MERSEN
Expertise, our source of energy

ANNUAL GENERAL MEETING

MAY 20, 2021

CONVENING BROCHURE

SUMMARY

This document is a free translation into English for convenience purposes only of the French "Brochure de Convocation à l'Assemblée Générale des Actionnaires du 20 mai 2021" .

Chairman's message

Dear fellow shareholders,

Covid-19 significantly impacted the global economy in 2020. Many countries introduced travel restrictions, lockdown measures and quarantines to slow the spread of the pandemic. These restrictions began in January and February in China and then reached Europe in early March and America at the end of March.

Our Group demonstrated its resilience during this period and limited the impacts of the crisis thanks to its positioning in markets linked to sustainable development and its great geographic diversity.

Mersen's teams responded to this unique situation with remarkable agility and adapted quickly. I would like to take this opportunity to thank them for their solidarity, commitment and their success in upholding Mersen's values.

The Group reported a net loss for 2020 due to significant non-recurring items. However, the Group's fundamentals remained solid. For this reason, the Board of Directors is proposing a dividend of €0.65 per share at the Annual General Meeting.

The health crisis requires us, for the second year in a row, to forgo your presence at the General Meeting. Nonetheless, you will be able to follow it live via a video broadcast accessible through our website.

I hope that this document will give you all the necessary information to make your voting decisions.

I would like to thank you in advance for your attention to these matters and for your continued support.

Olivier Legrain
Chairman of the Board of Directors

"THE CRISIS REQUIRES US TO FORGO YOUR PRESENCE AT THE GENERAL MEETING BUT YOU WILL BE ABLE TO FOLLOW IT LIVE VIA A VIDEO BROADCAST"

2020 Overview

6,400 employees

Present in **35** countries

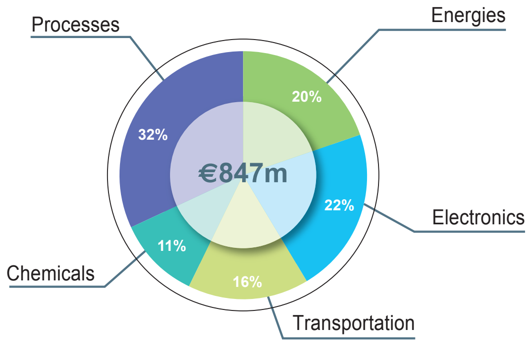
55 production facilities

92% of site managers recruited locally

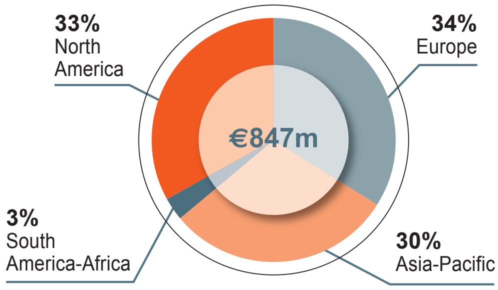
16 R&D centers

56% of sales generated in sustainable development markets

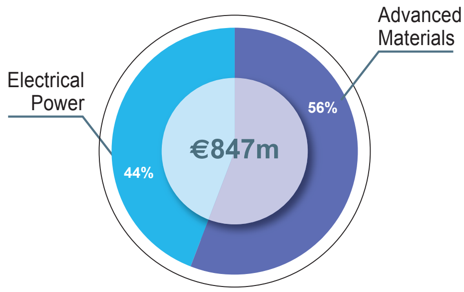
SALES BY MARKET



SALES BY REGION



SALES BY SEGMENT



CSR commitments

UN GLOBAL COMPACT

WE SUPPORT

since 2009

MSCI ESG RATINGS BBB

CCC	B	BB	BBB	A	AA	AAA

SILVER 2020 ecovadis Sustainability Rating

Mersen Group in 2020

Business review

Mersen reported consolidated sales of €847 million in 2020, down 11.4% on an organic basis on 2019.

Including the negative impacts of exchange rates for more than €18 million and the first-time consolidation of AGM Italy, GAB Neumann and Americab, sales fell by 10.8%.

The sustainable development markets (mainly renewable energies, electronics and green transportation, which represent approximately 56% of total sales) held up very well year on year, while other markets (primarily process industries, chemicals and aeronautics) contracted by 19%.

Advanced Materials sales totaled €476 million, down by 14.7% on an organic basis on 2019. As expected, the process industries, aeronautics and chemicals markets contracted sharply. The solar market enjoyed strong growth, driven by demand in China. Activity tied to the SiC semiconductors market was buoyant, particularly in the second half of the year.

Electrical Power sales came in at €371 million for the year, down 7.1% like-for-like on 2019. The decrease in electrical distribution was limited to 5% year on year thanks to a robust performance from the United States, but, overall, process industries declined.

Mersen reported a steep drop in activity in Europe in 2020, particularly in France and Germany, as the aeronautics, chemicals and process industries markets lost all momentum.

In Asia, Group sales dipped 2% compared with last year. China boasted solid growth, spurred by the solar power and SiC-based electronics segments. India and South Korea held up well, despite the difficult environment.

In North America, Electrical Power sales were buoyed by electrical distribution, outperforming sales for Advanced Materials that were impacted by the sharp slowdown in process industries.

Results

Despite the fact that the Group's sales were weighed down by the Covid-19 crisis and the effects of the pandemic on certain markets, its EBITDA and operating income before non-recurring items held up well, thanks to its excellent cost flexibility. This flexibility was helped by the Group's use of short-time working and furlough schemes at certain sites, and, to a lesser extent, by subsidies (principally in China).

EBITDA stood at €122.9 million, representing 14.5% of sales.

Operating income before non-recurring items came to €68.6 million in 2020. Operating margin before non-recurring items narrowed considerably year on year, to 8.1%, chiefly due to the lower business volumes, although this was partly offset by significant cost reductions (including from short-time working and furlough schemes).

In addition, productivity gains offset cost inflation, particularly for salaries. The Group saved costs in areas affected by governmental restrictions (particularly business travel), which more than offset the additional costs directly related to Covid-19 (such as the purchase of PPE).

The Electrical Power segment's operating margin before non-recurring items amounted to 7.5% of sales, versus 9.4% in 2019. The productivity plans launched as of early 2020 and the savings generated from Covid-19 restrictions considerably limited the impact of lower business volumes.

Operating margin before non-recurring items for the Advanced Materials segment stood at 12.1% versus 15.1% in 2019. The majority of the year-on-year decrease stemmed from the lower business volumes (which trimmed 6 points off the margin).

Net savings due to Covid-19 restrictions and the segment's productivity plans more than offset cost inflation.

The Group ended 2020 with a net loss of €12 million. This figure includes a high amount of net non-recurring expense, representing over €50 million, as well as impairment losses recognized against deferred tax assets.

Non-recurring income and expenses for the year include:

- €17 million in net expenses related to business adaptation plans: (i) the structural adaptation plan launched due to the impacts of the Covid-19 crisis on the aeronautics and chemicals markets, (ii) the adaptation plan related to falls in global business; and iii) productivity plans, particularly for the Electrical Power segment.
- €8 million in impairment losses recognized against property, plant and equipment due to the under-use of certain production facilities in structurally declining markets, such as chemicals and aeronautics.
- €17 million in goodwill impairment losses recognized for the Anticorrosion Equipment business, as the Group considers that the Covid-19 crisis has impacted long-term trends in the chemicals industry (which is this business's principal market).
- Around €8 million in other non-recurring expenses, essentially relating to claims and litigation (over €4 million) and the start-up costs of the Columbia plant in the United States.

Mersen's net financial expense was €12 million, representing a decrease compared with 2019. Average debt during the year was €215 million, €5 million lower than in 2019, and the Group benefited from more competitive borrowing rates.

Merson's income tax expense totaled €14.0 million for 2020. The effective tax rate was particularly high (269%) due to the recognition during the year of (i) significant amounts of non-deductible non-recurring expenses, and (ii) impairment losses against deferred tax assets, due to the longer recoverability periods of these assets, notably as a result of markets that have been lastingly affected by the pandemic. In 2019 and 2018, the effective tax rate was 23% and 24%, respectively.

Income from non-controlling interests essentially includes Mersen Yantai and Mersen Galaxy (China), in which Mersen holds a 60% stake.

Cash flow

Despite the health crisis, the Group generated free cash flow from operating activities after capital expenditure of €76 million, up 26% compared to 2019. This very strong cash generation was achieved thanks to significant cost flexibility, an adaptation of capital expenditure and a significant reduction in inventories during the second half of 2020.

Net cash generated by operating activities came to almost €133 million in 2020, up more than 8% on the €123 million figure for 2019, and includes a cash inflow of over €31 million from the change in working capital requirement reflecting the decrease in trade receivables as business volumes fell. Despite the pandemic, the Group did not suffer any major payment defaults and did not experience any significant increase in late payments. The Group adapted its inventories during 2020, reducing them by over €21 million (like for like). These inventory reduction measures took place mainly in the second half of the year as the Group built up extra inventory levels in the first six months in response to the Covid-19 crisis.

The Mersen group's capital expenditure amounted to €56.7 million, down approximately 30% from the amount budgeted at the beginning of the year.

The Group has reduced its investment program due to the context and has focused on the following projects:

- in the Advanced Materials segment (which accounts for more than 78% of capital expenditure): the start-up of the Columbia site in the United States for nearly €17 million and investments in new production capacity for insulation felts in Scotland for €7.5 million to serve the SiC semiconductor market;
- in the Electrical Power segment, the relocation of a plant in China and work carried out at a site to obtain automotive certification for the automotive market;
- for the environment and safety, the Group has invested around €7 million.

Acquisition-related investments amounted to €13.6 million and concerned (i) the acquisitions of GAB Neumann in Germany and Americarb's insulation business, (ii) earn-out payments on acquisitions carried out in prior periods (primarily AGM Italy), and (iii) property, plant and equipment acquired for the start-up of newly-acquired manufacturing sites (Columbia in the United States and Galaxy in China).

Financial structure

Net debt [1] at end-2020 stood at €180.2 million, significantly lower than the year-earlier figure of €218.2 million. The Group's operating cash flow was very high, giving it the resources to finance a large portion of its major acquisition and capex programs.

The Group's financial structure remained solid in 2020, with a leverage ratio (net debt/EBITDA) of 1.65x and a 33% gearing ratio (debt/equity).

The Group is in compliance with all its banking covenants.

(1) Gross financial debt +/- cash and cash equivalents +/- recurring financial assets.

Subsequent events

On February 15, 2021, Mersen announced that it had acquired full control of Fusetech – a company based in Kaposvar, Hungary – by buying out the stake held by the Hager group.

This operation enables Mersen to strengthen its manufacturing efficiency on Europe's electric fuse market, and to integrate a high-performance site for the manufacture of some of its future product ranges in accordance with European standards (IEC).

The transaction is valued at approximately €4 million, excluding any future earn-out payments. The company currently employs around 300 employees who work at a 6,000 sq.m site. In 2020, Fusetech generated sales outside of Mersen of approximately €7 million.

Outlook

The Group expects mixed trends in its main markets:

- Momentum should remain strong for the mid-term in the renewable energies market, led by solid growth expected for the solar power segment in 2021 after a good year in 2020.
- The future growth of the electronics market is linked to digitization for silicon semiconductors and the pace of take-up of electric vehicles for SiC semiconductors. The silicon semiconductor market should return to growth in 2021 and the SiC semiconductor market is set to be very buoyant in 2021 and even more so in the following years..
- Power electronics projects are expected to remain stable or increase slightly in 2021 and then return to more pronounced growth driven by robust momentum for energy efficiency projects.
- In the electric vehicles market, Mersen remains well positioned in the premium segment. Growth in this market is continuing and is forecast to accelerate as from 2023. In 2021, the Group will pursue its technical and commercial development in order to win new contracts.
- After a year marked by low capacity utilization rates, the rail market should stabilize in 2021 before returning to growth thanks to new capital expenditure programs.
- Sales generated in the chemicals market should remain stable in 2021, as Mersen's customers continue to halt or postpone their capital expenditure projects.
- Having declined sharply in 2020, sales in the aeronautics market will likely continue to decrease in 2021 due to a persistently high comparable base vs first-half 2020 as the slump in sales did not occur until the second half of that year. This market is not expected to return to growth for another three to five years.
- Lastly, sales trends for the process industries are mirroring those for the world's major economies. Due to the current prevailing uncertainty, it is difficult to predict what those trends will be in 2021. However, in view of the indicators for the beginning of the year, the Group estimates that these markets should see at least slight growth on average for 2021 as a whole.

Given the current uncertain climate, and provided the situation caused by the Covid-19 pandemic does not worsen, the Group intends to draw on its solid foundations and is aiming to achieve a return to growth in 2021. Consequently, the Group anticipates organic sales growth of between 2% and 6% depending on how quickly the markets pick up in Europe and the United States, particularly in process industries.

Operating margin before non-recurring items is expected to represent between 8% and 8.8% of sales, taking into account (i) the positive effects of the adaptation plan, and (ii) the negative impacts of higher depreciation expenses and lower government support for furlough schemes. The residual non-recurring costs of the adaptation plan will be in the order of €5 million; the cash out of the same plan will amount to approximately €17 million, in largely resulting from charges already booked in 2020.

The Group will pursue its capital expenditure program with a view to meeting demand and preparing for the future. Altogether, capex is expected to represent a total of between €70 million and €80 million in 2021. Excluding investments for maintenance and productivity, over 40% of capital expenditure in 2021 will be devoted to high growth markets, particularly the SiC semiconductor, electric vehicles and solar power markets, and 35% will be allocated to starting up operations at the Columbia site in the United States.

PARTICIPATING IN THE GENERAL MEETING

The General meeting will take place on **May, 20 2021 at 10:00am** at the Group's headquarters, 2 avenue Gambetta at Courbevoie (France).

NOTE – COVID-19 RESTRICTIONS:

In the context of the Covid-19 epidemic and the government measures limiting or prohibiting travel and large gatherings in the greater Paris region for health reasons, the terms and conditions for the organization and participation of shareholders in the General Meeting that will take place on May 20, 2021 have been modified.

In accordance with Article 4 of French government order no. 2020-321 of March 25, 2020, extended and amended, and French Decree no. 2020-418 of April 10, 2020, extended and amended, and following the decision by the Chief Executive Officer, acting on powers delegated by the Board of Directors, the Company's Combined General Meeting of May 20, 2021 will be held without the presence of shareholders and other persons authorized to take part in the meeting, either physically or via telephone or video conference.

The General Meeting will be broadcast live on the Company's website www.mersen.com and will be accessible later for re-broadcast.

Mersen's General Meeting will be held behind closed doors. No admission card will be issued.

Shareholders owning registered shares for at least one month prior to the publication date of the convening notice will receive by post the convening notice.

For the most up-to-date information, shareholders are invited to regularly consult the 2021 General Meeting page on Mersen website (mersen.com) which will be updated whenever necessary.

Only shareholders holding shares on Tuesday, May 18, 2021 at 00:00 CET
may vote in the General Meeting.

VOTING METHODS

**Given the currently situation, the Company encourages
its shareholders to vote online wherever possible.**

1 - VOTING ONLINE

Mersen offers you the possibility of voting by Internet, before the General Meeting, using the Votaccess platform that will be open from April 30, 2021 to May 19, 2021 at 3:00 P.M., Paris time.

In order to avoid any congestion on VOTACCESS, we recommend that shareholders do not wait until the day before the Meeting to cast their vote.

For shares held in registered form:

Access the website : www.sharinbox.societegenerale.com using your Sharinbox Identification codes mentioned on the Voting form or in the email **sent to you**.

Your password **was sent to you by post** when your registered shares account was opened with Société Générale Securities Services. If you have lost or forgotten your password, please visit the home page of the site and click on “Get your codes”.

Once you are logged in, follow the instructions on screen to access VOTACCESS and cast your vote or designate or remove a proxy voter.

For shares held in bearer form:

If the designated intermediary that manages your securities account is connected to VOTACCESS, you can log in via your financial intermediary’s web portal using your customary identification codes. Once you are logged in, click on the icon in the line corresponding to your shares and follow the instructions on screen to access VOTACCESS and cast your vote.

PARTICIPATING IN THE GENERAL MEETING

2 - Postal voting form

You can also use the voting form.

Forms received **after May 17, 2021** will not be considered in the voting of the General Meeting.

A : as the General Meeting will be conducted behind closed doors, no admission cards will be issued.

B1 : vote by post

B2 : give proxy to the Chairman of the General Meeting

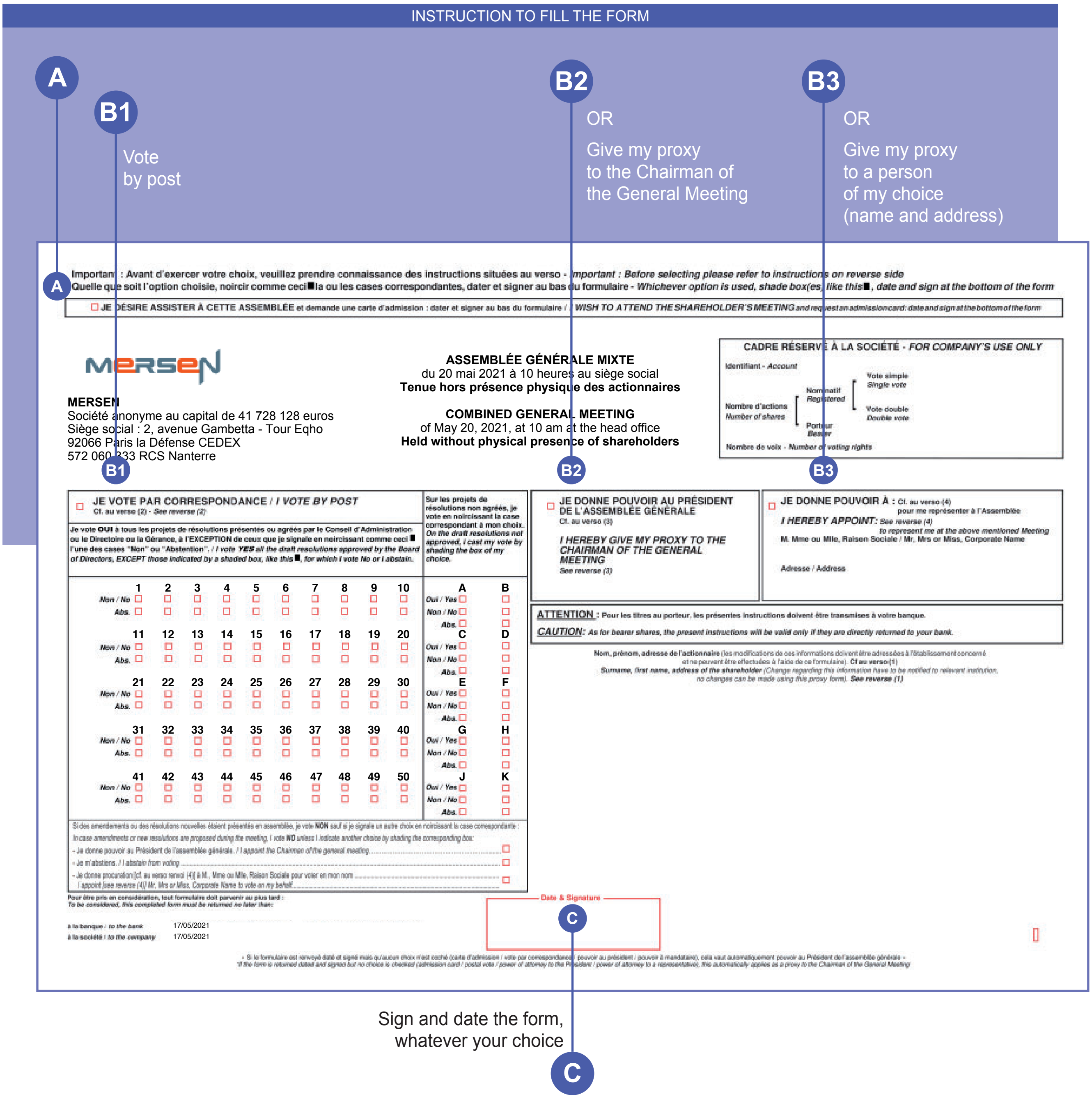
B3 : **give proxy to a person of your choice.** (in that case, the proxy must vote by mail)

C : sign and date the form and return it to:

For shares held in registered form: using the return envelope attached, or by post to the following address:

Société Générale Securities Services - Service des Assemblées – CS 30812, F-44308 Nantes Cedex.

For shares held in bearer form: the designated intermediary that manages your securities account.



OTHER INFORMATION

1 - Third party proxy

All proxies without indication of the name of the proxy will be considered as proxy to the Chairman of the Board ; all proxies with illegible name will be considered as null.

Proxy forms indicating a proxy holder (whether sent by post or email) must be received by the Company no later than **May 16, 2021**. The revocation of mandates sent by mail must be received within the same deadline as mentioned above.

A shareholder may design or revoke a proxy as follows:

For shares held in registered form: on the VOTACCESS website, via www.sharinbox.societegenerale.com.

For shares held in bearer form: via your financial intermediary's web portal if it is connected to VOTACCESS website

If the financial intermediary is not connected to the VOTACCESS website, holder of bearer shares must send an email to: assemblees.generales@sgss.socgen.com. Emails must include the following information: the name of the issuer concerned, the date of the General Meeting, the first and last name, address and bank account details of the person giving proxy, and the first and last name and, if possible, address of the designated proxy.

Only notifications of proxy designations or removals may be sent to this email address. All other requests or notifications relating to other subjects will not be taken into account.

Proxy holder's voting instructions

The proxy holder must send its voting instructions by e-mail to the following address: assemblees.generales@sgss.socgen.com, using a scanned copy of the standard voting form.

The voting form must include the following information: the first and last name and address of the person giving proxy, the wording "acting as proxy", date and signature. The voting instructions will be completed in the "I vote by post" section of the voting form.

The proxy will need to attach a copy of its identity documents and, if applicable, a power of representation of the legal person which he represents. The email must be received by Société Générale no later than **May 16, 2021**.

2 - Requests for the registration of points or draft resolutions by the shareholders

The requests for the registration of points or draft resolutions onto the agenda by shareholders must preferably be sent by email to the following address: AG-Mersen-2021@mersen.com (or by registered letter with request for notification of receipt to the Group's headquarters address) before **April 25, 2021**.

Each request must be reasoned.

The request must be accompanied by a confirmation of registration of an account.

3 - Shareholders' right to communications

All documents, which should be made available for consultation by shareholders with respect to this General Meeting, are available on the Group's website www.mersen.com.

To receive a printed version of some documents, shareholders can send their request preferably by mail to the following address: AG-Mersen-2021@mersen.com, before May 12, 2021 (or by mail to the Group's headquarters to the attention of: Direction de la Communication).

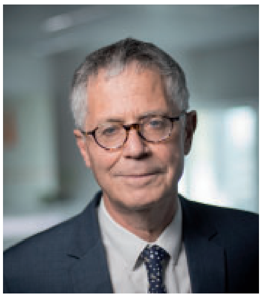
4 - If you have any questions

Written questions may be sent to the Chairman of the Board of Directors **no later than May 18, 2021**. Questions should preferably be sent by email to the following address: AG-Mersen-2021@mersen.com (or by registered letter with individual return receipt requested sent to the Group's headquarters).

For shares held in bearer form, they must be accompanied by a registration certificate.

The Board of Directors

Members of the Board of Directors (as at December 31, 2020)



Olivier Legrain
Chairman of Mersen's Board of Directors
Member of the Governance, Appointments and Remuneration Committee
68 years old
French nationality
Term ends: 2021
Shares held: 1,770

Re-appointment proposed to the Annual General Meeting of May 20, 2021

Biography – Professional experience
Olivier Legrain began his career with Rhône-Poulenc, where he held executive positions in several business units. He subsequently joined the Lafarge Group as a member of its Executive Committee, in charge of specialty materials and strategy. After organizing the sale of the Lafarge Group's stake in Materis, a group specializing in materials, he became Chairman of Materis until 2015.
Main activities exercised outside the Company
Olivier Legrain is now a therapist.
Current directorships
Director of: Kiloutou, Minafin, Astance
Member of the Governance Committee of: Balas
Member of the Supervisory Board of: Amplegest
Directorships that have expired in the past five years
Director of: Parot
Chairman of the Board: Parex

Isabelle Azemard
Member of Mersen's Board of Directors
Member of the Governance, Appointments and Remuneration Committee
69 years old
French nationality
Term ends: 2022
Shares held: 800

Biography – Professional experience
Isabelle Azemard spent her career at the Thales Group, including 20 years in sales and marketing management positions, primarily at the international level. Since 2013, she has been a consultant to business executives.
Main activities exercised outside the Company
Since 2013, she has been a consultant to business executives.
Current directorships
Director of: AXA mutuelle IARD, Mutuelle Vie
Joint Managing Director of: RTDE
Directorships that have expired in the past five years
Director of Majencia, Latécoère

Pierre Creusy
Member of Mersen's Board of Directors representing employees
Member of the Governance, Appointments and Remuneration Committee
59 years old
French nationality
Term ends: First Group Committee meeting post October 12, 2021
Shares held: 200

Biography – Professional experience
Pierre Creusy joined Mersen in 1986. After working in Korea, he held positions in production engineering and subsequently in product management before joining Mersen's Corporate Finance team as a financial controller. In 1999, he took on business responsibilities in Asia and then held the position of Director of Strategic Projects within the Electrical Power segment. He is now VP Project Management and Performance Improvement for this segment.
Main activities exercised outside the Company
N/A
Current directorships
N/A
Directorships that have expired in the past five years
N/A

Michel Crochon
Member of Mersen's Board of Directors
Member of the Audit and Accounts Committee
69 years old
French nationality
Term ends: 2021
Shares held: 800

Re-appointment proposed to the Annual General Meeting of May 20, 2021

Biography – Professional experience
Michel Crochon has spent his entire career at Schneider Electric, where he accumulated years of experience in many different roles. In addition to managing departments and production plants, he has also worked in sales and marketing, held cross-functional roles and managed large units. He was a member of the Executive Committee for 12 consecutive years. During that time, he was Head of the Customers and Markets Division, and later Head of the Industry Business and the Energy and Infrastructure Business, before becoming Head of the Group's Corporate Strategy and Technology. Michel Crochon has experience in working abroad and facing cross-cultural challenges, having traveled and managed teams in a variety of countries. He spent three years in both China and Hong Kong.
Main activities exercised outside the Company
N/A
Current directorships
Director of Sphéréa
Directorships that have expired in the past five years
N/A

THE BOARD OF DIRECTORS

Carolle Foissaud
Member of Mersen's Board of Directors
Member of the Audit and Accounts Committee
54 years old
French nationality
Term ends: 2021
Shares held: 823

Re-appointment proposed to the Annual General Meeting of May 20, 2021

Biography – Professional experience
Carolle Foissaud has spent the bulk of her career with the Areva Group, primarily in operational positions within the Fuel and Reactors units and in management positions as Chair and Chief Executive Officer of STMI and its subsidiaries in the field of Cleanup and as Chair and Chief Executive Officer of Areva TA, which specializes in naval propulsion reactors and research reactors. She was also a member of the Areva Group's Executive Management Board.
Main activities exercised outside the Company
Carolle Foissaud is the Chief Executive Officer of the Energy & Industry segment at Bouygues Energies & Services, which employs 2,500 people.
Current directorships
N/A
Directorships that have expired in the past five years
Director of Ecole Navale
Independent director of GFI

Bpifrance investment, represented by Magali Joessel
Member of Mersen's Board of Directors
Member of the Audit and Accounts Committee
47 years old
French nationality
Term ends: 2023
Shares held by Bpifrance Investissement: 2,242,770

Biography – Professional experience
Magali Joëssel began her career with the Inspectorate General of Finance at the French Ministry of Economic and Financial Affairs, before being named General Interest Investment Manager with Caisse des Dépôts et Consignations. She joined Bpifrance when it was created in mid-2013 and currently holds the position of Strategy Manager.
Main activities exercised outside the Company
Magali manages the Industrial Project Companies (SPI) fund, which invests in the development of innovative industrial activities and projects.
Current directorships
Director of Yposkesi, RATP
Directorships that have expired in the past five years
Naval Energies

Ulrike Steinhorst
Member of Mersen's Board of Directors
Chairman of the Governance, Appointments and Remuneration Committee
69 years old
German nationality
Term ends: 2021
Shares held: 815

Re-appointment proposed to the Annual General Meeting of May 20, 2021

Biography – Professional experience
Ulrike Steinhorst began her career in France at the Ministry of European Affairs. She joined EDF's International Division in 1990 before returning to Germany, where she joined the Degussa Group in 1999. She held several positions there, first in Germany and later in France, where she managed Degussa's French subsidiary. She joined EADS in 2007 as Chief of Staff to the CEO before becoming Head of Strategy, Planning and Finance at Airbus Group's Research Directorate in 2012.
Main activities exercised outside the Company
Chair of SASU Nuria Consultancy
Current directorships
Member of the Board of Directors of: Valeo, Albioma (listed companies)
Member of the Board of École des Mines Paris Tech and of the Franco-German Chamber of Commerce and Industry
Directorships that have expired in the past five years
Director of Institut des Maladies Génétiques IMAGINE
Director of the foundation F2I (UIMM)

Denis Thiery
Member of Mersen's Board of Directors
Chairman of the Audit and Accounts Committee
Member of the Governance, Appointments and Remuneration Committee
65 years old
French nationality
Term ends: 2023
Shares held: 800

Biography – Professional experience
Denis Thiery worked at Wang France between 1984 and 1991, where he held various different posts, including Chief Financial Officer from 1989. From 1991 through 1997, he served as Chief Financial Officer and then Chief Executive Officer of Moorings, a world leader in pleasure boat charters based in the United States. He joined the Neopost group in 1998 as Group Chief Financial Officer and was Group Chief Executive Officer from 2007 to 2018 and Chairman of the Board of Directors from January 2010 to July 2019.
Main activities exercised outside the Company
N/A
Current directorships
N/A
Directorships that have expired in the past five years
Chairman of Quadient (formerly Neopost)

New candidacy proposed at the Annual General Meeting of May 20, 2021

Luc Themelin
60 years old
French nationality
Shares held: 38,544

Biography – Professional experience
Luc Themelin has served as Chief Executive Officer of Mersen group since May 11, 2016. He was Chairman of the Management Board from August 2011 to May 2016.
He joined the Mersen group in 1993 as a Research and Development engineer. He was appointed Director of the Braking Division in 1998 and Director of the High Temperatures Division in 2004. He joined the Executive Committee in 2005, while continuing to manage the Braking Division and overseeing the High Temperatures Division. Luc Themelin was appointed as Supervisor of the Electrical Applications division on July 1, 2008 and a member of the Management Board in May 2009.
He holds a Ph.D. in ceramic materials sciences.
Main activities exercised outside the Company
N/A
Directorships currently held outside the Group
N/A
Directorships that have expired in the past five years
N/A

Summary: Board memberships
(at the date of the URD's release)

	Personal information						Position within the Board			Participation in a Committee	
	Duties within the Board	Age	Gender	Nationality	Number of shares	Independence	Date of first appointment	Term ends	Length of service on the Board (years)	Audit and Accounts	Appointments Governance Remuneration
Olivier Legrain	Chairman	68	M	FR	1,770	X	05/18/2017	2021 GM	4		x
Isabelle Azemard	Director	69	F	FR	800		05/15/2014	2022 GM	7		x
Pierre Creusy	Director representing employees	59	M	FR	200		10/12/2017	Group Committee Post 10/12/21	3		x
Michel Crochon	Director	69	M	FR	800	X	05/18/2017	2021 GM	4	x	
Carolle Foissaud	Director	54	F	FR	823	X	05/16/2013	2021 GM	8	x	
Bpifrance Investissement Represented by Magali Joessel	Director	47	F	FR	2,242,770		10/30/2013*	2023 GM	7	x	
Ulrike Steinhorst	Director	69	F	GER	815	X	05/16/2013	2021 GM	8		x
Denis Thiery	Director	65	M	FR	800	X	05/17/2019	2023 GM	2	x	x

Chairman

Resolutions

Agenda

Ordinary resolutions:

First resolution – Approval of the parent company financial statements for the year ended December 31, 2020

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2020

Third resolution – Appropriation of net income for the year and payment of a dividend

Fourth resolution – Statutory Auditors' special report on related-party agreements – no new agreements during the year

Fifth resolution – Appointment of Luc Themelin as a director

Sixth resolution – Re-election of Olivier Legrain as a director

Seventh resolution – Re-election of Carolle Foissaud as a director

Eighth resolution – Re-election of Ulrike Steinhorst as a director

Ninth resolution – Re-election of Michel Crochon as a director

Tenth resolution – Approval of the compensation policy for the Chairman of the Board of Directors

Eleventh resolution – Approval of the compensation policy for the Chief Executive Officer and/or any other executive corporate officer

Twelfth resolution – Approval of the compensation policy for directors

Thirteenth resolution – Approval of the disclosures required under Article L.22-10-9 of the French Commercial Code

Fourteenth resolution – Approval of the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted to Olivier Legrain, Chairman of the Board of Directors in respect of the past fiscal year

Fifteenth resolution – Approval of the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted to Luc Themelin, Chief Executive Officer, in respect of the past fiscal year

Sixteenth resolution – Authorization for the Board of Directors to repurchase shares of the Company under a program governed by Article L.22-10-62 of the French Commercial Code

Extraordinary resolutions:

Seventeenth resolution – Authorization for the Board of Directors to cancel shares repurchased under a program governed by Article L.22-10-62 of the French Commercial Code

Eighteenth resolution – Authorization for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities conferring rights to ordinary shares (of the Company or another Group company), for subscription by employees of Mersen group companies outside France who are not members of a company savings plan, without preferential subscription rights for existing shareholders

Nineteenth resolution – Delegation of authority for the Board of Directors to increase the capital by issuing ordinary shares and/or securities conferring rights to shares to members of a company savings plan governed by Articles L.3332-18 *et seq.* of the French Labor Code, without preferential subscription rights for existing shareholders

Twentieth resolution – Authorization for the Board of Directors to grant free shares to certain employees subject to the fulfillment of performance conditions

Twenty-first resolution – Authorization for the Board of Directors to grant free shares to certain senior executives (Chief Executive Officer, members of the Executive Committee and Vice Presidents of the business units) of the Company or of companies or intercompany partnerships that are related to the Company, subject to the fulfillment of performance conditions

Twenty-second resolution – Authorization for the Board of Directors to grant free shares to certain employees (high-potential managers or managers with expertise in strategic sectors), without performance conditions

Twenty-third resolution – Change in directors' terms of office notably to implement and maintain a staggered board – Corresponding amendment to Article 17 of the Articles of Association

Twenty-fourth resolution – Amendment to the Articles of Association to set out the procedure applicable when the directors reach the age limit – Corresponding amendment to Article 17 of the Articles of Association

Twenty-fifth resolution – Powers to carry out formalities.

Ordinary General Meeting

First and second resolutions: Approval of the financial statements for the year ended December 31, 2020

The first and second resolutions allow for the approval of the financial statements (parent company and group) for the year ended December 31, 2020

First resolution – Approval of the parent company financial statements for the year ended December 31, 2020

Having considered the reports of the Board of Directors and the Statutory Auditors on the parent company financial statements for the year ended December 31, 2020, the General Meeting approves these financial statements, which show a loss of €11,841,918.64, as presented.

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2020

Having considered the reports of the Board of Directors and the Statutory Auditors on the consolidated financial statements for the year ended December 31, 2020, the General Meeting approves these financial statements, which show a net loss (attributable to owners of the parent) of €11,960,000, as presented.

Third resolution: Appropriation of income

In 2020, no dividend was paid to the Shareholders for 2019. This decision was made in April 2020 against a backdrop of great uncertainty.

The Board of Directors is proposing to pay a dividend for 2020. The Group had a net loss due to the significant, non-recurring expenses mainly related to the impacts of the crisis; however, given the context, the operational performance of the Group was very good both in terms of margin and cash generation.

Moreover, at the end of December 2020, the Group benefited from a solid financial structure, with historically low financial debt and substantial liquidity. Mersen has more than €160 million in undrawn credit lines and €110 million in cash.

Lastly, Mersen SA and the Group both have considerable amounts of shareholders' equity (€373 million and €509 million respectively) and Mersen SA has retained earnings and sufficient reserves to pay a dividend.

The Board of Directors therefore recommend the payment of a €0.65 per share cash dividend. This would represent a total payout of around €13.5 million, corresponding to 39% of net income attributable to owners of the parent adjusted to reflect the expenses related to the environment in 2020 (restructuring costs, asset impairment losses recognized as a result of steep declines in certain markets and impairments of deferred tax assets). The distribution rate is in line with Group policy (distribution of between 30% and 40% of net income).

The dividend payment date will be July 8, 2021.

Third resolution – Appropriation of net income for the year and payment of a dividend

Having considered the Board of Directors' report, the General Meeting resolves:

- to deduct from retained earnings:
  - the net loss for the year of €11,841,918.64
  - an allocation to the legal reserve of €1,167.66

  reducing the amount of retained earnings from €24,411,442 to €12,568,355.7;
- to pay a dividend representing a total amount of €13,560,524.84 deducted from:
  - retained earnings, thereby reducing this item from €12,568,355 to €0; and
  - "Other reserves", thereby reducing this item from €82,119,025 to €81,126,855.5.

The General Meeting notes that:

- a gross dividend of €0.65 will be paid on each ordinary share (A shares);
- a gross dividend of €0.065 will be paid on each eligible preference share (D and E shares).

For shareholders who are tax residents in France, dividends are either subject to a 12.8% single flat-rate withholding tax on the gross dividend (Article 200A of the French Tax Code [*Code général des impôts*]), or upon the taxpayers request, subject to the progressive income tax scale after a 40% deduction (Article 200 A, 13, and 158 of the Code). The dividend is also subject to social security contributions at a rate of 17.2%.

The ex-dividend date will be July 6, 2021.

The dividend payment date will be July 8, 2021.

In the case of a change in the number of shares with rights to the dividend compared to the 20,862,155 ordinary shares (A shares), 1,172 category D preference shares (D shares) and 737 category C preference shares (C shares) before the ex-dividend date, the total amount to be distributed will be adjusted accordingly and the amount appropriated to retained earnings will be determined on the basis of the dividends actually paid.

In accordance with Article 243 *bis* of the French Tax Code, the General Meeting notes that it has been informed of the dividends paid in the last three years and the related revenues for shareholders, as follows:

Fiscal year	Revenue eligible for tax deduction		Revenue not eligible for tax deduction
	Dividend	Other distributions	
2017	€15,477,566.78* €0.75 per A share and €0.075 per B and C share	-	-
2018	€19,728,439.01* €0.95 per A share and €0.095 per B, C and D share	-	-
2019	-	-	-

** Including dividends on treasury stock that were credited to retained earnings*

Fourth resolution: Lack of agreements

Following the legislative changes resulting from the French Pacte law, the commitments made by the Company regarding the Chief Executive Officer (severance pay, supplementary pension plan and non-compete clause) no longer qualify as related-party agreements but rather of the Say on Pay plan.

On January 27, 2021 the Board of Directors therefore noted the lack of any existing or new related-party agreement.

Fourth resolution – Statutory Auditors' special report on related-party agreements – no new agreements during the year

Having considered the Statutory Auditors' special report concluding that no new agreements governed by Articles L.225-38 *et seq.* of the French Commercial Code (Code de commerce) were entered into during the year, the General Meeting takes note of this report.

Fifth resolution: Appointment of a new director

The Board of Directors is proposing to appoint Luc Themelin as a member of the Board of Directors for a term of four years.

Luc Themelin has served as Chief Executive Officer of Mersen group since August 2011 and has been with the Group for 28 years.

The Board of Directors considers that it would benefit from his extensive knowledge of the Group, his expertise in electrics and advanced materials and its final markets, especially as the Group faces major challenges on highly specialized markets and applications (SiC semiconductors, electric vehicles, etc.)

During his terms as Chief Executive Officer, he led a major transformation of the Group by reorganizing the segments and innovation management, strengthening Mersen's positioning on sustainable development markets, while improving the Group's geographical balance in three major regions.

He also led an internal skills and expertise development program. This transformation has contributed to the Group's strong performance over the past few years and to its resilience in 2020 compared to previous crises. Lastly, he formalized and developed an ambitious Group CSR policy that has resulted in improved indicators in recent years.

His detailed biography is presented on page 16 of this document.

Luc Themelin will not receive any compensation for his work as a director.

If this resolution and the sixth to ninth resolutions are approved, the Board of Directors will be comprised of 62% independent directors and 50% women (excluding directors representing employees).

Fifth resolution – Appointment of Luc Themelin as a director

The General Meeting resolves to appoint Luc Themelin, in addition to the directors currently in office, as a director for a four-year term expiring at the close of the Annual General Meeting to be held in 2025 to approve the 2024 financial statements.

Sixth to ninth resolutions: Renewal of directorships

During this Annual General Meeting, four director terms are submitted for your vote as they are due to expire.

According to the current Articles of Association, a director's term of office is four years and the age limit is 72; directors who have reached this age during their term are deemed to have resigned.

The Board of Directors has decided to submit to the General Meeting two amendments to the Articles of Association to allow for better staggering of terms, and thereby smooth out the renewal of directorships:

- the first amendment (twenty-third resolution) consists in authorizing terms of two or three years in addition to the four-year terms already provided for. This flexibility will allow for staggering of terms, in accordance with the recommendation of the AFEP-MEDEF code, while taking into account the rules related to the age limit for directors.
- the second amendment (twenty-fourth resolution) consists in allowing a director who has reached the statutory age limit of 72 during his or her term to remain in office until the next General Meeting.

It is therefore proposed to renew the terms of Olivier Legrain, Carolle Foissaud, Ulrike Steinhorst and Michel Crochon for four years, three years, two years and three years respectively; or for four years if the twenty-third resolution authorizing terms of two or three years is not approved.

Since their appointment, Olivier Legrain, Carolle Foissaud, Ulrike Steinhorst and Michel Crochon have demonstrated commitment and professionalism allowing for the effective work of the Board and its committees. They have contributed their varied expertise, particularly their experience in international and industrial groups, their skills in strategy (Michel Crochon, Olivier Legrain, Ulrike Steinhorst), CSR (Carolle Foissaud, Ulrike Steinhorst) and Mersen's businesses (Olivier Legrain and Michel Crochon).

In 2020, these directors had an attendance rate of between 90% and 100% at Board meetings, out of a total of 11 meetings. The attendance rate at the committee meetings was 100% except for (i) Olivier Legrain, who was absent from a meeting of the Remuneration and Governance Committee for health reasons and (ii) Carole Foissard, who was absent from an Audit and Accounts Committee meeting due to a professional obligation.

If these proposals for appointment and re-appointment are approved, the Board of Directors will therefore be made up of nine members whose terms are as follows:

	Age	End of term of office
Olivier Legrain	68	2025 AGM
Isabelle Azemard	69	AG 2022 AGM
Pierre Creusy	59	Group committee post October 12, 2021
Michel Crochon	69	2024 AGM
Carole Foissaud	54	2024 AGM
BpiFrance	47	2023 AGM
Ulrike Steinhorst	69	2023 AGM
Luc Themelin	60	2025 AGM
Denis Thiery	65	2023 AGM

If these resolutions and the fifth resolution are approved, the Board of Directors will then be made up of 62% independent members and 50% women (excluding directors representing the employees).

The biographies of the members of the Board of Directors are presented on pages 12 *et seq.* of this document.

Sixth resolution – Re-election of Olivier Legrain as a director

The General Meeting resolves to re-elect Olivier Legrain as a director for a four-year term expiring at the close of the 2025 Annual General Meeting called to approve the 2024 financial statements.

Seventh resolution – Re-election of Carolle Foissaud as a director

The General Meeting resolves to re-elect Carolle Foissaud as a director:

- subject to the adoption of the twenty-third resolution, for a three-year term expiring at the close of the 2024 Annual General Meeting called to approve the 2023 financial statements;
- if the twenty-third resolution is not adopted, for a four-year term expiring at the close of the 2025 Annual General Meeting called to approve the 2024 financial statements.

Eighth resolution – Re-election of Ulrike Steinhorst as a director

The General Meeting resolves to re-elect Ulrike Steinhorst as a director:

- subject to the adoption of the twenty-third resolution, for a two-year term expiring at the close of the 2023 Annual General Meeting called to approve the 2022 financial statements;
- if the twenty-third resolution is not adopted, for a four-year term expiring at the close of the 2025 Annual General Meeting called to approve the 2024 financial statements.

Ninth resolution – Re-election of Michel Crochon as a director

The General Meeting resolves to re-elect Michel Crochon as a director:

- subject to the adoption of the twenty-third resolution, for a three-year term expiring at the close of the 2024 Annual General Meeting called to approve the 2023 financial statements;
- if the twenty-third resolution is not adopted, for a four-year term expiring at the close of the 2025 Annual General Meeting called to approve the 2024 financial statements.

Tenth to thirteenth resolutions: Approval of the compensation policy for corporate officers in 2021

In the tenth to thirteenth resolutions, the shareholders are invited to approve compensation policy for executive corporate officers for 2021 as set out in the Universal Registration Document on pages 36 to 40 and summarized below.

Compensation of the Chairman of the Board of Directors

- Fixed compensation: 80,000 euros, unchanged since 2010.
- Directors' compensation: presented below
- No exceptional or variable compensation related to Group financial performance.

Compensation paid to members of the Board of Directors

Acting on the recommendation of the Governance, Appointments and Remuneration Committee, the Board of Directors is proposing that the compensation policy of the members of the Board of Directors as approved in 2020 remains unchanged.

It provides for:

- a total maximum ceiling of €264,000 on payments, unchanged since 2011;
- rules for allocating compensation in accordance with AFEP-MEDEF recommendations, with a predominant portion contingent on attendance (60% of compensation if the attendance rate is 100%):
  - Directors' compensation comprises fixed annual compensation of €12,000. To this amount, for the Chairman of the Audit and Accounts Committee, a supplementary amount of €10,000 and €8,000 is added for the Chairman of the Governance, Appointments and Remuneration Committee.
  - Each director also receives a variable portion based on their effective participation in Board and Committee meetings. This variable portion amounts to €1,700 per session.
  - The director responsible for leading the Board's work on strategic issues receives an additional fixed portion of €5,000.

If the aggregate amount of compensation calculated by applying the above rules is higher than €264,000 (i.e., if more meetings are held than usual), then the compensation of each director will be reduced proportionately.

Compensation of the Chief Executive Officer

As the fixed compensation of the Chief Executive Officer has remained unchanged since 2015 and following the reappointment of the Chief Executive Officer in 2020, Mersen commissioned a leading external firm to conduct a benchmarking survey in the second half of 2020. The survey measured the positioning of the various components of the Chief Executive Officer's compensation in relation to a panel of comparable companies. The survey was presented and discussed twice at meetings of the Governance, Appointments and Remuneration Committee.

This survey is presented in detail on pages 42 & 43 of this document. It revealed that (i) the Chief Executive Officer's compensation was relatively low compared with the panel, (ii) a discrepancy in the maximum variable compensation and long-term or deferred compensation, and (iii) that the structure of the components of his compensation is very different from that found in the reference market.

In light of this survey and taking into account the current situation, the Board of Directors, acting on the recommendation of the Governance, Appointments and Compensation Committee, proposes to only review the annual variable compensation of the Chief Executive Officer in 2021, while the other components of compensation will remain unchanged this year.

The variable compensation would be modified in the following manner in 2021:

- the elimination of ROCE and its replacement by EBITDA and operating income before non-recurring items to permit better alignment with the Group's executives and managers. ROCE will however be included in the performance criteria for long-term incentives. (See twenty-first resolution)
- increased maximum bonus to reward financial outperformance. This would only apply to the financial criteria (accounting for at least 70% of the bonus). These limits are set by the Board of Directors, based on an ambitious proposal from the Governance, Appointments and Remuneration Committee which is above the budget. The maximum bonus would therefore be increased to 150% of the base salary, compared with 112% previously. The payment of this annual variable compensation would place in 2022 after approval by the General Meeting - i.e., in a different sanitary and economic context from the present one.

While bearing in mind the current sanitary and economic context, the Governance, Appointments and Remuneration Committee and the Board of Directors emphasize that this modification aims to encourage and reward outperformance in relation to the financial indicators. The Chief Executive Officer would only receive an annual variable compensation greater than they do currently insofar as there was an outperformance compared to the target financial objectives. The principle of outperformance is beneficial for the Group, its shareholders and its employees. In this regard, some 700 salaried managers also have a financial outperformance component as part of their variable compensation.

The allocation of objectives and rates of achievement would therefore be defined as follows:

	Target	Maximum
Operating margin before non-recurring items	*30%*	*60%*
Operating cash flow	*20%*	*30%*
EBITDA	*20%*	*30%*
Non-financial criteria	30%	
Total	100%	150%
of which weighting of financial criteria	*70%*	*80%*

Achievement rates between the limits (target and maximum) are linear.

The Board of Directors has set the following non-financial criteria for 2021:

- CSR/Safety criterion: safety indicators must be improved in relation to 2020.
- CSR/Environmental criteria: increase in the waste recycling rate, reduction of CO_2 emissions from our activities, rating by specialized agencies.
- Electric vehicle market: implementation of a dedicated organizational structure, launch of production in some of the Group's plants.
- Competitiveness plans: implementation of the measures approved at the end of 2020.
- Succession plans for top management, revisiting the Group's organization and its management teams going out to 2025.

The other components remain unchanged:

- Fixed compensation: 440,000 euros, unchanged since 2015.
- Multi-annual variable compensation: Multi-annual variable compensation takes the form of stock options or free shares subject to performance conditions. The Chief Executive Officer will receive a maximum of 10% of all issued plans, measured on an IFRS basis; this valuation may not exceed 30% of all of his compensation for the previous calendar year.
- Benefits in kind: company car, executive unemployment insurance, health and welfare insurance and pension plan.
- Eligible for the staff profit-sharing plans.
- Other compensation.

Luc Themelin will benefit from the free shares plan in 2021 if the twenty-first resolution is approved at this General Meeting (see the description on page 32 *et seq.* of this document).

The Company's commitments in relation to the Chief Executive Officer remain unchanged: severance payment, non-compete clause, pension plan (pages 46 *et seq.* of the URD).

Tenth resolution – Approval of the compensation policy for the Chairman of the Board of Directors

Deliberating in accordance with Article L.22-10-8 of the French Commercial Code, the General Meeting approves the compensation policy for the Chairman of the Board of Directors, as presented in paragraphs 1.1 and 1.2 of the section entitled "Compensation and benefits in kind" of the Corporate Governance Report included in the 2020 Universal Registration Document (page 36).

Eleventh resolution – Approval of the compensation policy for the Chief Executive Officer and/or any other executive corporate officer

Deliberating in accordance with Article L.22-10-8 of the French Commercial Code, the General Meeting approves the compensation policy for the Chief Executive Officer and/or any other executive corporate officer, as presented in paragraphs 1.1 and 1.4 of the section entitled "Compensation and benefits in kind" of the Corporate Governance Report included in the 2020 Universal Registration Document (pages 36 *et seq.*).

Twelfth resolution – Approval of the compensation policy for directors

Deliberating in accordance with Article L.22-10-8 of the French Commercial Code, the General Meeting approves the compensation policy for directors, as presented in paragraphs 1.1 and 1.3 of the section entitled "Compensation and benefits in kind" of the Corporate Governance Report included in the 2020 Universal Registration Document (pages 36 *et seq.*).

Thirteenth resolution – Approval of the disclosures required under Article L.22-10-9 of the French Commercial Code

Deliberating in accordance with Article L. 22-10-34, I of the French Commercial Code, the General Meeting approves the disclosures required under Article L.22-10-9 of the French Commercial Code, as presented in paragraphs 2, 3 and 5 of the section entitled "Compensation and benefits in kind" of the Corporate Governance Report included in the 2020 Universal Registration Document (pages 40 *et seq.*).

Fourteenth and fifteenth resolutions: Approval of the compensation paid to executive corporate officers for 2020

In view of the health crisis and its social and economic consequences, the Company's corporate officers announced measures to reduce their fixed compensation for 2020.

As announced in a press release dated April 6, 2020, the Chairman of the Board of Directors, Olivier Legrain, and Chief Executive Officer, Luc Themelin, decided to reduce their fixed compensation for April and May 2020 by 25% in order to contribute to the collective effort required by the health crisis and economic context. They then decided to extend this measure for a further four months.

At the Board of Directors' meeting of May 14, 2020, the directors decided, as a gesture of solidarity, to apply the same rate of reduction as that applied to that of the Chief Executive Officer and the Chairman of the Board of Directors to their fixed compensation for 2020.

These decisions resulted in an average reduction of 12.5% in the fixed compensation paid to directors, the Chairman of the Board of Directors and the Chief Executive Officer for 2020.

- **Olivier Legrain**

The compensation of the Chairman of the Board of Directors comprises fixed compensation and compensation based on membership of the Board and its committees and member attendance.

The main components of compensation for 2020 were as follows:

	Amounts granted for 2020
Directors' compensation	27,923
Fixed compensation	70,000
Total	**97,923**

- **Luc Themelin**

The main components of compensation for 2020 were as follows:

	Amounts granted for 2020
Fixed compensation	385,000
Annual variable compensation	249,040
Multi-annual variable compensation	N/A
Exceptional compensation	N/A
Incentives	5,193
Directors' compensation	N/A
Benefits in kind (1)	33,510
TOTAL	**672,743**

(1) contributions towards the French corporate executives' social guarantee and a company car.

Annual variable compensation for 2020 was determined by application of the following criteria:

2020 variable compensation	Objectives set		Min	Max target	Actual
Financial criteria	Group ROCE[(1)]	Indicator value *(as a %)*	9.6	11.3	7.6
70% of annual variable		% of fixed compensation	0	35	0
	Group operating cash flow	Indicator value *(in €m)*	83	105	119.2
		% of fixed compensation	0	35	35
	Total financial criteria		**0%**	**70%**	**35%**
Non-financial criteria	Safety and Environment		0%	4.5%	3.0%
30% of annual variable	Electric vehicle market performance		0%	4.5%	4.5%
	Competitiveness plan		0%	4.5%	4.5%
	Product line improvement plan		0%	6%	2%
	Strategic plan		0%	4.5%	4.5%
	Succession plan		0%	6.0%	3.0%
	Total non-financial criteria		**0%**	**30%**	**21.5%**
Total variable as a % of fixed compensation			**0%**	**100%**	**56.6%**

(1) Based on recurring operating income before tax.

Financial criteria:

The 2020 financial objectives were based on the Group's annual budget, excluding the impact of the application of IFRS 16.

For the Group's ROCE, the data are as follows (in millions of euros):

Reported operating income before non-recurring items	68.6
Impact of the application of IFRS 16:	(1.7)
Capital employed	882
Group ROCE excluding the impact of IFRS 16	7.6%

The achievement rate is therefore 0%. Operating income before non-recurring items was heavily impacted by the decline in activity resulting from the 2020 health crisis, causing ROCE to be significantly below expectations.

For the Group's operating cash flow, the data are as follows (in millions of euros):

Reported net cash flow from continuing operating activities:	132.7
Adjustment for lease payments*	(13.5)
Adjusted operating cash flow	119.2

** Lease payments are now included in financing activities following the adoption of IFRS 16.*

The achievement rate is therefore 100%. The Group generated strong operating cash flow in 2020 thanks in particular to sound inventory management.

Non-financial criteria:

For 2020, the non-financial objectives were based on the following criteria:

- Safety and Environment: On the basis of the Group's CSR roadmap, the objective was to improve key safety indicators (reduction in the Lost Time Injury Rate from 1.4 to 1.2, that with and without lost time from 3.4 to 3 and the Severity Injury Rate from 64 to 60). The results obtained are 1.54, 3.08 and 64 respectively. In addition, a critical risk analysis was expected for 100% of sites; it was performed for 98% of them. Lastly, the Board noted the achievement of the objective of increasing the waste recycling rate from 53% to 60%. The objective was therefore two-thirds achieved.
- Monitoring of the Electrical Vehicle (EV) market: This strategic market for the Group is the subject of a monthly review in which the Chief Executive Officer participates. In 2020, the objective was to complete the qualification of fuse devices, to structure a dedicated offer, and to prepare plants for automotive certification. The Board considered that the Chief Executive Officer had successfully met his objectives, notably with the signing of a contract with German group Marquardt.
- Competitiveness plan: The competitiveness plan for the Electrical Power segment was rolled out, thereby enabling the Electrical Power segment to contain the decline in operating margin over the year and to increase its margins during the second half of the year. The objective was therefore 100% achieved.
- Product line improvement plans: The Board of Directors considered that certain measures had been taken to improve certain product lines of the Solutions for Power Management business, but that they had not resulted in a substantial improvement in the situation (excluding the Covid-19 impact). The Board considers that the objective was 30% achieved.
- Strategy: During the year, the Chief Executive Officer gave the Board of Directors a presentation of Mersen's positioning, challenges and strategy in two of the Group's most promising growth markets, electric vehicles and SiC semiconductors. The Board deemed that the proposed strategy was very relevant and considered the objective to be fully achieved.
- 5-year succession plan: The Board of Directors considered that the Chief Executive Officer had begun to implement the succession plan defined in 2019, but had not made any recruitments in 2020, due to difficulties related to the health crisis. The Board considers that the objective was 50% met.

Multi-year compensation

Due to the health crisis and its economic consequences, the Board of Directors, acting on a proposal of the Chief Executive Officer, decided not to implement the long-term incentive plans in 2020. Luc Themelin was therefore not granted any free shares subject to performance conditions in 2020.

Fourteenth resolution – Approval of the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted to Olivier Legrain, Chairman of the Board of Directors in respect of the past fiscal year

Deliberating in accordance with Article L.22-10-34, II of the French Commercial Code, the General Meeting approves the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted to Olivier Legrain, Chairman of the Board of Directors, in respect of the past fiscal year, as presented in paragraph 15 of the section entitled "Compensation and benefits in kind" of the Corporate Governance Report included in the 2020 Universal Registration Document (page 68).

Fifteenth resolution – Approval of the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted to Luc Themelin, Chief Executive Officer, in respect of the past fiscal year

Deliberating in accordance with Article L.22-10-34, II of the French Commercial Code, the General Meeting approves the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted to Luc Themelin, Chief Executive Officer, in respect of the past fiscal year, as presented in paragraph 14 of the section entitled "Compensation and benefits in kind" of the Corporate Governance Report included in the 2020 Universal Registration Document (pages 66-67).

Sixteenth resolution: Stock repurchase program

The sixteenth resolution renews the authorization granted to the Board of Directors, for a period of 18 months, to purchase shares in the Company (including under a liquidity agreement).

At December 31, 2020, the Company held 229,872 shares: (i) 80,572 shares to put in place employee performance share plans, (ii) 109,894 shares for cancellation in order to compensate the dilutive effect of capital increases related to employee share ownership transactions and (iii) 39,406 shares for market making purposes through a liquidity agreement. These shares represent 1.1% of the Company's capital. They have no voting rights and dividends payable thereon are credited to retained earnings.

The authorization to be granted in the sixteenth resolution states that the maximum purchase price is set at €50 and that the number of shares acquired may not exceed 10% of the Company's capital as of December 31, 2020, i.e., 1,856,534 shares for a maximum amount of €92,826,700.

The objectives of the stock repurchase program are described below and in the 2020 Universal Registration Document.

As in previous years, the resolution states that the authorization does not apply during a public offer for the Company's shares.

Sixteenth resolution – Authorization for the Board of Directors to repurchase shares of the Company under a program governed by Article L.22-10-62 of the French Commercial Code

Having considered the Board of Directors' report, the General Meeting authorizes the Board of Directors for a period of eighteen months and in accordance with Articles L.22-10-62 *et seq.* and Articles 225-210 *et seq.* of the French Commercial Code, to purchase shares in the Company on one or more occasions and at the times that it deems appropriate. The number of shares held by the Company under this authorization may not be greater than 10% of the Company's capital and may be adjusted as necessary to take into account any capital increases or reductions that may occur during the term of the program.

This authorization cancels the authorization granted to the Board of Directors by the General Meeting of May 14, 2020 in its eleventh ordinary resolution.

Shares may be acquired in order to:

- enhance trading in the secondary market or the liquidity of the Mersen share by engaging an investment service provider under a liquidity agreement that complies with practices approved by French law. For the purposes of the program, the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares acquired, less the number of shares sold;
- hold the acquired shares in treasury and subsequently remit them as part of an exchange offer or in consideration for any acquisitions;
- cover stock options and/or free share plans (or similar plans) allocated to Group employees and/or corporate officers, share allocations under company or group savings plans (or similar plans) or company profit-sharing plans and/or any other forms of share allocations to Group employees and/or corporate officers;
- cover securities conferring rights to allocations of shares in the Company, in accordance with applicable regulations;
- cancel the acquired shares, in accordance with the authorization granted or to be granted by the Extraordinary General Meeting.

The shares may be purchased by any means, including by way of block purchases, at the times that the Board of Directors deems appropriate.

The Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

The Company does not intend to use options or derivatives.

The maximum purchase price has been set at €50 per share. In the event of a transaction affecting the Company's capital, such as share splits or reverse splits and free share allocations to shareholders, the above amount will be adjusted in the same proportion (a coefficient of the ratio between the number of shares comprising the Company's capital before the transaction and the number of shares after the transaction).

The maximum amount for this type of transaction has been set at €104,310,775.

The General Meeting grants full powers to the Board of Directors to carry out these transactions, determine the conditions and procedures thereof, enter into any and all agreements and carry out all formalities.

Extraordinary General Meeting

Seventeenth resolution: Cancellation of shares

At the General Meeting of May 14, 2020, pursuant to the twelfth resolution, the shareholders authorized the Board of Directors to reduce the Company's share capital by canceling treasury shares.

This authorization was not used.

Shareholders are invited to terminate this authorization granted at the General Meeting of May 14, 2020 and grant the Board of Directors a new authorization, under similar conditions for a 24-month term, to reduce the Company's share capital by way of partial or full cancellation of the shares acquired by the Company under the share buyback program, with a limit of 10% of the share capital.

Seventeenth resolution – Authorization for the Board of Directors to cancel shares repurchased under a program governed by Article L.22-10-62 of the French Commercial Code

Having considered the reports of the Board of Directors and the Statutory Auditors, the General Meeting:

1) authorizes the Board of Directors to cancel shares purchased or to be purchased under a program governed by Article L.22-10-62 of the French Commercial Code on one or more occasions and at its discretion. The number of shares canceled may not exceed 10% of the Company's capital as determined on the date the cancellation is decided, less any shares canceled during the previous 24 months. The Board of Directors will be further authorized to reduce the Company's capital to reflect the cancellations, in accordance with the applicable laws and regulations;

2) sets the period during which this authorization may be used at twenty-four months, from the date of this Meeting;

3) resolves that the Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period;

4) grants full powers to the Board of Directors to carry out all transactions required in connection with the share cancellations and resulting capital reductions, to amend the Articles of Association to reflect the new capital, and to carry out all necessary formalities;

5) formally notes that this authorization cancels, with immediate effect, the unused portion of any earlier authorization granted for the same purpose.

Eighteenth and nineteenth resolutions: Authorizations and delegation of authority designed to promote employee share ownership

To enable the Board to continue to implement a motivating employee share ownership policy in support of the Group's development, shareholders are invited to renew the authorizations and delegations of authority to carry out employee share issues. The eighteenth resolution concerns the Group's employees in non-French subsidiaries. The nineteenth resolution concerns the employees of the Group's French companies.

These resolutions have not been implemented for several years. They are designed to increase the proportion of the Company's capital held by employees and to give employees in all host countries a stake in the Group's success.

In 2020, only the resolution concerning the capital increase benefiting members of a company savings plan was voted upon, in order not to render the other resolutions concerning capital increases invalid. However, in its press release of April 6, 2020, the Group indicated that it did not intend to use this given the health and economic situation in early 2020.

Eighteenth resolution – Authorization for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities conferring rights to ordinary shares (of the Company or another Group company), for subscription by employees of Mersen group companies outside France who are not members of a company savings plan, without preferential subscription rights for existing shareholders

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, in accordance with the French Commercial Code including Articles L.225-129-2, L.225-138 and L.228-92:

1) To authorize the Board of Directors to issue, on one or more occasions, for the amounts and at the times that it deems appropriate, in France or outside France, to the category of employees and corporate officers defined below, without preferential subscription rights for existing shareholders:

- ordinary shares;
- ordinary shares conferring rights to ordinary shares or debt securities; and
- securities conferring rights to new ordinary shares.

In accordance with Article L.228-93 of the French Commercial Code, securities issued pursuant to this delegation of authority may confer rights to new ordinary shares of any company that owns, directly or indirectly, more than half of the Company's capital or more than half of whose capital is owned, directly or indirectly, by the Company.

2) That this authorization is given for a period of eighteen months from the date of this Meeting.

3) That the aggregate nominal value of the capital increase(s) carried out under this delegation may not exceed €400,000 and will be deducted from the ceiling set in resolution nineteen of this meeting and from the overall ceiling of €17,000,000 and the sub-ceiling of €8,000,000 on issues of ordinary shares set in the twentieth resolution of the General Meeting of May 14, 2020.

The nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to shares of the Company in accordance with the law and any contractual adjustment clauses will not be taken into account for the purpose of determining compliance with this ceiling.

4) That, in accordance with Article L.225-138 of the French Commercial Code, the issue price of the ordinary shares issued under this authorization will be set by the Board of Directors such that the issue price shall be (a) at least equal to 70% of the average of the opening prices quoted for the Company's shares on Euronext Paris over the 20 trading days that precede the Board's decision setting the opening date of the subscription period, in accordance with Articles L.3332-18 *et seq.* of the French Labor Code, or (b) equal to the price of the shares issued to members of a company savings plan pursuant to the nineteenth of this General Meeting. However, the Board of Directors shall be expressly authorized to reduce or waive the discount, at its discretion, to take into account such issues as local legal, accounting, tax and employment rules in the countries concerned.

5) To waive shareholders' preferential rights to subscribe for the ordinary shares or other securities conferring rights to shares to be issued pursuant to Article L.228-91 of the French Commercial Code, in favor of the following category of employees and corporate officers or the following organizations:

(a) employees and corporate officers of Mersen group companies outside France that are related companies within the meaning of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code, to enable them to acquire shares in the Company; and/or

(b) employee share ownership funds or other structures, which may or may not be separate legal entities, that invest in the Company's shares and issue units or shares to the persons referred to in (a) above; and/or

(c) any bank or subsidiary of a bank acting at the Company's request for the purpose of setting up a share ownership or savings plan for the persons referred to in (a) above, if its intervention is required or useful to enable the employees or corporate officers referred to above to benefit from employee share ownership or savings formulas equivalent or similar to those available to other Mersen group employees in terms of financial benefits.

6) That, if an issue provided for in 1) above is not taken up in full, the Board of Directors may choose either or both of the following courses of action, in the order of its choice:

- - limit the amount of the issue to the subscriptions received, provided that any minimum take-up rate set by the applicable regulations is met,
- - freely allocate all or some of the unsubscribed shares or securities among the category of employees and corporate officers defined above.

7) That the Board of Directors shall have full powers to use this authorization and to:

a) decide the terms and conditions of the issue(s);

b) draw up the list of eligible employees and corporate officers in the category defined above;

c) decide the number of shares or securities to be allocated to each employee and corporate officer;

d) decide the amount of the issue, the issue price and the amount of any issue premium;

e) set the dates and terms of issue, and the type, form and characteristics of the securities, which may be dated or undated and subordinated or unsubordinated;

f) determine the method by which the shares and/or other securities issued or to be issued are to be paid up;

g) set the terms of exercise of any rights attached to the securities issued or to be issued, including the new shares' cum rights date, which may be retroactive, and all other terms and conditions of issue;

h) suspend exercise of the rights attached to the securities, if necessary, for a maximum of three months;

i) at the Board's discretion, charge the share issuance costs against the related premium and deduct from the premium the amount necessary to raise the statutory reserve to one-tenth of the new capital after each capital increase;

j) place each capital increase on record and amend the Articles of Association to reflect the new capital;

k) make any and all adjustments that may be required in accordance with the law and decide the method of protecting the rights of holders of securities with deferred rights to shares as applicable;

l) generally, enter into any and all agreements, take any and all measures and carry out all formalities in relation to the issue and servicing of the securities issued pursuant to this authorization and the exercise of the rights attached thereto, and generally do whatever is necessary.

8) That the Board of Directors may not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

9) That the Board of Directors shall report to the next Ordinary General Meeting on the use made of this authorization, in accordance with the applicable laws and regulations.

10) That this authorization shall supersede the unused portion of any earlier authorization to the same effect.

Nineteenth resolution – Delegation of authority for the Board of Directors to increase the capital by issuing ordinary shares and/or securities conferring rights to shares to members of a company savings plan governed by Articles L.3332-18 *et seq.* of the French Labor Code, without preferential subscription rights for existing shareholders

Having considered the Board of Directors' report and the Statutory Auditors' special report and acting in accordance with Articles L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and Articles L.3332-18 *et seq.* of the French Labor Code, the General Meeting:

1) delegates its authority to the Board of Directors to decide, at its discretion, to increase the share capital on one or more occasions by issuing ordinary shares or securities conferring rights to new shares for subscription by members of one or several company or group savings plans set up by the Company and/or French or foreign related companies, in accordance with Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;

2) resolves that this authorization entails the waiver, in favor of plan members, of shareholders' preferential rights to subscribe for the shares that may be issued pursuant to this authorization;

3) sets the period during which this delegation of authority may be used at twenty-six months, from the date of this Meeting;

4) resolves that the aggregate nominal value of the capital increase(s) carried out under this delegation may not exceed €400,000 and will be deducted from the ceiling set in the eighteenth resolution of this meeting and from the overall ceiling of €17,000,000 and the sub-ceiling of €8,000,000 on issues of ordinary shares set in the twentieth resolution of the General Meeting of May 14, 2020;

5) resolves that the shares to be issued under paragraph 1) of this delegation may not be issued at a discount of more than 30% (or 40% in the case of shares subject to a vesting period of at least ten years in accordance with Articles L. 3332-25 and L. 3332-26 of the French Labor Code) on the average of the prices quoted for the Company's shares over the 20 trading days preceding the decision to open the subscription period, or at a price in excess of this average;

6) resolves that, in accordance with Article L. 3332-21 of the French Labor Code, the Board of Directors may grant existing or new free shares or securities conferring rights to shares to plan members described in 1) above in respect of (i) the employer matching payment due under the rules of the company or group savings plans, and/or (ii) the discount, and may decide, in the event of an issue of new shares for the purposes of the discount and/or the employer matching payment, to capitalize reserves, income, or additional paid-in capital necessary to pay up said shares;

7) resolves that the Board of Directors may not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period;

8) formally notes that this delegation of authority cancels, with immediate effect, the unused portion of any earlier delegation of authority granted for the same purpose.

The Board of Directors may decide to use or not to use this authorization, take any and all measures, and carry out any and all necessary formalities.

Twentieth to twenty-second resolutions: Granting of shares to employees and the Chief Executive Officer

The successful execution of Mersen's strategy and the Group's long-term future is underpinned by key employees including directors, managers, experts and talented staff. Share allocations are part of Mersen's drive to motive and retain its human capital which is a crucial asset in today's international and competitive environment.

In the context of the health and economic situation at the beginning of 2020, the Board of Directors decided not to propose that the Meeting authorize the allocation of free shares, in particular to executives and key managers.

In 2019, two plans were submitted for your approval; one for non-executive employees (concerning 100 to 150 people) subject to a financial performance condition, the other for executives (including the Chief Executive Officer) with three types of performance conditions: stock market, profitability and CSR criteria.

This year, three plans are proposed with the main changes described below:

1 - Executives Plan:

Comment: the components concerning the Chief Executive Officer fall within the context of the policy of multi-annual variable compensation such as described in the eleventh resolution.

- **Inclusion of the ROCE in the financial criteria.** ROCE [1] is a major Group indicator. Up until now, it has been used in relation to the short-term variable compensation of some executives. The Group considers that the ROCE measurement is more relevant over a multi-year time frame, hence its inclusion in the free shares plan. The relevance of this approach was confirmed by the external study carried out on the Chief Executive Officer's compensation (see page xxx of this document). ROCE is thereby added to another, already existing, financial criterion (Recurring Operating Income per share).
- **Changes in CSR criteria:** as the Group has committed to an ambitious plan to combat climate change, the Board of Directors considered that a criteria for reducing the intensity of greenhouse gas emissions needed to be included. It replaces the criteria related to the key safety indicators. The other CSR criteria (diversity and waste recycling) have not been changed.

2 - Managers Plan:

- **Introduction of the same CSR multi-criteria as in the executives plan.** In doing so the Group wants to promote consideration of CSR issues throughout the Group.

3 - "High Potentials" Plan

- New plan aimed at high-potential young employees (managers and experts) that the Group wishes to retain (between 40 and 50 beneficiaries) through a three-year retention plan.
- No performance criterion, insofar as these employees have little impact on the Group's CSR and major financial indicators.

Increase in the number of shares granted for this plan: the Board of Directors proposes to increase the number of free shares granted to employees this year (including the Chief Executive Officer) by approximately one third compared to the plans proposed at the 2019 Annual General Meeting.

(1) ROCE: ratio of operating income before non-recurring items to average weighted capital employed, excluding right-of-use assets.

During the 2020 Annual General Meeting, no plan was proposed due to the health situation. The Board of Directors nonetheless wishes to recognize the Group's excellent resilience in 2020. Lastly, it considers that the increase in the number of shares is an incentive for accelerating business recovery and a rebound in financial performance.

The total number of free shares proposed would amount to 196,000, i.e., approximately 0.9% of Mersen's share capital.

The main characteristics of the executive plan (twenty-first resolution)

Duration of acquisition, continued presence and performance conditions

- 3 years
- Subject to achieving the performance conditions, Luc Themelin may be eligible for free shares on a pro rata temporis basis should his term of office be terminated.. The Board of Directors must provide grounds for its decision.

Total number of free shares and portion allocated to the Chief Executive Officer

- 84,000 shares
- **Chief Executive Officer's portion:** may not exceed 15% of the plan approved under this resolution, i.e., approximately 6% of all plans set up (executives and other employees) under the twentieth to the twenty-second resolutions.

Holding requirements for the Chief Executive Officer

The Chief Executive Officer is required to retain 30% of the shares vested until he holds an amount at least equivalent to one years' fixed salary (gross).

Performance conditions

Subject to achieving the continued presence conditions, the shares will vest, partially where applicable, according to the following criteria approved by the Board of Directors on the recommendation of the Governance, Appointments and Remuneration Committee:

- **Stock market criterion (33%)**

Growth in the Mersen share price ("G") will be compared to that of the Eurostoxx 600 (Industrial goods and services) or to the SBF 120 were Eurostoxx 600 no longer available ("the index"). Growth in the share price will be compared over three years, starting from the first working day of the month of the 2021 Annual General Meeting, i.e., from May 3, 2021 to April 30, 2024.

The percentage achievement will be calculated as follows:

	Result
E < index growth	0%
E = index growth	50%
G ≥ 10 percentage points above index growth	100%

Between the lower and upper limits, the achievement rate is linear.

- **Profitability criterion (34%)**

Profitability will be measured based on recurring operating income per share and Return on Capital Employed (ROCE) These two criteria will be measured over the average of 2021, 2022 and 2023.

Each indicator will count independently for 17% (the outperformance or underperformance of one of the indicators will have no effect on the other financial criterion).

The lower limit will be at least equal to the Group's 2020 results, €3.3 for recurring operating income per share and 7.8% for ROCE, respectively.

The upper limit will be communicated ex-post. It is significantly higher than the lower limit and consistent with the Group's strategic plan. The upper limit cannot lead to a result higher than 100%.

Between the lower and upper limits, the achievement rate is linear.

- **Quantifiable CSR objectives (33%) made up of three independent criteria with the same weighting (11% each)**

Human capital development: Percentage of women engineers and managers in the Group in December 2023

The indicator will be measured in 2023 based on employees on sites included in the Group's HRIS at December 31, 2020 (approximately 95% of Group employees). Acquisitions made after December 2020 will be excluded from the calculation of this criterion.

In 2018, the Group has set itself the objective of reaching a ratio between 25% and 30% by 2022 (see page 106 of the Universal Registration Document). In 2020, the Group achieved a ratio of 24.2%.

In the proposed plan, the lower limit is close to the ratio attained in 2020.

The upper limit corresponds to the maximum objective set in 2018 (i.e., 30%)

% of women managers and professionals	Result
W < 24%	0%
W = 27%	70%
W ≥ 30%	100%

Between the lower and upper limits, the achievement rate is linear.

Carbon footprint of our sites: Percentage of waste recycled in comparison with the total amount of waste generated by the Group's operations

This criterion will be measured in 2023 based on the environmental reporting scope.

In 2018, the Group set itself the objective of reaching a 61% share of recycled waste by 2021 (see page 106 of the Universal Registration Document). In 2020, the share of waste recycled reached 60%.

The lower limit corresponds to the percentage achieved in 2020.

The upper limit corresponds to an improvement of 10 points (70%). The difference between the lower limit and the upper limit (10% increase) was lower than the previous plan (15% increase) since improvement becomes more difficult as the rate of recycling increases.

Share of recycled waste	Result
W < 60%	0%
W >= 60%	30%
W ≥ 70%	100%

Between the lower and upper limits, the achievement rate is linear.

Our sites' carbon footprint: diminishing the intensity of greenhouse gas emissions (Scopes 1 and 2)

The Group has set a target to reduce the intensity of its GHG emissions from its operations (Scopes 1 and 2) by 20% between 2018 (base year) and 2025. Carbon intensity is measured as the ratio between direct and indirect emissions covered by Scopes 1 and 2 relative to revenue. It is the relevant indicator used to measure the Group's commitment to combat global warming. In 2018, this ratio stood at 197 tons of CO_2 equivalent per million euros of revenue.

This criterion will be measured in 2023 based on the environmental reporting scope calculated on the basis of adjusted sales in order to cancel out the impacts of currency fluctuation on the ratio.

Decrease in the intensity of GHG emissions	Result
D < -5%	0%
D ≥ - 5%	30%
D > -10%	100%

Between the lower and upper limits, the achievement rate is linear.

Main Characteristics of the managers plan (twentieth resolution)

- Duration: 3 years
- Presence condition
- **Total number of free shares: 100,000 shares**
- **Number of beneficiaries: about 160**

Performance conditions

Subject to achieving the continued presence conditions, the shares will vest, partially where applicable, according to the following criteria approved by the Board of Directors on the recommendation of the Governance, Appointments and Remuneration Committee:

- **Financial criteria (67%)**

  Criterion 1 : 50% on the average of the EBITDA margin between 2021 and 2023
  50% on the average organic growth in sales over 2021/2022/2023

or (the most favorable criterion is used)

  Criterion 2 : Growth in the Group's EBITDA margin between 2020 and the 2021-2023 average compared to the average growth in the EBITDA margin of a panel of companies determined when the plan is set up.

- **Quantifiable CSR objectives (33%)** made up of three independent criteria with the same weighting (11% each) identical to those for the executives plan

Main characteristics of the plan for high-potential managers (twenty-second resolution)

- Duration: 3 years
- Presence condition
- **Total number of free shares: 12,000 shares**
- **Number of beneficiaries: between 40 and 50 high potential young managers or experts which the Group wishes to retain.**
- No performance criteria

Twentieth resolution – Authorization for the Board of Directors to grant free shares to certain employees subject to the fulfillment of performance conditions

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, in accordance with Articles L.225-197-1 and L.225-197-2 of the French Commercial Code, to allocate, on one or more occasions, existing or new ordinary shares to employees of the Company or companies or intercompany partnerships that are directly or indirectly related to the Company within the meaning of Article L.225-197-2 of the French Commercial Code.

No free shares may be allocated under this authorization to the beneficiaries referred to in the authorizations for the allocation of free shares that are the subject of the twenty-first and twenty-second resolutions.

The number of free shares that may be allocated under this authorization is capped at 100,800 shares, representing approximately 0.5% of the Company's capital on the date of this Meeting.

The final allocation of free shares will be subject to the fulfillment of performance conditions set by the Board of Directors.

The allocation of free shares will be subject to a vesting period that will be determined by the Board of Directors and may not be less than three years. The General Meeting authorizes the Board of Directors to decide whether or not to set a holding period at the end of the vesting period.

As an exception to this rule, the free shares will vest before the end of the vesting period if the beneficiary is classified as being disabled (category 2 or 3 in Article L.341-4 of the French Social Security Code [Code de la sécurité sociale]).

The Board of Directors shall have full powers to:

- set the terms and conditions and any performance or other criteria for share allocations;
- define the list of beneficiaries and the number of shares allocated to each one.
- If applicable:
  - note the existence of adequate reserves and, for each allocation, transfer the sums necessary to pay up the new shares allocated under the plan to a restricted reserve account;
  - decide, when the shares vest, on the capital increase(s) to be paid up by capitalizing reserves, additional paid-in capital or income;
  - purchase the required number of shares under the stock repurchase program and allocate them to the free share plan;
  - determine the impact on the beneficiaries' rights of transactions affecting the capital or likely to affect the value of the allocated shares that may be carried out during the vesting period, and modify or adjust as necessary the number of shares allocated in order to protect the beneficiaries' rights;
  - decide whether or not to set a holding period at the end of the vesting period and if so, determine the length of the holding period and take any appropriate measures to ensure that beneficiaries comply with the holding requirement;
  - generally do everything necessary under the applicable legislation to implement this authorization.

The Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

This authorization automatically entails the waiver by shareholders of the preferential right to subscribe for the new shares paid up by capitalizing reserves, additional paid-in capital and income.

It is given for a period of thirty-eight months from the date of this Meeting.

This authorization supersedes the unused portion of any earlier authorization to the same effect.

Twenty-first resolution – Authorization for the Board of Directors to grant free shares to certain senior executives (Chief Executive Officer, members of the Executive Committee and Vice Presidents of the business units) of the Company or of companies or intercompany partnerships that are related to the Company, subject to the fulfillment of performance conditions

Having considered the Board of Directors' report and the Statutory Auditors' special report, and in accordance with Articles L.225-197-1 and L.225-197-2 of the French Commercial Code, the General Meeting authorizes the Board of Directors to allocate, on one or more occasions, existing or new ordinary shares to the Chief Executive Officer (corporate officer), members of the Executive Committee and the Vice Presidents of the business segments of the Group belonging to the following categories:

- corporate officers who meet the conditions set out in Article L.225-197-1 of the French Commercial Code;
- and/or employees of the Company or of companies or intercompany partnerships that are directly or indirectly related to the Company within the meaning of Article L.225-197-2 of the French Commercial Code.

The number of free shares that may be allocated under this authorization is capped at 84,000 shares, representing approximately 0.4% of the Company's capital on the date of this Meeting.

The total number of free shares that may be allocated to the Chief Executive Officer may not exceed 10% of the total number of free shares allocated under the present authorization and authorizations granted under the twenty-first and twenty-second resolution of the General Meeting. The definitive allocation will be subject to performance criteria determined by the Meeting.

The final allocation of free shares will be subject to the fulfillment of performance conditions set by the Board of Directors.

In accordance with the provisions of Article L.22-10-60 of the French Commercial Code, the Board of Directors shall decide on the number of shares that corporate officers will be required to hold in registered form for as long as they remain in office.

The allocation of free shares will be subject to a vesting period that will be determined by the Board of Directors and may not be less than three years. The General Meeting authorizes the Board of Directors to decide whether or not to set a holding period at the end of the vesting period.

As an exception to this rule, the free shares will vest before the end of the vesting period if the beneficiary is classified as being disabled (category 2 or 3 in Article L.341-4 of the French Social Security Code).

The Board of Directors shall have full powers to:

- set the terms and conditions and any performance or other criteria for share allocations;
- define the list of beneficiaries and the number of shares allocated to each one.
- If applicable:
  - note the existence of adequate reserves and, for each allocation, transfer the sums necessary to pay up the new shares allocated under the plan to a restricted reserve account;
  - decide, when the shares vest, on the capital increase(s) to be paid up by capitalizing reserves, additional paid-in capital or income;
  - purchase the required number of shares under the stock repurchase program and allocate them to the free share plan;
  - determine the impact on the beneficiaries' rights of transactions affecting the capital or likely to affect the value of the allocated shares that may be carried out during the vesting period, and modify or adjust as necessary the number of shares allocated in order to protect the beneficiaries' rights;
  - decide whether or not to set a holding period at the end of the vesting period and if so, determine the length of the holding period and take any appropriate measures to ensure that beneficiaries comply with the holding requirement;
  - generally do everything necessary under the applicable legislation to implement this authorization.

The Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

This authorization automatically entails the waiver by shareholders of the preferential right to subscribe for the new shares paid up by capitalizing reserves, additional paid-in capital and income.

It is given for a period of thirty-eight months from the date of this Meeting.

This authorization supersedes the unused portion of any earlier authorization to the same effect.

Twenty-second resolution – Authorization for the Board of Directors to grant free shares to certain employees (high-potential managers or managers with expertise in strategic sectors), without performance conditions

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, in accordance with Articles L.225-197-1 and L.2251972 of the French Commercial Code, to allocate, on one or more occasions, existing or new ordinary shares to certain employees of the Company or companies or intercompany partnerships that are directly or indirectly related to the Company within the meaning of Article L.225-197-2 of the French Commercial Code, identified by the Company as high-potential managers or managers with expertise in strategic sectors, excluding members of the Executive Committee and Vice Presidents of the business units of the Group referred to in the twenty-first resolution of this General Meeting.

The number of free shares that may be allocated under this authorization is capped at 12,000 shares, representing approximately 0.1% of the Company's capital on the date of this Meeting.

- The allocation of free shares will be subject to a vesting period that will be determined by the Board of Directors and may not be less than three years. The General Meeting authorizes the Board of Directors to decide whether or not to set a holding period at the end of the vesting period.
- As an exception to this rule, the free shares will vest before the end of the vesting period if the beneficiary is classified as being disabled (category 2 or 3 in Article L.341-4 of the French Social Security Code).
- The Board of Directors shall have full powers to:

- set the terms and conditions and criteria for share allocations;
- define the list of beneficiaries and the number of shares allocated to each one.
- If applicable:
  - note the existence of adequate reserves and, for each allocation, transfer the sums necessary to pay up the new shares allocated under the plan to a restricted reserve account;
  - decide, when the shares vest, on the capital increase(s) to be paid up by capitalizing reserves, additional paid-in capital or income;
  - purchase the required number of shares under the stock repurchase program and allocate them to the free share plan;

- determine the impact on the beneficiaries' rights of transactions affecting the capital or likely to affect the value of the allocated shares that may be carried out during the vesting period, and modify or adjust as necessary the number of shares allocated in order to protect the beneficiaries' rights;
- decide whether or not to set a holding period at the end of the vesting period and if so, determine the length of the holding period and take any appropriate measures to ensure that beneficiaries comply with the holding requirement;
- generally do everything necessary under the applicable legislation to implement this authorization.

The Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

This authorization automatically entails the waiver by shareholders of the preferential right to subscribe for the new shares paid up by capitalizing reserves, additional paid-in capital and income.

It is given for a period of thirty-eight months from the date of this Meeting.

Twenty-third and twenty-fourth resolutions: Amendments

The amendments which have been submitted to you aim to better stagger the terms of office on the Board of Directors and thereby facilitate a harmonious reappointment of the directors. These amendments are explained in detail on page 21 *et seq.* of this document.

Twenty-third resolution – Change in directors' terms of office notably to implement and maintain a staggered board – Corresponding amendment to Article 17 of the Articles of Association

Having considered the Board of Directors' report, the General Meeting resolves:

- to provide for the possibility to appoint directors for a period of two or three years, in addition to the four years already provided for, in order to implement and maintain a staggered board or adjust the terms of office to take into account the age limits provided for by law or the Articles of Association;
- accordingly to complete paragraph 3 of Article 17 of the Articles of Association, by including the following sentence after the first sentence, with the rest of the paragraph unchanged:

"As an exception and in order to be able to implement or maintain a staggered board or to take into account the rules relating to the age limit of directors provided for by law or these Articles of Association, the Ordinary General Meeting may appoint one or more members of the Board of Directors for a period of two or three years."

Twenty-fourth resolution – Amendment to the Articles of Association to set out the procedure applicable when the directors reach the age limit – Corresponding amendment to Article 17 of the Articles of Association

Having considered the Board of Directors' report, the General Meeting resolves:

- to adapt the procedure applicable when directors reach the age limit of seventy-two by providing that when this age limit is reached, the director will be deemed to have resigned at the close of the first Ordinary General Meeting held after the date of his or her seventy-second birthday;
- accordingly to complete paragraph 6 of Article 17 of the Articles of Association, by including the following sentence after the first sentence, with the rest of the paragraph unchanged:

"When this age limit is reached, the director will be deemed to have resigned at the close of the first Ordinary General Meeting held after the date of his or her seventy-second birthday."

Twenty-fifth resolution: Powers to carry out formalities

The twenty-fifth resolution is a standard resolution giving powers to carry out publication and legal formalities.

Twenty-fifth resolution – Powers to carry out formalities

The General Meeting grants full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all filing and publication formalities required by law.

Components of compensation paid or allocated to Luc Themelin (Chief Executive Officer) in respect of the fiscal year ended December 31, 2020 submitted to the vote of the General Meeting of May 20, 2021

With regard to the fifteenth resolution submitted to the General Meeting of May 20, 2021, we invite you to vote on the following fixed, variable and exceptional components making up the total compensation and benefits in kind paid or allocated to Luc Themelin, Chief Executive Officer, as presented below:

	Amount paid in 2020	Amount allocated in 2020	Observations
Fixed compensation	€385,000	€385,000	In view of the health crisis, Luc Themelin decided to reduce his fixed compensation in order to contribute to the collective effort required by the economic context. Part of this sum was donated to national solidarity efforts in aid of hospital services. This resulted in a 12.5% reduction in his fixed compensation for 2020 compared with 2019 (€400,000).
Annual variable compensation	€395,560	€249,040	The variable portion is between 0% and 100% of the fixed compensation. The maximum threshold of 100% may be increased to 112% in the event that the Group's operating margin outperforms the maximum target approved by the Board. The variable portion is composed of financial objectives for 70% (35% based on the Group's ROCE, calculated on the basis of recurring operating income after taxes, and 35% on operating cash flow) and individual objectives for 30%. The 2020 financial objectives were based on the Group's annual budget. They were not modified during the year despite the exceptional context of the health crisis. The financial and non-financial objectives are reviewed every year by the Governance, Appointments and Remuneration Committee, based on the Group's strategic priorities. The non-financial objectives are determined as follows: • Safety and recycling: improvement of safety indicators. Critical site risk analysis. Increase in the waste recycling rate: Achievement rate: 66% • Monitoring of the Electrical Vehicle market. Qualification, offer, preparation of plants. Achievement rate: 100%. • Competitiveness plan: Achievement rate: 100% • Product line improvement plan: achievement rate: 34% • Strategy: presentation of key markets for the Group. Achievement rate: 100% • Work on the 5-year succession plan. Achievement rate: 50% The variable compensation for 2020 represents 57% of the fixed compensation (allocated) and breaks down as follows: the portion linked to financial targets amounted to 100% of the Group's operating cash flow and 0% of the Group's ROCE; The proportion of non-financial objectives, taking into account the weightings applied to each criterion, amounted to 72%. In view of the Group's results, the outperformance clause linked to the Group's operating margin before non-recurring items did not apply in 2020.

EXECUTIVE COMPENSATION

	Amount paid in 2020	Amount allocated in 2020	Observations
Deferred variable compensation	N/A	N/A	There is no deferred variable compensation mechanism.
Multi-annual variable compensation	N/A	N/A	There is no multi-annual variable compensation mechanism.
Exceptional compensation	N/A	N/A	No exceptional compensation was allocated for 2020.
Incentives	€20,262	€5,193	
Stock options, performance shares or any other long-term item of compensation	N/A		To contribute to the collective effort required by the economic context in 2020, it was decided not to present the resolution on the implementation of a long-term incentive (LTI) plan at the AGM of May 17, 2020.
Directors' compensation	N/A	N/A	Luc Themelin is not member of the Board.
Benefits in kind	€35,920	€33,510	Benefits in kind include the use of a company car, an annual medical examination and contributions paid to an external organization in respect of unemployment insurance for company executives.
Severance payment	€0	€0	No amount is due in respect of 2020. By a decision dated March 7, 2017, the Board of Directors decided that the benefits to which Luc Themelin is entitled will be maintained should his term as Chief Executive Officer end.
Non-compete indemnity	€0	€0	No amount is due in respect of 2020. At its May 11, 2016 meeting, the Board of Directors decided that Luc Themelin would be entitled to the same non-compete payment as that allocated to him for his previous term of office.
Supplementary pension plan	€0	€0	No amount is due in respect of 2020. Luc Themelin is eligible for a defined benefit supplementary pension plan if he is present and ends his career with the Mersen group on the date on which he can claim his French state social security pension. Under this scheme, Luc Themelin would receive a supplementary pension, based on length of service and calculated on the average of all basic salaries over the past three years' employment leading up to retirement, plus 50% of the maximum bonus amount. His pension shall not exceed 20% of the sum of these two items. The percentage is capped, given Luc Themelin's length of service (30 years). The theoretical calculation of the annuity paid to Luc Themelin would amount to €132,000, before tax and social charges.
Compensation, indemnities or benefits for taking up office	N/A	N/A	
Components of compensation and benefits in kind in respect of his term of office as Chief Executive Officer pursuant to agreements entered into with the Company, any company controlled by the Company, any company that controls the Company or any other company under the same control as the Company	N/A	N/A	
Other components of compensation allocated in respect of his term of office as Chief Executive Officer	N/A	N/A	

Components of compensation paid or allocated to Olivier Legrain (Chairman of the Board) in respect of the fiscal year ended December 31, 2020 submitted to the vote of the General Meeting of May 20, 2021

With regard to the fourteenth resolution submitted to the General Meeting of May 20, 2021, we invite you to vote on the following fixed, variable and exceptional components making up the total compensation and benefits in kind paid or allocated to Olivier Legrain, Chairman of the Board since May 18, 2017, in respect of the past fiscal year, as presented below. In a press release dated April 6, 2020, Olivier Legrain announced his decision to reduce his fixed compensation by 25% for the months of April and May 2020 in order to contribute to the collective effort required by the economic context. This measure was extended for an additional 4 months.

	Amount paid in 2020	Amount allocated in respect of 2020	Observations on the amounts allocated
Gross fixed compensation	€80,000	€70,000	The compensation allocated for a given year is paid in the subsequent year. In view of the 12.5% reduction mentioned above, the amount allocated for 2020 is reduced to €70,000
Directors' compensation (gross amount)	€25,664	€27,923	This amount also takes into account the 12.5% reduction mentioned above.
Benefits in kind	0	0	

BENCHMARKING SURVEY CONDUCTED IN 2020

As the fixed compensation of the Chief Executive Officer has remained unchanged since 2015, with the reappointment of the Chief Executive Officer in 2020, Mersen commissioned a leading external firm to conduct a benchmarking survey in the second half of 2020. The survey measured the positioning of the various components of the Chief Executive Officer's compensation in relation to a panel of comparable companies. The survey was presented and discussed twice at meetings of the Governance, Appointments and Remuneration Committee.

The panel of comparable companies was selected on the basis of the following criteria:

Listed French groups in the industrial sector (with several production sites) that generate at least 30% of their sales internationally, and which reported sales ranging from €0.5 billion to €5 billion in 2019. The upper end of the range given on the sales criterion was set at a level significantly higher than Mersen's sales (€950 million in 2019) so as to take into account the Company's complexity, particularly in terms of the technological content of its products, its very numerous application markets, product lines, sites (60) and countries of operation (35) for a group of its size. The median sales of the panel was €1.4 billion.

On the basis of these criteria, 18 companies were selected for the panel: Albioma, Bic, Biomérieux, Boiron, CGG, Elis, Exel industries, Guerbet, Ingenico Group, Ipsen, Manutan, Quadient, Remy Cointreau, Sartorius Stedim, Soitec, Tarkett, Trigano and Vicat.

It was also requested that the benchmarking survey include, for information purposes, a comparison between the compensation of the Chief Executive Officer with that of the Chief Executive Officers of two competing European listed groups (German and British) comparable in size to Mersen: SGL Carbon and Morgan Advanced Materials. However, neither of those two groups was included in the panel because their compensation systems are not comparable to French standards.

The results of the survey show that the compensation of Mersen's Chief Executive Officer is well below the median of the panel. The difference is more pronounced for annual variable compensation and long-term compensation. With regard to annual variable compensation, the range given to compensation for outperformance is low compared with the other companies in the panel: while the target bonus is in line with market practice, the maximum bonus is capped at 112% of the target, whereas the median market practice is a cap of 160%, with outperformance criteria applying to each of the financial criteria.

EUR	Median	L. Themelin	Comparison vs median
Annual base Salary (ABS)	**586,900**	**440,000**	75%
Bonus - Actual paid amount	495,000	395,560	80%
Bonus - Actual paid amount (% of ABS)	89%	90%	
Bonus - Target in % of ABS	100%	100%	
Bonus - Maximum in % of ABS	160%	112%	
Total direct compensation	**1,196,800**	**835,560**	**75%**
LTI - granted amount	1,326,000	184,593	14%
LTI - granted amount in % of ABS	144%	42%	
Grand total	**1,424,200**	**1,020,153**	**76%**

LTI: long-term incentives such as free shares or stock options

The survey's findings are also confirmed by comparing Mersen with the two non-French listed groups, SGL Carbon and Morgan Advanced Materials.

EUR	Annual base Salary	Bonus paid	LTI	Total
Competitors	635,000	799,000	575,000	2,009,000
Mersen - Luc Themelin	440,000	395,560	184,593	1,020,153

Following the survey, the Governance, Appointments and Remuneration Committee asked the external firm to conduct an additional survey on the structure of the Chief Executive Officer's variable compensation, comparing it with that of the Chief Executive Officers of SBF 120 industrial companies for which the firm had data.

The follow-up survey highlighted the following points:

- the number of financial criteria is lower at Mersen than in the SBF 120 industrial companies,
- ROCE is used significantly less as a criterion for annual variable compensation, as some groups have used this criterion for their long-term incentives. The rate of use of ROCE as a criterion in executive bonuses fell from 44% in 2010 to 17% in 2019.

In light of the follow-up survey, the Governance, Appointments and Remuneration Committee proposed to the Board of Directors that the Chief Executive Officer's compensation be reviewed in several stages, taking into account the prevailing context:

- **As of 2021,** a change in the structure of his variable compensation, subject to the ex-ante vote by the May 2021 General Meeting on the compensation policy for the Chief Executive Officer, including:
  - the elimination of ROCE and its replacement by EBITDA and operating margin before non-recurring items to bring the policy in line with that of the Group's executives and managers. ROCE will, however, be included in the performance criteria for long-term incentives,
  - the increase in the size of the maximum bonus to reward financial outperformance. This would be based on minimum target and maximum limits applicable to all financial criteria (accounting for 70% of the bonus). These limits are set by the Board of Directors, based on an ambitious proposal from the Governance, Appointments and Remuneration Committee consistent with the budget. The maximum bonus would therefore be increased to 150% of the base salary, compared with 112% previously;
- **From 2022 onwards,** an increase in the annual fixed compensation from €440,000 to €500,000, subject to the ex-ante vote by the 2022 General Meeting on the compensation policy for the Chief Executive Officer. Although the fixed compensation is below that of the panel and has remained unchanged since 2015, the Governance, Appointments and Remuneration Committee and the Chief Executive Officer considered that an increase in this compensation as from 2021 was not appropriate in view of the prevailing health crisis.

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