OUR PRIORITY IS TO PURCHASE AS CLOSE TO CONSUMER SITES AS POSSIBLE, in order to limit our environmental impact and promote regional industry. The benefit is that, in a complex health and geopolitical environment, simplifying our supply chain reduce disruption risks for our customers."





Limiting our environmental footprint as much as possible

REDUCING OUR ENVIRONMENTAL FOOTPRINT IS A COMPLEX CHALLENGE. WE RISE TO IT EVERY DAY.

Thinking green

Using renewable energy sources

All our manufacturing sites are working to reduce their energy consumption. Some are producing and self-consuming renewable energy where technically possible. Another solution involves purchasing green alternatives to conventional energy supplies. In 2021, we purchased or generated renewable energy for nearly half of our consumption.

Recycling waste and reducing water consumption

Our waste recycling rate increased from 46% in 2018 to 63% in 2021. And we hope to reach 70% by 2023. As for water consumption, we've committed to a 10% reduction between 2018 and 2025.



Saint-Bonnet: fueled by solar

In 2021, our Saint-Bonnet site (France) commissioned a 716-kWp solar photovoltaic (PV) power plant. Featuring a combination of solar carports and conventional PV panels, the facility boosts the site's self-generation capacity and now covers 22% of its electricity needs. It also powers on-site electric vehicle charging stations.

C. Hemanth Kumar,
Managing Director, Mersen India



"WE RAN AN EXTENSIVE CAMPAIGN IN OUR PLANTS TO MAKE OUR EMPLOYEES AWARE OF THE URGENT NEED TO SAVE WATER. We're working together to find solutions and we've adopted several inventive initiatives put forward by employees, like harvesting rainwater (using a 200,000-liter tank!), treating wastewater and installing water-saving devices. So many ideas!"

- 20%

Target reduction in greenhouse gas emissions intensity (Scopes 1 and 2) between 2018 and 2025

48%

of our energy consumption is from green sources

8

Enthusiastically developing our human capital

*EMBRACING DIVERSITY,
CREATING OPPORTUNITIES
AND PROVIDING GOOD
WORKING CONDITIONS,
ACROSS THE BOARD.*

A genuinely human culture

Reaping the full benefits of diversity

Across our 35 host countries, sites headed by local managers develop strong relationships with schools and universities, hosting many young people for training.

We're also working to hire more women within the Group for all job types, including manufacturing. And we've joined "The Valuable 500", a global business collective committed to action for disability inclusion.

Focusing relentlessly on health and safety

Prevention, training and incident investigation are used to help sites continuously improve their health and safety performance. In 2021, health and safety training hours rose by 15%.

Offering attractive conditions

Whether in terms of benefits and social protection or profit-sharing, we are gradually extending attractive schemes to all Group sites.



A machining school in Gennevilliers

To address the shortage of qualified people to machine our parts, our Gennevilliers site (France) began offering a seven-month work-study program in 2015, in partnership with a training organization, to certify computer numerical control machine operators. The program is primarily intended for job seekers, but Mersen employees wishing to obtain an additional qualification can also take part.

2X
as many employees
with disabilities
by 2025 vs 2021

June Zhang, Human Resources
Director, Mersen China



"WHILE NOT COMMON PRACTICE IN CHINA BUT GIVING A REAL COMPETITIVE EDGE,

a profit-sharing scheme based on financial criteria has been offered to our employees at the Xianda site since 2020. A similar mechanism with financial and CSR criteria was set up in Chongqing in 2021. We plan to quickly extend profit-sharing to all Group sites in China, to complement social measures already in place for all employees, like health insurance and medical check-ups."

100 %
of employees benefiting
from a profit-sharing
scheme by 2025

2022-2025 roadmap



Cultivating an ethics and regulatory compliance culture

2022

2025 target

Compulsory ethics training for new hires	Ongoing
Compulsory refresher training every 2 years for managers	Ongoing
Compulsory cybersecurity training for employees with a personal computer	Ongoing



Being responsible partners

Strategic supplier CSR self-assessment	100%
Supplier risk mapping	
Supplier monitoring and audits	



Limiting our environmental footprint

Reduce GreenHouse Gas emissions intensity	-20% vs 2018
Increase the share of waste recycled	75%
Reduce water consumption	-10% vs 2018



Developing our human capital

Equal opportunity

Proportion of women in senior management positions	25%
Proportion of women engineers and managers	25 %
Proportion of people with disabilities	x 2 vs 2021

Social responsibility policy for all

Indemnity in the event of death in service	100% of employees
Profit-sharing scheme	100% of employees
Minimum paid leave	100% of employees

Well-being, health and safety

Lost time injury rate (LTIR)	≤ 1.8
Severity injury rate (SIR)	≤ 60
Management safety visits	+ 20% vs 2021

United Nations Sustainable Development Goals





Partnering with Polar Pod to study the world's climate stability and biodiversity

Mersen has embarked on an extraordinary human and scientific endeavor alongside Jean-Louis Etienne and his crew. The expedition, designed to provide a better understanding of our planet, will offer new insight into the impact our oceans have on Earth's climate and the actions we need to take to act against global warming. The Polar Pod is an international oceanographic station. Mersen is a proud partner of the program, which is coordinated by the French National Center for Scientific Research (CNRS) in partnership with the French National Space Agency (CNES) and the French Research Institute for Exploitation of the Sea (IFREMER). It focuses on four areas of research: air/ocean exchange, Southern Ocean monitoring, biodiversity survey and human impacts.

Find out more about this incredible project: polarpod.fr/en

OFFICIAL PARTNER

