

MERSEN

A joint-stock company under French law (*société anonyme*)
with capital of 41,716,454 euros,
whose registered office is located at
Tour EQHO - 2 Avenue Gambetta – 92066 La Défense Cedex
and which is registered with the
Nanterre Trade and Companies Registry under number B 572 060 333

INTERNAL RULES OF THE BOARD OF DIRECTORS

Updated on MAY 14, 2020

Preamble

These Internal Rules (the “Rules”) govern the composition and work of Mersen’s (“Mersen” or the “Company”) Board of Directors (the “Board”) and the relations between its members and the members of Mersen’s executive bodies in order to facilitate and foster collaboration in the best interests of the Company’s shareholders.

They are intended to provide the Board of Directors with the means of ensuring the implementation of best practice in corporate governance, notably in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code.

These Rules are for internal use only. They are not intended to replace the Company’s Articles of Association, rather assist with their practical implementation. They are not binding with respect to third parties. The main characteristics of the Rules are presented online in the “Corporate governance” section of the Group page on the Company’s website and in summary format each year in the Company’s universal registration document.

1 – Composition of the Board of Directors

1.1 Diversity

Through its composition, the Board of Directors seeks balanced representation amongst its members and the members of its committees, and takes all measures to ensure that their respective work is performed with the necessary independence and objectivity. It also seeks balanced representation in terms of gender, nationality, age, qualifications, professional experience and expertise in order to enable it to fulfil its role as effectively as possible.

A review of the diversity policy applied to the members of the Board and of its objectives, implementation and the results achieved over the past twelve months is presented each year in the Board of Directors report.

The Board takes all measures to ensure the balanced representation between men and women directors excluding those directors appointed to represent Company employees.

In accordance with Article L.225-271 of the French Commercial Code (*Code de commerce*) and Article 17 of the Company's Articles of Association, the Board members shall include at least one director representing employees.

1.2 Chairman

The Board of Directors elects a Chairman from among its members and may also appoint a Vice-Chairman. The Chairman must be a natural person and is elected for a term that may not exceed his or her office as a member of the Board. The Chairman may be dismissed at any time and for any reason by the Board. He or she is responsible for calling Board meetings and chairing the proceedings.

1.3 Independence

In accordance with the principles and practices of good corporate governance outlined in the AFEP-MEDEF Corporate Governance Code for listed companies, at least half of the members of the Board of Directors and each of its Committees must be independent members elected or co-opted as such. Directors representing employees are not taken into account.

The criteria to be reviewed by the Board of Directors in order for a member to qualify as independent are as follows:

- not be or have been in the past five years, an employee or executive corporate officer of the Company or the Group, or an employee, executive corporate officer or director of a shareholder, which alone or in concert, controls the Company within the meaning of the Article L.233-3 of the French Commercial Code, or of a company within the Company's consolidation;
- not be an executive corporate officer of another company in which the Company holds, directly or indirectly, a directorship, or in which an employee appointed as such or an executive corporate officer of the Company (currently in office or having been in office within the past five years) is a director;
- not be (or be directly or indirectly linked to) a customer, supplier, commercial banker, financial banker or adviser that is material to the Company or its Group, or for which the Company or its Group accounts for a significant part of its business;
- not have close family ties to a corporate officer of the Company or of its Group;
- not be, or have been in the past five years, a statutory auditor for the Group's financial statements or for the financial statements of a Group company;
- not have been a corporate officer of the Company for more than 12 years.

A non-executive corporate officer may not be regarded as independent if he or she receives variable compensation in cash or in shares or any other compensation related to the performance of the Company or the Group.

A member who meets all the above criteria may be deemed not independent by the Board of Directors due to his or her individual circumstances or the Company's circumstances regarding its shareholders or for any other reason. Conversely, the Board may consider that a member who does not meet all of the above criteria is nevertheless independent. The Board must be able to justify such cases based on the Company's specific circumstances and the individual circumstances of the Board member in question.

Directors representing major shareholders of the Company, either directly or indirectly, may be regarded as independent if those shareholders do not exercise any control over the Company within the meaning of Article L.233 of the French Commercial Code. However, where the shareholder owns more than 10% of the capital or voting rights, the Board will systemically review the director's independence based on a report by the Governance, Appointments and Remuneration Committee, taking into account the Company's ownership structure and any potential conflict of interest.

Director independence is reviewed each year as well as on the appointment of directors by the Governance, Appointments and Remuneration Committee, which issues its report to the Board of Directors. Subsequently, based on this report, the Board of Directors reviews and makes a decision on the status of each member of the Board of Directors with respect to the independence criteria.

The Board of Directors reports the conclusions of its review to the shareholders in the annual report.

Independent members of the Board are required to notify the Chairman of any change in his or her personal circumstances with respect to the said criteria, as soon as they become aware of it.

1.4 Board of Directors' training

Directors who deem it necessary may benefit from additional training in the Company's specific characteristics, business segments, business sector and corporate and social responsibility issues.

Upon their appointment, Audit Committee members are given information about the Company's specific accounting, financial and operational requirements.

Directors representing employees receive training about their role on the Board.

2 - Missions of the Board of Directors

2.1 Strategic development of the Company

The Board of Directors determines the Company's overall strategy, overseen by the Chairman of the Board and in close collaboration with Executive Management. As part of this role, it examines and approves the Company's strategic plans and activities. The Chairman may delegate his or her powers for organizing the Board's work, preparing Board meetings in advance and leading the discussions during Board meetings to another member of the Board. In the same way as the Board's committees (see below), the Chairman, or his or her delegated representative, is entitled to:

- (i) receive from the Company any document that he or she deems useful for carrying out his or her duties;
- (ii) hold meetings with the Chief Executive Officer (if the Chairman does not also hold the position of Chief Executive Officer) and any Deputy Chief Executive Officers, as well as with any other person he or she may consider it useful to meet with;
- (iii) request that any third parties of his or her choosing (specialist, advisor or statutory auditor) attend Board meetings;
- (iv) commission, at the Company's expense and subject to the budgets approved by the Board of Directors, any internal or external specialist studies or research that may help the Board in its discussions.

2.2. Support for the Executive Management of the Company

As part of its role to support and assist the Company's Executive Management, the Board of Directors may at any time conduct any controls and assessments that it deems necessary and may request any documents that it deems necessary and appropriate from the Company and its subsidiaries. The Board's duties also include:

- review of the financial situation, the cash position and the financial commitments of the Company and its subsidiaries;
- annual review and approval of the budget;
- approval of the management report and the corporate governance report;
- review and approval of the Company and consolidated accounts (interim and full-year) and of the auditing process for these accounts and of all forward-planning documents and forecasts;
- prior authorization of all regulated agreements and their annual review in order to confirm their continuing interest for the Company, including the yearly review of all ongoing agreements signed under normal conditions;
- establishment and approval of the policy governing the compensation of corporate executive officers;

- appointment and removal of the Chief Executive Officer and Deputy Chief Executive Officers where applicable, and approval of their number within the limit provided for in the Articles of Association and setting of their compensation;
- review and approval of the succession plan for corporate executive officers;
- co-optation of members of the Board of Directors;
- allocation of compensation among the members of the Board of Directors, and setting of the compensation of the Chairman and Vice-Chairman of the Board;
- prior consultation on the contents of all interim financial information released to the market. The Chairman of the Board of Directors shall be consulted on all quarterly press releases regarding results and guidance as well as any other press releases that may have a material impact on the Company's share price;
- all authorizations relating to guarantees and endorsements;
- implementation of stock subscription or purchase plans and free or performance-based share allotment plans for the Company's employees and corporate officers of affiliated companies, as well as grants of stock subscription or purchase plans and free share allotment plans for the Chief Executive Officer or Deputy Chief Executive Officers as applicable of the Company.

The Board of Directors shall receive a monthly report on the development of the Group's sales and results and its financial position.

Each year, the Board of Directors presents a report on the accounts for the financial year to the Ordinary General Meeting.

A corporate governance report on the composition of the Board, Board practices and procedures and the organization of its work is also provided, and the Board issues any recommendations as to the renewal of the office of its various members.

The Board of Directors confers all powers on the Chief Executive Officer as are required by law or the Company's Articles of Association.

The Board's role is to promote long-term value whilst taking into account the environmental and social impacts of the Group's activities and proposing any regulatory developments that it deems necessary.

The Board regularly reviews opportunities and risks in line with the strategy it has defined, such as financial, legal, operational, social and environmental risks, as well as the measures taken in response.

It ensures that effective arrangements are in place, where necessary, for preventing and detecting corruption and influence peddling.

It also ensures that the Company's corporate executive officers apply a policy of equal opportunity and diversity, notably as regards the balanced representation of men and women within the Company's governing bodies.

Moreover, the following decisions are subject to the prior authorization of the Board of Directors:

- issues of securities conferring rights directly or indirectly to the Company's share capital;
- funding operations likely to substantially alter the Company's financing structure;
- investments or asset disposals (excluding shareholdings) in an amount of over €10 million;
- business acquisitions or acquisitions of stakes in any form, of which the individual price, or aggregate price for multiple stakeholdings within a single entity, exceeds €3 million, inclusive of any liabilities assumed;
- granting of guarantees and collateral of any kind that exceed an amount set by the Board, valid for the period determined by the Board in its decision;
- strategic partnership agreements that are likely to have a substantial impact on the Company's business activities or financial results;
- major internal restructuring operations;
- major transactions that do not fall within the scope of the Company's announced strategy.

When handling specific issues, the Board of Directors may also request the assistance of a consultant or external expert of its choice, at the expense of the Company.

3. Meetings of the Board of Directors

The Board of Directors shall meet as often as the interests of the Company require and at least once every quarter, at the invitation of its Chairman or its Vice-Chairman. A provisional timetable for meetings is addressed to the Board members each year no later than November 30 of the previous year.

3.1 Convening of the Board of Directors

The members of the Board of Directors are convened to Board meetings by the Chairman by any written means with at least five (5) days' notice, and without a notice period in the event of unanimous agreement by the directors. The agenda for the meeting is included in the notice of meeting. At least two (2) days before the date of the meeting stipulated in the notice, at least one third of the members of the Board of Directors may submit additional points to be added to the agenda in writing, without this calling into question the convening or holding of the Board meeting on the scheduled date.

The Chairman of the Board of Directors is required to convene Board meetings requested by the Chief Executive Officer or at least one third of the members of the Board within a period of fifteen (15) days. If their request is not met, members may issue their own notice of meeting which includes the agenda for discussion.

The Board of Directors meets at the Company headquarters or at any other place as indicated in the notice.

In accordance with Article 18.5 of the Articles of Association, the Board may also take decisions after written consultation of the directors under the conditions defined by law.

Where this is the case, the members of the Board of Directors are asked by the Chairman to notify the Board of their decision by any written means within five (5) working days of receipt of the request (or within the notice period stipulated in the request).

Any documents needed to take a decision are sent to the directors by any means.

Directors who fail to reply in writing to the Chairman of the Board within the indicated notice period, or in accordance with the terms specified in the request, will be deemed absent and not to have taken part in the decision.

The Board of Directors can only validly deliberate if at least half of its members are present and decisions are taken by majority vote among the members present or represented.

3.2 Participation

When the Chairman of the Board of Directors and the Chief Executive Officer are two different people, the Chairman of the Board of Directors may invite the Chief Executive Officer to attend meetings of the Board of Directors. The Chief Executive Officer does not have the right to vote at these meetings.

The Board of Directors can only validly deliberate if at least half of its members are present.

Any director may, using any written means, give proxy to another director to represent them at a meeting of the Board of Directors; each director may only represent one other director.

Meetings are presided over by the Chairman or, in his or her absence, by a Vice-Chairman if there is one or by any other director designated by the Board of Directors.

3.3 Majority rules

Decisions are taken by a majority of the members present or represented. Each member of the Board of Directors has one vote, and may not represent more than one of his or her colleagues.

The vote of the Chairman of the meeting is not considered to be the casting vote in the event of a tie.

3.4 Minutes of the meeting

The deliberations of the Board meeting are recorded in its minutes drawn up in accordance with the legal provisions in force and signed by the Chairman of the meeting and at least one member of the Board of Directors or, if the Chairman is unable to attend, by two members of the Board of Directors.

The draft minutes are communicated to all the members of the Board of Directors as quickly as possible, and no later than three (3) weeks from the date the Board meeting was held. They may be subject to amendment before being submitted for approval by the Board.

Copies of or extracts from these minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers, the director temporarily authorized to replace the Chairman of the Board of Directors or by a signing officer authorized for the purpose.

An attendance register is kept, which is signed by the members of the Board of Directors attending the meeting, and which lists the names of members of the Board of Directors who attended by audio or video conference or by any other means of telecommunication, as well as the names of any directors represented by another director.

3.5 Secretary of the Board of Directors

The Board of Directors shall appoint a secretary, chosen from among or outside of its members.

Under the responsibility of the Chairman, the secretary of the Board of Directors is responsible for:

- the management of the timetable for Board meetings and the meetings of its Committees;
- the preparation of invitations to Board meetings;
- the communication to Board members of the documents drawn up by the Chief Executive Officer or by the Company for review by the Board or as required for its work and deliberations. Wherever possible, these documents will be issued at the same time as the notice of meeting and, in any event, within the shortest possible period of time;
- the practical organization of the Board meetings;
- the drafting of the minutes of the meeting;
- the attendance registers and the minutes of the Board meetings,
- the issue of extracts or certified copies of the minutes of a Board meeting.

In general, the secretary oversees the good progress of the work and the deliberations of the Board in accordance with the applicable legal and regulatory provisions.

4. Compensation of the members of the Board of Directors

4.1 Amounts and allocation

With the exception of directors representing the Group's employees, all Board members receive compensation, the total amount of which is determined by the General Meeting in accordance with the applicable legal provisions.

Based on the recommendations of the Governance, Appointments and Remuneration Committee, and subject to all applicable regulatory and legal provisions, the Board allocates the compensation owed to its members for their effective participation in the meetings of the Board and its Committees in the proportions that it deems appropriate.

The scale for compensation is established in accordance with the policy governing the compensation of directors approved by the Board and the General Meeting in line with the following rules:

For each meeting of the Board or of a specialized Committee, an attendance sheet is signed and the number of participations noted (one participant in one meeting = one participation). Meetings that are not scheduled in the yearly calendar are not taken into account when calculating the allocation of compensation. Compensation for the annual strategy meetings, which are attended by all members of the Board, is calculated in the same way as a Board meeting.

At the beginning of year $y + 1$, the total number of participations in all Board meetings and meetings of the specialized Committees is calculated and the amount of compensation is determined within the two hundred and sixty-four thousand (264,000) euro limit authorized by the General Meeting, as follows:

- Directors' compensation comprises fixed annual compensation of twelve thousand (12,000) euros. An additional ten thousand (10,000) euros is awarded to the Chairman of the Audit and Accounts Committee and eight thousand (8,000) euros to the Chairman of the Governance, Appointments and Remuneration Committee.
- Each Director receives variable compensation based on their actual participation in Board and committee meetings. This variable compensation amounts to one thousand seven hundred (1,700) euros per session.
- Fixed compensation of five thousand (5,000) euros is also awarded to the director responsible for leading the Board's work on strategic issues.

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

4.2 Compensation of the Chairman and Vice-Chairman

The compensation of the Chairman of the Board of Directors and, where applicable, that of the Vice-Chairman is set by the Board of Directors.

4.3 Variable compensation

The Board may also allocate exceptional compensation for missions or mandates conferred upon members of the Board. Exceptional compensation is included in the Company's operating expenses and is subject to approval by the Ordinary General Meeting.

The Board of Directors may authorize reimbursement for travel and accommodation costs and for expenses incurred by its members in the interests of the Company.

No other compensation, exceptional or otherwise, other than that provided for above, may be allocated to members of the Board of Directors unless they are bound to the Company by a contract of employment under the terms and conditions provided for by the legal and regulatory provisions in force.

5. Obligations of the members of the Board of Directors

The Board of Directors is a collegial body acting in the best interests of the Company and the Company's shareholders.

The members of the Board of Directors exercise their functions in good faith, with professionalism and loyalty, and in full compliance with the principles of confidentiality and due diligence.

The members of the Board of Directors undertake to familiarize themselves with all relevant legal and regulatory texts, the Company's Articles of Association, the internal rules of the Board of Directors and all other internal texts sent to them pertaining to their respective obligations and responsibilities.

Each member of the Board of Directors must own at least eight hundred (800) shares in the Company that must be fully paid-up. These shares must be registered in the name of the holder.

Notwithstanding the above, in application of Article L 225-25 III of the French Commercial Code, rules regarding the minimum ownership of Mersen shares do not apply to the director representing employees.

Each member of the Board of Directors shall consider him or herself bound by the rules of professional secrecy regarding any information to which he or she is party as a result of their function and that has not been disclosed to the public. He or she personally undertakes to respect the confidentiality of any information to which they are party, including any deliberations in which they take part and any decisions taken. In particular, each member of the Board undertakes to observe the procedure in the annexes to the present rules concerning the use or disclosure of privileged information.

The members of the Board of Directors undertake to:

- devote the necessary time and attention to their respective functions;
- diligently attend, except when they are prevented from so doing, and participate in all meetings of the Board and of the Committees of which they are members;
- keep themselves informed of the business and the special characteristics of the Company's activities, as well as the challenges it faces and its values;
- keep themselves informed of any information they need for the proper fulfilment of their roles and functions;
- request and make every effort to obtain within the appropriate time periods any information they consider necessary to take an informed decision regarding the deliberations of the Board meetings. The Chairman of the Board and, where applicable, the Chief Executive Officer, must provide the Board members with any important information concerning the Company of which he or she is aware, and which they deem relevant.

In order to ensure they are kept fully informed of the Company, the nature of its business, its activities and specificities, as well as its corporate social responsibilities, each member of the Board may also receive any appropriate training at the time of their appointment or during their term of office.

The members of the Board of Directors undertake to maintain their independence of judgement, decision and action under all circumstances.

They shall inform the Board of Directors of any actual or potential conflict of interest to which they may be exposed, notably when they are directly or indirectly affected by a regulated agreement submitted to the Board of Directors for authorization or review. Where this is the case, they shall abstain from taking part in any deliberations and any decisions relating to the matters concerned.

The members of the Board of Directors must promptly inform the Chairman of the Board of Directors and the Chairman of the Governance, Appointments and Remuneration Committee when accepting a new mandate or following a change in their professional responsibilities.

The members of the Board of Directors must inform the Chairman of the Board of Directors and the Chairman of the Governance, Appointments and Remuneration Committee if they accept an additional mandate with a French or foreign listed company.

6. Assessment of the Board of Directors

The Board of Directors conducts a self-assessment to measure its ability to fulfill its responsibilities and a periodic review of its composition, its organization and its practices and procedures (this review also applies to Board Committees).

Assessments have three objectives:

- to assess the way in which the Board and its Committees operate;
- to check that all important matters pertaining to its responsibilities are properly prepared and discussed;
- to measure the actual contribution of each director to the work of the Board and its Committees.

Assessments are conducted in the following manner:

- once a year the Board of Directors dedicates time on its agenda to discuss its practices and procedures;
- a formal assessment is conducted at least once every three years. This assessment may be carried out under the supervision of the Governance, Appointments and Remuneration Committee or of an independent member of the Board, possibly with the help of an external consultant;
- the shareholders are informed each year of the assessments carried out and any measures taken as a result in the Corporate Governance Report.

The members of the Board shall meet at least once a year, without the presence of an executive corporate officer. The independent members of the Board shall also meet at least once a year without the presence of any non-independent members.

7. Committees of the Board of Directors

The Board of Directors may set up one or more special committees for which it shall determine the composition and duties, and which shall carry out their activities under the responsibility of the Board. The Committees have a consultative role.

Mersen's Board of Directors is supported by the following permanent Committees:

- the Audit and Accounts Committee;
- the Governance, Appointments and Remuneration Committee.

As far as possible and depending on the applicable circumstances, all decisions by the Board of Directors concerning an area of a Committee's jurisdiction must be preceded by a consultation of the relevant Committee and may be made only after the relevant Committee has issued its recommendations and proposals.

However, this consultation of the Committees should not serve to delegate the powers conferred upon the Board of Directors by law or in the Articles of Association or have the effect of reducing or restricting the powers of the Board of Directors or Executive Management.

7.1 Rules governing all Committees

The members of the Committees and their Chairmen are selected by the Board of Directors from among its members. They may also be dismissed by the Board of Directors.

Members of a Board Committee are elected for the same term as their mandate as a member of the Board of Directors. Their term may be subject to renewal at the same time as the renewal of their term on the Board of Directors.

Members of the Board of Directors may participate in a maximum of two Committees.

The Chairman of each Committee is appointed by the Board of Directors and is responsible for organizing the work of the said Committee.

Having informed the Chairman of the Board of Directors (and, where the functions are separate, the Chief Executive Officer or Deputy Chief Executive Officers as applicable in cases (i) and (ii) below), and having reported to the Board of Directors, each of the Committees may, as part of its remit:

- (i) have the Company communicate any document that it deems useful for the performance of its duties;
- (ii) hold meetings with the Chief Executive Officer (if the Chairman does not also hold the position of Chief Executive Officer) and, any Deputy Chief Executive Officer(s), as well as with any other person they may consider it useful to meet with;
- (iii) request that any third parties of its choosing (specialist, advisor or statutory auditor) attend Board meetings;
- (iv) commission, at the Company's expense and subject to the budgets approved by the Board of Directors, any internal or external specialist studies or research that would help the Board in its discussions.

The Committees may also invite the Chief Executive Officer and Deputy Chief Executive Officers as applicable, to attend their meetings.

In order to validly deliberate, at least half of the members of the Committee must be present. Members of a Committee may not be represented by another member. The members of the Committee may take part in Committee meetings by video or audio conference, with the approval of the Chairman of the Committee concerned.

The recommendations or proposals of the Committees are issued on the basis of a majority vote.

The frequency and duration of the meetings of a Committee must be such that they allow for a thorough examination and discussion on the matters related to the Committee's remit.

When matters are referred to a Committee, the Committee shall, under the terms of the Rules, meet within a period of time compatible with the degree of urgency indicated by the Board of Directors when the referral was made.

Each Committee may appoint a Committee secretary who, as necessary, may be selected from outside its members.

Minutes of the Committee meetings are taken and communicated to the Committee members and then to the other members of the Board of Directors. The Chairman of the Committee or a member appointed for this purpose shall prepare a report on the Committee's work to be submitted to the Board of Directors.

7.2 Audit and Accounts Committee

The Audit and Accounts Committee must comprise no less than three (3) and no more than six (6) members, two-thirds of whom must be independent directors.

The members of the Audit and Accounts Committee are selected for their expertise in accounting, finance or statutory audits. No executive corporate officer within the meaning of the AFEP-MEDEF Code may be a member of the Audit and Accounts Committee.

The appointment or renewal of the mandate of the Chairman of the Audit and Accounts Committee is proposed by the Governance, Appointments and Remuneration Committee, and is subject to a special review by the Board.

The Audit and Accounts Committee is responsible for:

- 1/ monitoring the financial reporting process and, where applicable, making recommendations to ensure its integrity:
 - a) by examining and evaluating the financial documents disclosed by the Company, notably as regards the representation of significant or complex operations;
 - b) by ensuring the existence of a sufficiently well-structured and organized process for producing financial information, particularly by ensuring the appropriateness and permanence of accounting principles and methods;

- c) by examining any significant off-balance sheet risks and commitments and by assessing the company's management of these risks;
 - d) more generally by examining all questions concerning the drafting, control and publication of the Company's parent or consolidated accounts, both annual and interim;
- 2/ monitoring the effectiveness of internal control, risk management and, where applicable, internal audit systems, regarding procedures for preparing and processing financial and non-financial accounting information:
- a) by evaluating, together with the Company's Chief Financial Officer and his or her teams, the Company's internal control systems;
 - b) by examining with the persons responsible for the objectives and plans for intervention and action for internal controls, including:
 - any findings as a result of intervention and action;
 - all recommendations and consequences;
 - c) by ensuring that a process exists for the identification and analysis of risks that may have a material effect on the Group,
 - d) by reviewing the work of the Group's Executive Committee with regard to such risks, evaluating on an annual basis whether the risks to which the Company may be exposed have been correctly identified and dealt with, and reporting back to the Board of Directors;
- 3/ reviewing the financial statements and ensuring the appropriateness and ongoing consistency of the accounting methods used to prepare the Company's consolidated and annual financial statements, and reviewing the statutory auditors' legal audit of the annual and consolidated financial statements as well as:
- a) their general work program and any particular investigations they have made;
 - b) any changes which they feel should be made to the accounts or accounting documentation, and their observations on the assessment methods used;
 - c) any irregularities or inaccuracies they have discovered;
 - d) the conclusions arising from the observations and corrections to the results of the period compared with those for the preceding period;
 - e) any material weaknesses in terms of internal controls identified during their work, with respect to procedures for the production or processing of financial and accounting information;
 - f) the conclusions and findings of the French Superior Council of Statutory Auditors (*Haut conseil du commissariat aux comptes*) following the controls made;
- 4/ ensuring the independence of the Statutory Auditors:
- a) by evaluating on behalf of the Board of Directors the proposals regarding the fees of the Company's Statutory Auditors;
 - b) by meeting with the Statutory Auditors at least once a year without Management being present;

- c) by examining together with the Statutory Auditors the risks affecting their independence and the safeguard measures taken to mitigate such risks. In particular, the Committee must ensure that the amount of fees paid by the Company and its Group, or the share of such fees in the turnover of the firms and networks are not likely to affect the independence of the statutory auditors;

5/ making a recommendation on the Statutory Auditors nominated for appointment at the Annual General Meeting in accordance with Article L. 823-19 3 of the French Commercial Code. The Committee's recommendations and preferences are brought to the attention of the Annual General Meeting asked to vote on the appointment of the Statutory Auditors;

6/ approving the provision of non-audit services, provided they are permitted by the regulations. The Committee will make its decision after analyzing the risks related to the independence of the Statutory Auditors and the safeguard measures applied.

The Audit and Accounts Committee meets at least three times a year and whenever it deems necessary, and in advance of meetings of the Board of Directors for which the agenda includes a review of an issue related to its area of expertise.

Unless the Audit Committee expresses a wish to meet in his or her absence, the meetings of the Committee will be attended by the Chief Financial Officer, or by any other person whom the Committee wishes to interview. In particular, the Audit and Accounts Committee may interview the Directors of Treasury and Financing and Risks and Internal Audit. The Statutory Auditors shall attend the meetings of the Audit and Accounts Committee concerning the establishment, control and publication of the Company's parent or consolidated accounts, both annual and interim.

Executive Management shall report to the Audit and Accounts Committee at least once a year on the risks to which the Company is exposed, including any environmental or social risks, and on any material off-balance sheet commitments and the accounting options chosen.

7.3 Governance, Appointments and Remuneration Committee

The Governance, Appointments and Remuneration Committee must comprise no less than three (3) and no more than six (6) members (not including the director representing employees), the majority of whom are independent directors.

Corporate executive officers of the company may not be members of the Governance, Appointments and Remuneration Committee. While they may be associated with the work of the Committee, they may not participate in any work of the Committee linked to their own compensation or to the renewal of their mandates or their removal.

The Governance, Appointments and Remuneration Committee includes one director representing employees.

It is chaired by an independent member of the Board of Directors.

The role of the Governance, Appointments and Remuneration Committee is to:

(i) Governance

- make proposals on the appointment, removal and renewal of the term of the Chief Executive Officer, Chairman of the Board, Committee members and any Deputy Chief Executive Officers;
- give an opinion on proposed candidates for the above offices in terms of competency, availability, suitability and complementarity with other members of the Board, taking into account the Board's diversity policy;
- prepare a succession plan for the executive corporate officers and make sure a succession plan is in place for members of the Executive Committee;
- be informed in advance about Executive Management's proposals to appoint or remove members of the Executive Committee;
- determine which Board members can be regarded as independent;
- review and assess the Company's corporate governance practices and, in particular, review and inform the Board about changes in the corporate governance rules to which the Company refers;
- periodically review the structure, composition, procedures and practices of the Board of Directors and make recommendations on potential changes;
- prepare the assessment of the Board of Directors provided for in its Internal Charter and make recommendations to the Board of Directors on its procedures and practices based on the outcome of the assessment.

(ii) Compensation

- propose the compensation of the Chairman and Vice-Chairman of the Board of Directors and put forward to the Board of Directors recommended changes to the aggregate amount of compensation to be paid to the Board members and/or the allocation of said compensation, in order for the Board to then submit the proposed changes for shareholder approval at the Annual General Meeting;
- make recommendations to the Board about the compensation of its Chairman, the Chief Executive Officer and any Deputy Chief Executive Officer(s), as well as the rules for determining their variable compensation, and any other items of compensation such as supplementary pension plans and benefits in kind;
- make recommendations on the compensation and benefits envisaged in the event of the removal from office or the termination of the mandate of the Chairman of the Board of Directors, the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers;
- be informed of the termination benefits proposed by the Chief Executive Officer upon the termination of the employment contract of a member of the Executive Committee, and give an opinion thereon to the Chairman of the Board of Directors;

- give advice on the policy for granting stock options, performance shares or any other type of securities implemented by the Board of Directors for all categories of beneficiary and more particularly for the Chief Executive Officer and the members of the Company's Executive Committee, and make recommendations on the frequency and terms of allocation;
- be informed in advance about conditions and changes in the compensation of Executive Committee members.

The Governance, Appointments and Remuneration Committee shall meet at least twice a year and, in any case, prior to Board meetings when the agenda includes the review of a topic related to its mandate.

* * *

Any amendments to the present Rules are approved by majority vote amongst the members of the Board of Directors.

In the event of a contradiction between these Rules and the Articles of Association of the Company, the Articles of Association take precedence.

These rules were amended and approved by the Board of Directors of the Company on May 14 ,2020 and took effect on the same day. They are appended to the minutes of the Board meeting.

ANNEX

Policy regarding the disclosure of privileged information and Insider Status

The listing of Mersen shares on the Paris stock market exposes the Mersen Group to the risk of information of a privileged nature being used or disclosed.

Stock market rules impose heavy penalties (see paragraph 4 below) on executives and employees of the Group, as well as on any third party working on behalf of the Group, if they are found guilty of breaches of the rules, complicity in breaches or concealment of them.

Furthermore, were such breaches to occur, they would have a material negative impact on the Group with regard to investors, the financial community, the stock exchange authorities, customers and the wider public in general.

The aim of this memorandum is to present the steps taken within the company to ensure that directors and more widely employees of the Group likely to be affected have understood the rules which apply, and will abide by them.

1) **Reminder of concept of privileged information and the meaning of the term “insider”**

Privileged information: any information of a precise nature which has not been made public and which directly or indirectly concerns a listed company, or one or more financial instruments and which, if it were to be made public, would be likely to significantly influence the price of the financial instruments concerned, or the price of derivatives associated with these financial instruments (Article 7 of EU Directive no. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (the “Market Abuse Directive”) is deemed to constitute “privileged information”.

The stock market regulations also in practice cover information or projects where knowledge of these would be likely to form the basis for the “investment decisions” of a “reasonable investor” in company shares to sell, purchase or retain shares, and thus have an impact on the quoted market price of these shares.

“Insiders”: the list of insiders kept by Mersen must include persons working for Mersen under a contract of employment or who carry out any other task giving them access to privileged information, such as advisors, accountants or credit rating agencies.

Furthermore, any person benefitting from privileged information within the context of a specific project will be considered to be an insider and will be included in the list of insiders.

“Permanent” insiders are persons who, by virtue of their role or position, have permanent access to all the privileged information which the issuing body has available. Company directors and similar are therefore permanent insiders.

In accordance with current legal provisions and regulations, Mersen draws up a list of insiders and a list of “permanent insiders” which it will retain for a period of five (5) years from the date of its preparation or update, and which it will send to the AMF on request.

2) **Notice of inclusion on the list of insiders**

Mersen will send direct written notification to every person registered on its list of insiders, reminding them of the applicable legal provisions and regulations, of their obligations and the civil, criminal and administrative penalties which can be imposed.

Penalties provided for by law do not exclude the possibility of disciplinary measures or claims for damages which may be instigated by the Mersen Group.

3) **Black-out periods**

In application of the Market Abuse Directive, all persons with management responsibilities within Mersen may not undertake any transactions related to Mersen shares on his or her own behalf or on behalf of a third party, whether directly or indirectly, during a **“black-out period” of 30 calendar days preceding the publication of the Company’s annual and interim results, and during “black-out periods” of 15 calendar days preceding the publication of its quarterly sales.**

Black-out periods also apply to members of Mersen’s Board of Directors.

Transactions may not be undertaken **until the day after the information has been published**, and provided that the persons carrying out the transactions are not in possession of any other privileged information.

In December of each year, a letter will be sent to each person specifying the timetable for setting up the black-out periods for the subsequent calendar year.

4) **Obligation to abstain**

For as long as privileged information has not yet been disclosed to the public, any person having access to said information must abstain from:

- engaging or attempting to engage in insider dealing, notably by:
 - acquiring, selling, or attempting to acquire or sell on behalf of a third party, any financial instruments to which this information refers;
 - cancelling or modifying any prior transactions made on the financial instruments of the Company;
- recommending that another person engage in insider dealing or inducing another person to engage in insider dealing based on privileged information;
- disclosing or attempting to disclose any inside information in their possession to any other person, other than in the ordinary course of their employment, profession or duties;
- using or disclosing a recommendation or inducement by a person having access to privileged information when said person knows or should know that the information is privileged information.

5) Prevention of insider trading

Corporate and operating executives in the Mersen Group must ensure that preventative measures are put in place during specific operations or one-off events likely to constitute privileged information, and in particular:

- limit the number of people attending meetings;
- assign a code name to the operation or event;
- inform the persons involved in the operation or the event of the confidential and privileged nature of the information to which they will have access as a result of their participation;
- ensure that the persons involved sign a confidentiality undertaking and agreement to abstain from all transactions in respect of Mersen shares.

6) Penalties

Any breach of the obligations described above may, as applicable, result in criminal proceedings in a court of law or administrative proceedings before the Sanctions Commission of the AMF. Criminal proceedings and administrative proceedings are alternative and not cumulative.

Sanctions incurred are as follows:

- The Sanctions Commission of the AMF may impose fines of up to one hundred million (100,000,000) euros or ten times the amount of the gain made from the breach. Legal persons may be subject to pecuniary sanctions of up to 15% of their total consolidated annual revenue.

- Criminal proceedings may result in the following sanctions:
 - a fine of up to one hundred million (100,000,000) euros or ten times the amount of the gain made. Fines may not be lower than said gain and legal persons may be subject to pecuniary sanctions of up to 15% of their total consolidated annual revenue;
 - five (5) years in prison.