



Mineral solutions to create tomorrow's world

2016 SUSTAINABLE DEVELOPMENT REPORT



IMERYS
TRANSFORM TO PERFORM

SUSTAINABLE DEVELOPMENT

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2016

Sustainable Development Report

World leader in mineral-based specialties for industry, Imerys delivers high value-added, functional solutions to a great number of sectors, from processing industries to consumer goods and building products. The Group draws on its knowledge of applications, scientific expertise and technological know-how to offer solutions benefiting its mineral resources, produce synthetic minerals and develop formulations. Imerys thus contributes essential properties to customers' products and performance, such as refractoriness, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and repellency. Imerys meets ambitious criteria for responsible development, regarding social, environmental or Corporate Governance.

The environmental, social and societal information contained in this report are identical to the relevant sections of the Group's registration document. This information has been verified by the independent third party appointed by the Group. The nature of the verification work and related findings are detailed in Section 5.7 of the Group's 2016 Annual Registration Document. It is also presented in Section 7.1 of this Sustainable Development Report for easier reading.

Imerys is aligned with the core international standards on Corporate Social Responsibility (CSR). In particular, Imerys is committed to the following frameworks:

- the Universal Declaration of Human Rights;
- the International Labor Organization (ILO) declaration;
- the 10 Principles of the United Nations Global Compact;
- the Global Reporting Initiative (GRI) reporting guidelines, version G4 of November 2015;
- the European directive 2014/95/EU of October 22, 2014 regarding disclosure of non-financial and diversity information;
- the requirements of Article 225 of the Law No. 2010-788 of July 12, 2010 (Grenelle II Law), amended by Law No. 2016-1088 of August 8, 2016 and Decree No. 2016-1138 of August 19, 2016 (this decree establishes a reporting obligation governing

the manner in which the Company accounts for the social and environmental consequences of its activity, the goods it produces, and the services it provides. This includes climate change. The decree also covers the social commitments to Sustainable Development, the circular economy, the fight against food waste, the fight against discrimination and the promotion of diversity); and

- the French Law related to Energy Transition for Green Growth (Law No. 2015-992, "Transition Énergétique pour la Croissance Verte" (TECV), of August 17, 2015).

Imerys is also aware of the major stakes highlighted in 2015, by the United Nations' 17 "Sustainable Development Goals" and will take account of these goals in the Sustainable Development Strategy it will develop in 2017.

1 VISION, AMBITION AND ENGAGEMENT

1.1 KEY SUSTAINABLE DEVELOPMENT IMPACTS

Imerys uses its mineral-based expertise to provide the world with a very wide variety of everyday applications. These applications involve products and services with important implications in terms of Sustainable Development.

The techniques used for processing industrial minerals are largely physical (crushing, milling, sorting and calcining). The main environmental challenges, therefore, are optimizing mineral resources, processing mineral solids, managing core utilities such as energy and water, reducing greenhouse gases and preserving biodiversity.

Imerys is aware of the global trend towards an economy that is low carbon or carbon-free. Imerys is also aware of the relevance of its activities to this trend in terms of accessing and using mineral resources.

Imerys also faces social challenges, involving both its employees and the communities surrounding its sites. More generally, the extractive industry makes a fundamental contribution to a multitude of regional, national and international economies. As a local employer, it creates concrete socio-economic benefits to employees and to contractors, thus, helping to fight poverty. In Europe, for example, it provides 42,500 direct jobs and 30 million indirect jobs to downstream companies. In total, it contributes €10 billion to European GDP, putting the industrial mineral sector at the heart of the manufacturing sector.

1.2 RISKS AND OPPORTUNITIES IN THE INDUSTRIAL MINERALS SECTOR

The Group endorses the views clarified in the "2050 Roadmap" of the Industrial Minerals Association (IMA) Europe⁽¹⁾. This roadmap identifies the megatrends, risks and opportunities of the industrial minerals sector between today and the horizon of 2050.

The expected growth of the world population will contribute to an increasing demand for essential goods such as construction materials, glass, optical fibers and paints. Industrial minerals are indispensable to the production of these goods.

If the evolution towards a circular economy leads to a reduction of "inputs" globally, the technology know-how of Imerys enables the Group to be in an excellent position to improve the "yield" on

materials and the energy efficiency at its operations. At the same time, the Group's commercial network and innovation capacity will increase the value of its production and reduce its discharges. This evolution towards a circular economy is therefore considered an opportunity for Imerys.

The global trend towards urbanization will have a similar impact. Constructing more compact and energy-efficient buildings will require development of new technologies, and minerals will have a prominent place in these new technologies. The renewable energies market also opens a variety of development opportunities for industrial minerals.

(1) IMA Europe publicized the "2050 Roadmap" for the industrial mineral sector in September 2014: <http://www.imaginefuture.eu/sites/default/files/imaginethefuture/IMA-Roadmap-2050-bleed-22092014-Web.pdf>.

Finally, guaranteeing reliable access to raw materials in Europe and the rest of the world remains a constant concern for the industrial mineral sector. In this context, developing an approach to minerals' development in collaboration with different stakeholders

will become a priority. Furthermore, customers in the minerals sector are becoming more sensitive to the environmental footprint of their products. Therefore, the minerals industry is increasingly challenged to improve the life cycle of its products.

1.3 STAKEHOLDER ENGAGEMENT

While developing its Sustainable Development strategy, policies and practices, Imerys engages with its stakeholders and endeavors to take their expectations into account in a spirit of openness.

Stakeholders	Expectations	Interactions
Internal		
Employees	<ul style="list-style-type: none"> Workplace well-being/Health and safety Internal mobility and professional development Commitment within the Group Respect for diversity and non-discrimination 	<ul style="list-style-type: none"> The "Blue Book", accessible on Intranet, regrouping all of the valid policies, procedures and protocols in the Group "Welcome Sessions" for newcomers Internal communication via the "Imerys News" magazine, the "Headlines" newsletter and Intranet Internal social network "Chatter"
Labor relations	<ul style="list-style-type: none"> Respect of freedom of association and right to collective bargaining Employees' working conditions 	<ul style="list-style-type: none"> Collective bargaining agreements European Workers Council (EWC)⁽¹⁾
Business partners		
Shareholders and potential investors	<ul style="list-style-type: none"> Profitability and return on investment Improvement of financial performance Group Sustainable Development performance 	<ul style="list-style-type: none"> Financial communication department responsible for responding to investors' requests for information Release of financial and non-financial results on the website, in the annual report and through periodical financial publications
Clients	<ul style="list-style-type: none"> Listening to requirements and considering expectations Products safety Innovative products which create value 	<ul style="list-style-type: none"> Questionnaires and surveys related to Sustainable Development Responses to clients via third party platforms such as Ecovadis and Sedex
Suppliers	<ul style="list-style-type: none"> Respect for criteria set forth in the Imerys Charter Creation of a long-term partnership 	<ul style="list-style-type: none"> Charter defining minimum social and environmental standards expected of suppliers
Market regulators		
Professional associations	<ul style="list-style-type: none"> Pooling information on regulatory evolution Sharing of sector best practices 	<ul style="list-style-type: none"> Imerys is an active member of the Industrial Minerals Association in Europe and North America (IMA-Europe⁽²⁾ and IMA-North America) and the "Minéraux Industriels France" association (MIF) Imerys is a member of national professional associations in France such as AFEP and abroad, and a member of local sector associations and Chambers of Commerce
Government authorities	<ul style="list-style-type: none"> Collaboration for the promotion and development of initiatives in the industrial minerals sector Compliance with regulations and transparency 	<ul style="list-style-type: none"> Publication of extra-financial data and information required by the applicable regulations, as well as publication of the standards to which the Group adheres voluntarily European Transparency Initiative⁽³⁾ voluntary register

Stakeholders	Expectations	Interactions
Social		
Local communities	<ul style="list-style-type: none"> Regular and collaborative commitment to finding mutually beneficial solutions Reduction in hazardous waste and rational use of resources Job creation and training schemes 	<ul style="list-style-type: none"> Engagements when implementing “SD Challenge 2016” projects⁽⁴⁾ for communities “PeopleSmart” is the Imerys stakeholders’ commitment plan, approved in 2015. It describes the methodology for risk assessment and selecting engagement objectives, as well as the methods for monitoring results
Media	<ul style="list-style-type: none"> Cooperation and transparency 	<ul style="list-style-type: none"> External communication and finance departments responsible for responding to requests for information from journalists and financial analysts
Reference Experts, Analysts	<ul style="list-style-type: none"> ESG risk management Co-operation and transparency 	<ul style="list-style-type: none"> Exchanges with and responses to the questionnaires of ratings agencies and financial institutions: FTSE4Good, Vigeo Euronext, MSCI, Ethibel Sustainability Index, Gaia Index, CDP, Oekom, ODDO, Société Générale, etc. Application of GRI-G4

(1) The EWC is a group of employee representatives from the different European countries in which the Group operates.

(2) As an active member of IMA Europe, Imerys contributes towards sector decisions in line with European Commission initiatives seeking a carbon-free economy and increased resource optimization.

(3) Imerys has enrolled on the public register proposed by the European Commission for transparency in its lobbying of European institutions.

(4) The “SD Challenge” is a competition organized internally to promote local Sustainable Development projects developed by operational or functional units of the Group and their co-workers.

2 STRATEGY AND PERFORMANCE

2.1 STRATEGY FOR CONTRIBUTING TOWARDS SUSTAINABILITY

2.1.1 GROUP GOVERNANCE TO ENCOURAGE SUSTAINABILITY

The Group clarifies its Sustainable Development strategy in a three-year plan. To create this plan, Imerys draws on different information sources (publications by expert committees, professional associations, sector research institutes, the Group’s Risk Committee, etc.). Imerys also takes into account the expectations expressed by external stakeholders through local forums as well as signals from its customers and the markets where it operates.

In late 2014, Imerys published its 2015-2017 three-year plan. The governance system for the three-year plan requires involvement from the top-ranked senior managers in the Group. Relevant issues have been identified as part of a collaborative, consultative process which is built on a four-tiered consensus building process:

- The Sustainable Development working groups bring together internal managers and experts who represent the different business divisions and geographical areas. They are tasked with drawing up proposals and making recommendations.
- The Sustainable Development Steering Committee includes three members of the Executive Committee (the Group General Counsel, the Chief Innovation Officer and the Chief Human Resources Officer), five corporate leaders (EHS⁽¹⁾ and Sustainable Development, Industrial Management, Investor

Relations and Communication) and two senior leaders from the operations. It meets several times annually to validate and monitor the execution of focused action plans. The working groups’ proposals and recommendations for the strategy are submitted to the Sustainable Development Steering Committee for review and approval.

- The Group’s Executive Committee validates the strategy after approval is received from the Sustainable Development Steering Committee.
- Imerys’ Board of Directors and its Strategic Committee periodically review the Group’s Sustainable Development strategy, as well as the Group’s material Sustainable Development issues and main achievements.

In general, the Sustainable Development Manager is tasked with leading and rolling out the Group’s Sustainable Development strategy and tracking the implementation of coordinated measures. The Sustainable Development Manager is a member of each working group. Within the Steering Committee, he is responsible for facilitating discussions and presenting the major changes and main priorities at the Group level. Finally, the Sustainable Development Manager is responsible for presenting the Risks Committee’s conclusions.

✓ For more information, see paragraph 4.2.1 of Chapter 4 of the 2016 Registration Document.

(1) “EHS” means Environment, Health and Safety.

■ 2.1.2 KEY MATERIAL CHALLENGES

Imerys material challenges are described below under three aspects: social, environmental, governance and ethics.

Social challenges	Environmental challenges	Ethics and governance challenges
Health and safety	Environmental management system	Group governance
Human resources	Energy efficiency and reduction of harmful emissions	Business conduct and ethics
Relations with communities	Resource optimization	
Human rights	Preservation of biodiversity	
Responsible product management	Waste management	

Certain social and environmental issues important to other companies in the mining or chemical sector are of lesser priority for Imerys for the following reasons:

- Most of Imerys' products qualify as "naturally occurring minerals", so if they are not chemically processed, they are exempt from registration under REACH (the European Directive on Regulation, Evaluation and Authorization of Chemicals) and other similar regulations in other regions. Specific risks associated with certain substances (e.g., respirable crystalline silica associated with filtration additives) are subject to special regulations;
- Imerys divisions processes non-metallic minerals, so there is no significant issue of acid drainage⁽¹⁾, or hazardous or toxic waste;
- Imerys has had no new material issues in its operations linked to decontamination of soil or groundwater, and has had no other site decontamination projects in the last five years;
- Imerys has not identified any significant issues pertaining to polychlorinated biphenyls (PCBs), ozone-depleting substances (ODSs), volatile organic compounds (VOCs) or persistent organic pollutants (POPs).

2.2 SUSTAINABLE DEVELOPMENT CHARTER AND POLICIES

The Imerys Sustainable Development Charter sets forth the Group's Sustainable Development commitments. These commitments are articulated in greater detail in the form of policies, procedures and protocols which must be observed by all employees (see the table on the next page). These documents are contained in the "Blue Book" and may be viewed on the Imerys Intranet.

✓ For further information, [see paragraph 4.2.1 of Chapter 4 of the 2016 Registration Document](#).

(1) Acid rock drainage is present at the Imerys site in Glomel France where it has been thoroughly examined and controlled.

SUSTAINABLE DEVELOPMENT

Strategy and Performance

The Sustainable Development Charter and several key policies of Imerys may be viewed on the Group's website. Imerys divisions, including its production sites, administrative offices and R&D

centers, are tasked with putting its policies into practice. Regular inspections are carried out to ensure compliance with these principles.

Sustainable Development Policies

Social and Environment		Governance
Diversity Charter	Health and Safety Charter	Board of Directors' Internal Charter
Recruitment policy	EHS management policy	Code of Ethics and Business Conduct
Industrial relations	EHS Audit policy	Corporate governance policy
Pay policy	Material Safety Data Sheet policy	Risk management policy
Employee relations	Geology and mining planning	Anti-fraud and anti-corruption policy
Sustainable Development Protocol - Community Relations		Anti-trust policy
Sustainable Development Protocol - Child Labor		Internal control policy
Sustainable Development Protocol - Forced Labor		

2.3 2016 PERFORMANCE

The following table presents the Group's objectives and Sustainable Development achievements in 2016, as well as the objectives for 2017 linked with the material issues and stakeholders' expectations:

2.3.1 PROGRESS ON ACTIONS COORDINATED AT GROUP LEVEL

Areas	2016 objectives	2016 performance	2017 objectives
Social/Societal⁽¹⁾			
Health and safety	■ LTA Rate ⁽²⁾ : ≤1.0 for employees and subcontractors	1.37 Not Achieved	■ LTA Rate: ≤ 1.05 for employees and contractors
	■ Launch of "safety summits" to functional leaders to drive safety leadership	100% Achieved	■ Safety Culture Improvement Team (SCIT) events at 30 sites
	■ Revamp Imerys Safety University with integration of safety leadership concepts of "safety summits"	100% Achieved	■ Implement action plan for engagement between senior executives and employees at the site level
	■ Establish a maturity matrix for behavior-based safety and supervisor training	100% Achieved	■ Launch a new initiative on Contractor Safety Management
	■ Rejuvenate the Group's Industrial Hygiene (IH) Club and improve IH auditing approach	100% Achieved	■ Launch initiative on ergonomics

Areas	2016 objectives	2016 performance	2017 objectives
Human Resources	<ul style="list-style-type: none"> Roll out a new series of measures on diversity 	100% Achieved	<ul style="list-style-type: none"> Have the specific Charter for Diversity, Literacy and Benefits objectives signed by the European Works Council
	<ul style="list-style-type: none"> Sign a Sustainable Development Charter with the European Enterprise Committee, incorporating the three objectives: diversity, literacy and employee benefits 	Not Achieved, postponed to 2017	
	<ul style="list-style-type: none"> Run at least two training schemes to improve basic skills (literacy and numeracy) for the least qualified personnel in all countries whose headcount is greater than or equal to 300 	100% Achieved	<ul style="list-style-type: none"> Education: <ul style="list-style-type: none"> Launch internal communication on an Education program directed towards literacy and numeracy (presentations, posts on chatter, emails, etc.) Leverage the SD Challenge to support the Education program implementation in target countries Issue a regular report to measure the progress of the Education program Complete the leaflet and create a relevant digital tool to support the program implementation and help the employee representatives disseminate it Benefits: <ul style="list-style-type: none"> Continue to oversee the implementation of new benefits schemes in a series of countries (Japan, Italy, New Zealand, Belgium, and Germany, and possibly India in January 2018) Safety: <ul style="list-style-type: none"> Ensure that all divisions roll out training sessions dedicated to safety for, at least, new production managers and industrial supervisors
	<ul style="list-style-type: none"> Roll out a new series of measures on benefits 	100% Achieved	
Communities	<ul style="list-style-type: none"> Conduct desktop reviews to improve relations with communities neighboring 5% of the Group's mining operations 	100% Achieved	<ul style="list-style-type: none"> Conduct desktop review for quality improvement of the community relations plans at 10% of the Group's mining operations
	<ul style="list-style-type: none"> Launch a micro-business incubation initiative 	100% Achieved	<ul style="list-style-type: none"> Implement micro-business incubation initiatives (continuation)
	<ul style="list-style-type: none"> Add 10 projects contributing local social and/or economic development 	100% Achieved	<ul style="list-style-type: none"> Add 10 projects contributing local social and/or economic development
			<ul style="list-style-type: none"> Carry out a pilot stakeholder engagement survey in the surrounding communities of two quarries in Europe
Human rights and supplier commitments	<ul style="list-style-type: none"> Request confirmation of minimum social and environmental standards from suppliers of more than €2 million of each division's spend 	100% Achieved	<ul style="list-style-type: none"> Implement the Imerys Supplier Environmental, Social and Governance Standard in contracts with suppliers of more than €2 million of each division's spend

SUSTAINABLE DEVELOPMENT

Strategy and Performance

Areas	2016 objectives	2016 performance	2017 objectives
Environment			
Environmental Management System (EMS)	■ Conduct desktop review on quality and “materiality” of 10% of the objectives defined in the EMS Scorecard	100% Achieved	■ Conduct comprehensive EMS audit at 15 operations (10 desktop and 5 onsite audits)
	■ Create criteria for identifying the priority sites with respect to dust emissions and a program for supporting same	100% Achieved	■ Support dust management programs at the top 10 priority sites identified
Resources Efficiency	■ Adoption of the “Imerys Industrial Improvement” Program (“I-Cube”) ⁽³⁾ : on 40% of operations	100% Achieved	■ Imerys Industrial Improvement (I-Cube) Program Adoption: > 55% operations
	■ Energy efficiency: 6% improvement on the 2014 baseline by the end of 2017	3.8%% vs. 2014, Achieved	■ Improve by 6% the Group energy efficiency on the 2014 baseline by the end of 2017
	■ Carbon efficiency: 6% improvement on the 2014 baseline by the end of 2017	5% vs. 2014, Achieved	■ Improve by 6% the Group carbon efficiency on the 2014 baseline by the end of 2017
	■ Publicize two internal best practices on recycling / reuse / reduction	100% Achieved	
Biodiversity	■ Biodiversity management plan at 100% of sites identified inside areas of High Biodiversity Value ⁽⁴⁾	100% Achieved	■ Biodiversity management plans at 100% of quarries adjacent to areas of High Biodiversity Value
Innovation	■ Products and processes including a benefit to the environment: five per year	100% Achieved	■ Include Sustainable Development objectives to the Group innovation strategy
	■ 25% of projects with a benefit to the environment in the innovation processes	Postponed ⁽⁵⁾	
	■ In the innovation processes, quantify the percentage of projects with a benefit to recycling	Postponed ⁽⁵⁾	
Governance ⁽⁶⁾			
Corporate Governance	■ Review and amend the Board’s Internal Regulations to reflect the changes announced in 2016 to the AFEP-MEDEF Code applicable to listed French companies	Not Achieved, postponed to 2017	■ Amendment of the Internal Charter of the Board of Directors to comply with best practices and recommendations from the revised AFEP-MEDEF Code
			■ Appointment of an employee representative Director as a new member of the Compensation Committee

Areas	2016 objectives	2016 performance	2017 objectives
Ethics and Business Conduct	<ul style="list-style-type: none"> Targeted audits on compliance programs organized by the Group Internal Audit and Legal departments: Code of Conduct, anti-bribery, anti-trust 	100% Achieved	<ul style="list-style-type: none"> Refresh the anti-fraud & anti-bribery compliance program, in particular following the enactment of the new French law "Sapin 2"
	<ul style="list-style-type: none"> Issue a Group personal data protection policy 	Not Achieved, postponed to 2017	<ul style="list-style-type: none"> Refresh and strengthen the Group's antitrust compliance program Implement a new personal data protection compliance program, in particular following the adoption of the new applicable EU regulation
	<ul style="list-style-type: none"> Roll out: complete the implementation of the anti-bribery program for intermediaries, review findings of internal audits regarding regulatory compliance and extend the scope of compliance training programs in the Group 	100% Achieved	<ul style="list-style-type: none"> Strengthen the internal reporting system including an alert on issues of non-compliance with the Imerys Code of Business Conduct and Ethics

(1) The "Societal" information of "Grenelle II" is covered in both the "Social" and "Governance" aspects of this Registration Document.

(2) The lost-time accident rate is calculated per million work hours including both employees' and contractors' work hours.

(3) The Imerys Industrial Improvement scheme ("I-Cube") was launched during the first half of 2014 and aims to transform the Group's performance into a competitive advantage.

(4) The "Global Reporting Initiative" (GRI) recommends that companies identify their sites located in or near protected areas, or areas of high biodiversity value outside protected areas. Imerys refers to the World Database of Protected Areas (WDPA), the Natura 2000 list of areas and other public sources of information to conduct risk mapping regarding areas of High Biodiversity Value. The WDPA database is a joint project of the UNEP and IUCN, produced by UNEP-WCMC and the IUCN World Commission on Protected Areas which works with governments and NGOs.

(5) Some additional criteria are studied to confirm the environmental benefits (reported) of our products.

(6) More detailed data is addressed in chapters 3 and 4 of this Registration Document.

In addition to these achievements, the Group organizes every year a competition on Sustainable Development, called the "SD Challenge". In 2016, 114 new projects, in line with the axes covered in the Group's Sustainable Development Charter, were implemented by Imerys sites and participated to this competition.

The annual objectives reflect the Group's overall performance and are reviewed quarterly by the Sustainable Development Steering

Committee. The Group's non-financial Key Performance Indicators (KPIs) reflects local performance at site level.

✓ For more information, [see paragraph 6.2 of the present report](#).

The following analytical reports present these results as part of the periodic business reviews of the Group divisions: the monthly report on safety and workforce, the quarterly energy efficiency report and the quarterly environmental report.

2.4 PERFORMANCE RECOGNIZED BY RATINGS AGENCIES

In a spirit of transparency and openness, especially to investors and shareholders, Imerys regularly responds to questions about its non-financial performance. As a result, it has been recognized and rewarded by the Group's visibility in the most significant international indices for Sustainable Development.

Indices/Assessment	Ratings agency	Entry date	Rating
FTSE4Good Index	FTSE Russell	2012	2016: Absolute Score (0-5) = 3.4 2016: Supersector Relative (1-100) = 69
Euronext Vigeo Europe 120 and Eurozone 120 Index	Vigeo	2011	Environment: 54, Human Resources: 61, Human Rights: 53, Community Involvement: 53, Business Behavior: 53, Corporate Governance: 41
Ethibel Sustainability Index Excellence Europe	Ethibel	/	Included, no scoring
Gaïa Index	EthiFinance	/	Included, no scoring
MSCI Global Sustainability Index	MSCI	/	May 2016: AAA
STOXX® Global ESG Leaders Index	Sustainalytics	/	Included, no scoring
ESG Assessment	Oekom	/	Not available
Supplier Assessment	Ecovadis	/	64/100
Supplier Assessment	Sedex	/	Not available
CDP Climate Change	CDP	2006	Overall performance band: B ⁽¹⁾ ; Governance and strategy: B; Risk and opportunity management: B-; Emissions management: B

(1) The performance scores are expressed as bands (A, A-, B, C, D, and E). Band "B" means "Integration of climate change recognized as priority for strategy, not all initiatives fully established".

3 SOCIAL RESPONSIBILITY

3.1 SAFETY AND HEALTH

Safety and health are core values for all Imerys operations worldwide. Respect for safety and health standards is a condition of employment at Imerys. The Group Health and Safety Charter outlines its strong commitment on developing a proactive safety and health culture through partnerships among management, employees, contractors, visitors and the communities in which it operates. An EHS Umbrella Policy further clarifies organization, roles and responsibilities, communication, metrics, and competency requirements.

Health and safety topics are also stated in the publically-reported collective bargaining agreements with trade union organizations (2015 data: approximately 69%⁽¹⁾ of Imerys employees covered), as well as individual labor agreements. Most of the Group's operations have formally established safety teams and/or committees (composed of both management and worker representative(s)) to systematically drive improvement.

■ 3.1.1 SAFETY

The Group's programs for safety improvement are organized under the framework of the Imerys Safety System (ISS). The ISS consists of three pillars: compliance, continuous improvement and communication/training.

Compliance: Safety compliance requirements for each Imerys operation include not only local laws and regulations, but also the Group's EHS policies, procedures and the 20 safety protocols. In 2016, the Group added forklifts safety to its special program (the "Serious Six", now the "Serious Seven") focusing on the areas with the highest potential for severe accidents. Another two new protocols were also published to improve the safety standards on suspended loads and laboratories. The Group EHS Audit Team conducted approximately 22 compliance audits at its operations in 2016.

Continuous Improvement: The following are the main elements of the continuous improvement pillar of the ISS:

- all levels of the Group review "Safety Metrics" every month. These reviews are integrated into business meetings and performance reviews conducted by a variety of staff members from site managers to Group divisions' leaders;
- a "Safety Culture Improvement Team" (SCIT) conducts events at "Most Help Needed" facilities. In 2016, 20 SCIT events were organized to drive the cultural improvement in addition to the compliance audits;

- a safety culture maturity (SCM) matrix has also been introduced to help operations conduct gap analyses and prioritize site-specific improvement plans. All of the existing safety programs (e.g., Take 5) have been incorporated into the building blocks of the maturity criteria. This tool will support safety improvement in partnership with the industrial team and the safety professionals in 2017;
- "Safety Alerts" are issued whenever a lost-time accident occurs to share root causes and lessons learned. In 2016, approximately 35 safety alerts were delivered by the Group. Additional information on the lessons learned from significant incidents is also shared at the divisional level;
- Imerys considers "Behavior-Based Safety" (BBS) to be essential in developing an effective safety culture. Each of the Imerys operations either implements a specialized BBS program or integrates behavioral factors into regular safety inspections. Improvement in BBS is also supported by a dedicated section of the new safety culture maturity matrix.

Communication/Training: The Group's safety communication and training tools include Safety Summits, Imerys Safety University (ISU), web seminars, a computer-based learning path on key initiatives, safety toolbox meetings and the Group Welcome Sessions for new managers. The Safety Summits offered the Top 250 business leaders a learning opportunity to improve their safety leadership in the first part of 2016. Later in the year, the Imerys Safety University (ISU) took a tailored approach to coach the site managers on cascading down visible leadership and maximizing the potential of their supervisors on safety improvement. 12 special sessions of ISUs were organized with approximately 300 participants.

The safety learning path on IM-Pulse, the Imerys learning digital initiative, also enrolled approximately 260 managers and supervisors in 2016. This has actively facilitated the onboard training of new site managers on the Imerys Safety System and key programs. The web seminar modules are also available on the Group EHS Intranet which is accessible to all employees.

Metrics: Imerys tracks and analyses its safety performance on a monthly basis using indicators for fatalities, lost-time accidents, life-changing injuries, and accidents without lost time at the Group level. Other minor injuries, near-misses, and unsafe behaviors are tracked and reviewed at the divisional level. In recognition that its contractors are an integral part of the safety process, Imerys includes its contractors when tracking its performance.

(1) The survey on collective bargaining cover is conducted every two years. This result refers to 2015 survey.

The table below indicates the fatalities, life-changing injuries, accident frequency and severity rates in the Group for the past three years:

	2016	2015	2014
Number of fatalities			
■ Imerys employees	1	1	1
■ Other employees ⁽¹⁾	0	0	0
Number of life-changing injuries⁽²⁾			
■ Imerys employees	2	2	1
■ Other employees	0	2	2
Frequency rate⁽³⁾			
■ Imerys employees	1.35	1.27	1.05
■ Other employees	1.40	1.40	0.70
■ Combined rate ⁽⁴⁾	1.37	1.31	0.95
Severity rate⁽⁵⁾			
■ Imerys employees	0.09	0.11	0.07
■ Other employees	0.06	0.06	0.04
■ Combined rate	0.08	0.10	0.06

(1) Employees of a company under contract with Imerys, in charge of a specific operation on site or providing a service.

(2) Life-changing injury is an indicator to track serious injuries with permanent impact to the victim, such as amputation and disability.

(3) Frequency rate: (number of lost time accidents x 1,000,000)/number of hours worked.

(4) The combined rate is with both employees and other employees (contractors).

(5) Severity rate: (number of lost days x 1,000)/number of hours worked.

As of December 2016, the combined lost-time accident rate of the Group was 1.37, which represented a 4.6% increase compared to that of 2015 at a constant perimeter. Imerys is very sad to report one fatality linked to the use of a forklift. The accident occurred last September in China.

The Group is also tracking the total recordable injuries. The combined total recordable injury rate (TRIR)⁽¹⁾ decreased from 5.36 (2015) to 4.83 (2016). After the "Safety Summits" and special session of the ISUs, the Group restructured its safety functions with delegated resources on safety improvement and released a safety action plan along five axes last October. The roll out of this safety action plan began in November 2016 and will continue throughout 2017.

Imerys continues to present the "Millionaires Safety Award" to the best-performing operations and acknowledge their compliance with four criteria: a) working over one million hours without a lost-time injury, b) having no work-related fatalities over the past five years, c) 100% completion of the required monthly self-audits, and d) zero significant EHS audit findings left open. As of December 31, 2016, 23 operations of the Group were members of the "Millionaire Club" (compared to 18 as of the end of 2015).

In addition, in 2016, Imerys Graphite & Carbon in Canada received a Regional Safety Award in the category "Health and Safety Leader" from the Standards, Equity, Health and Safety at Work Committee (CNESST: "Commission des Normes, de l'Équité, de la Santé et de la Sécurité au Travail").

(1) Imerys has a different TRIR definition than many other Groups. Many Groups consider an injury as "recordable" when its treatment requires more than first aid. However, Imerys considers a recordable injury as an accident without lost-time whenever a medical service provider is involved in the treatment, even if the treatment is first aid.

3.1.2 HEALTH

Imerys recognizes workplace health as a high priority for the Group's employees and contractors. Specific issues in mineral mining and processing activities include dust, noise and vibration. Limited quantities of chemicals are also used during industrial processes and in the laboratories for quality assurance and R&D. Some jobs may also involve lifting or repetitive tasks with potential ergonomic problems. Imerys has defined five protocols to manage the key exposures. The Group's Health and Safety function provides training on the five protocols and systematically checks on compliance with both the protocols and applicable regulations through the EHS Audit program.

Most of the Group's European operations participate in the European Social Dialogue Agreement (SDA) on "workers' health protection through the good handling and use of crystalline silica and products containing it" and have reported on specific aspects of their implementation through participation in a program organized by NEPSI⁽¹⁾. The results of the fifth NEPSI report were published in April 2016. 100% of the relevant Imerys sites in Europe participated in this reporting campaign. The 2016 Report⁽²⁾ indicates that 95% of potentially exposed workers are covered by risk assessments (vs. 93% in 2014) and 76.3% are covered by exposure monitoring (vs. 73.4% in 2014).

The "Industrial Hygiene (IH) club" coordinated by the Health & Safety function shares good practices with the operations on monitoring, risk evaluation, and engineering controls for occupational health issues. In 2016, the IH club provided several web seminars on good management practices for noise, dust, ergonomics and chemical exposure. The Group's industrial hygiene expert also conducted a practical training for the Group EHS Audit team to improve auditing on pertinent compliance issues.

At the divisional level, health programs have been integrated into the wellness initiatives and supported with engagement and communication campaign. For example, the Imerys Graphite & Carbon division launched its health and wellbeing initiative in 2016 and engaged around 150 employees for 100 consecutive days to compete by teams on physical exercises. Nutrition tips, stress management tools and sleeping advices were also communicated during the challenge process and were well received by the participants.

The table below gives the occupational illnesses reported during the past three years:

Occupational Illnesses	2016	2015	2014
Occupational illnesses with lost time	2	7	0
Occupational illnesses without lost time	7	6	2
Total	9	13	2

Occupational illnesses are tracked as a monthly reporting KPI in the central Sustainable Development data management system. In 2016, nine occupational illnesses were reported from seven different sites in total. These isolated cases were linked to ergonomics or long-term exposure to dust or noise. Two other occupational illnesses with lost time were recorded in 2016. These cases were related to the affected workers' experiences before joining Imerys. Alternative jobs and appropriate medical treatment were provided for each case.

3.2 PRODUCT STEWARDSHIP

Imerys is committed to providing high-quality products to its customers, and indirectly, to end-users. Each business is responsible for insuring that its products comply with regulatory requirements and to prevent potential physical and health hazards. For products manufactured in (or imported into) Europe, the Group complies with the European Directive on "Regulation, Evaluation and Authorization of Chemicals" (REACH). Under REACH, "naturally occurring minerals" are exempt from registration, and this exemption significantly reduces the effects of these regulations on Imerys and its customers. The Group has registered those few products that do not fall under this exemption. Substances marketed by Imerys are frequently subject to risk studies to determine their

properties (e.g., pursuant to the GHS/CLP⁽³⁾ Regulations in Europe). Imerys monitors these studies closely, and labels its products to appropriately reflect the results of these studies.

Meanwhile, a new web-based application has been deployed in Brazil in 2015 to insure compliance with the GHS requirements for more than 150 products. As of the end of 2016, approximately 70% of Imerys operations were certified to the ISO 9001 Quality Management System. The Group's Corporate Social Responsibility function will develop the infrastructure of product stewardship management at the divisions' level and focus on the highest risk areas in 2017.

(1) NEPSI: "Noeud Européen Pour la Silice", the European network for silica comprised of employees and associations of European companies that have signed the multi-sectoral social dialogue agreement.

(2) It refers to the "2016 Report on the Application of the European Multi-Sectoral Social Dialogue Agreement" released on the NEPSI website in September 2016.

(3) GHS/CLP: Globally Harmonized System/Classification, Labeling and Packaging of chemicals.

3.3 HUMAN RESOURCES

The Human Resources (HR) Department's mission is to enable the Group to have the people needed for its development, and to ensure that its organization evolves in an effective and coordinated manner. It develops and implements general principles to processes in line with Imerys' decentralized management philosophy and in compliance with the relevant national legislation. To improve its procedures, the Group regularly updates its HR policies.

Human Resources professionals are responsible in their divisions for the entire function and report to the business line manager. To ensure processes are consistent and common principles are applied, they also report on a functional basis to the Group Human Resources Department. The function is also coordinated nationally in the major countries where the Group operates, and globally across major functions (Research & Development, Marketing & Commercial, Mines & Industries, and Finance). To ensure the Group is well equipped to meet its objectives in terms of innovation, a dedicated Human Resources Director now fully accompanies this department.

■ 3.3.1 HUMAN RESOURCES PRINCIPLES & MAIN AREAS OF ACTION

Imerys' Human Resources policies are centered on the following principles:

- share simple but structural rules that enable Human Resources teams to ensure their work is optimal and consistent;
- meet employees' expectations, notably in terms of working conditions and safety, benefits and professional development;
- provide managers with management principles that comply with the Group's ethic, especially in terms of diversity, behavior, standards, social dialogue and respect for other people.

The Group is also committed to complying with local legislation in force in the countries where it operates, particularly in terms of health and safety, non-discrimination, privacy, child labor, compensation and working hours.

Launched to support the Group's expansion the project "Talent Road Map" is still ongoing. Its aim is to improve Human Resources processes especially in terms of development and therefore better support the Group's growth ambitions: recruitment, employer branding, internal mobility, training, and management of university graduates.

- **The Group's new managerial principle "Imerys Leadership Behaviors"** launched in 2015 has been rolled-out in 2016 to become the reference point across the Group. It is now an integral part of the entire talent management cycle: from recruitment, to performance and potential assessment, to development and succession plans. Annual reviews are now composed of a shared evaluation between employees and their line manager based on these principles.

- **Recruitment:** attract new talents. In 2016, a high number of experienced managers joined Imerys like previous years.

Moreover, in order to contribute to the development of future Group managers Imerys welcomed, 38 graduates from 10 different nationalities in its development program for "international Graduates". The first promotion hired in 2015 will take on its second roles within the company from January 2017. A shared structure in charge of sourcing external candidates has been implemented to better manage recruitment within divisions and Group functions in Europe. In the meantime, recruitment coordination in the United States has been developed.

In order to better identify talents, the manager reviews, previously held within operational teams have been expanded to functional teams. The first manager reviews took place, within several functions such as: finance, industry and geology/mines, in July 2016, allowing better knowledge and development opportunities.

Internal mobility and promotions are top priorities for Human Resources teams and specialized Committees who meet regularly on this issue. In 2016, more than 55 new career moves took place amongst the 250 senior managers that make up the Group's Executive Management teams. This shows Imerys' commitment to ensure its employees' development: indeed, 70% of senior manager roles were filled internally in all functions and geographical zones.

- **Training:** enable every employee to develop his or her talents and foster best practice sharing. In 2016, the development of the Group's training offer has been diversified and increased:
 - the e-learning platform "IM-Pulse" now accessible to 4,000 employees/managers of the Group hosts Imerys' entire training offer: the "Imerys Learning Center programs (ILC)", - the Group's legacy training center - which includes training courses on finance, Industry and Safety as well as dedicated courses on certain divisions (Calderys, Carbonates). Training courses can be followed on line or in person. In 2016, Imerys Learning Center provided 9,800 hours of training through 40 programs covering geology, finance, management, project management and industrial marketing performance. The program entitled "Management Fundamentals" focusing on team management and development has been revamped to include the Group's new managerial principle. Amongst newly launched sessions, the ones of diversity, work efficiency and conducting annual salary reviews have been well received;
 - the program on manager engagement for safety initiated in 2015 at the highest level of the Group was continued in 2016.

- **Compensation and benefits:** roll out coordinated, competitive systems that take into account both the results of the business for which employees work and their individual performance.

Annual salary reviews are closely coordinated by the Human Resources Department. While local competitiveness is favored, Imerys targets a coherent and shared approach. While local competitiveness is critical, the salary review is based on rigorous financial discipline and is supported by sectorial and regional studies. In addition, the entities of different countries in which the Group operates increasingly align their remuneration practices on the best international standards.

In 2016, the Group has renewed its "Management Authority Rules" defining the respective roles between operational entities and the Group in terms of recruitment and remuneration of senior managers in particular. The Group has continued its actions to implement social security and benefits for all its employees worldwide. Following the priorities defined thanks to a study carried out in 2015, detailed inventories have taken place, for example, in Germany and Belgium. At the same time, Imerys has continued the roll-out (in Turkey) and reinforcement (China) of social benefits for local employees. Other projects have kicked-off in Thailand and in Italy and additional social benefits will be implemented in 2017 and early 2018. Moreover, the Group Pension Committee has undertaken in the UK and USA especially, an effort to optimize the financial management of plan assets to fund retirement plans.

A new HR information system has been designed and launched. It enables unification of internal processes and makes working procedures more reliable and effective. This new structural tool will contribute to the gathering and sharing of: individual information (respecting local regulations), succession plans, salary reviews, performance reviews and will help reinforce reporting quality. With the support of experts, Imerys has implemented an internal policy and organization aimed at better protecting travellers and expatriates against certain risks linked to international business trips. Employees can notably access information on the countries and behaviors to adopt on site. Specific safety measures can also be implemented during some trips.

- **Employee relations:** build constructive relations with its employees and their representatives in accordance with local regulations:

- the European Works Council (EWC) covers all employees in 21 countries: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom. Its 15-member employee delegation holds an annual plenary session. The EWC's five officers meet at least twice a year and tends towards becoming a liaison between representatives and the Board;

- the need to improve the efficiency of the Group's activities may lead to internal restructuring plans and job cuts. In such situations, the Group's policy is to give priority to finding in-house placement solutions for concerned employees and to set up retraining programs and support measures to help them find a job or carry out a personal project.

- **Internal communication:** provide all employees with information that can help them understand the Group's strategy, environment and activities, build their sense of belonging and highlight the Group's values to help strengthen its identity:

- the intranet is the first source of information of the Group. Employees can find information on latest news, transversal programs (e.g., operational excellence program), job offers, appointments, acquisitions, practical tools, and access to other dedicated sites (e.g., safety);

- the digital newsletter "Headlines" is circulated to all employees; in line with the Group's priorities, it highlights employees, projects, initiatives and successes throughout the company. A special edition is dedicated to the winners of the annual internal competition on the best Sustainable Development initiatives;

- on-boarding seminars "Welcome Sessions" are regularly organized for new managers in Europe, USA, China, India, Brazil, South Africa and South-East Asia;

- the internal social network "Chatter" continues to be deployed with the creation of specialized communities.

- **Human Resources Reporting:** covers the entire scope of the Group and includes highly detailed indicators (translated into five languages) concerning monthly workforce by country, contract type and activity, professional training, disability, age and seniority, etc.

3.3.2 KEY PERFORMANCE INDICATORS

Employment

	2016	2015	Variance 2015/2016
Registered employees	15,697	16,130	-3%
of which permanent employees	15,003	15,356	-2%
of which temporary employees	694	774	-12%
Fixed-term & sub-contractor contracts	3,408	3,553	-4%
Total employee headcount as at December 31⁽¹⁾	19,105	19,683	-3%

(1) Excluding Altéo sites - Beyrède and Teutschenthal - acquired on December 31, 2016, which will bring the Group's total headcount to 19,247 in 2017.

The decrease of the Group headcount is mainly due to:

- diverse reorganization in the Filtration & Performance Additives business group, notably following the integration of S&B;
- diverse restructuration in the High Resistance Minerals business group, notably in China where the Group has continued to adapt its industrial structure in Refractory Minerals.

Headcount by Business Group

	2016	As a % of total headcount 2016	2015
Energy Solutions & Specialties	4,798	31%	4,870
Filtration & Performance Additives	3,665	23%	3,925
Ceramic Materials	4,298	27%	4,278
High Resistance Minerals	2,583	17%	2,728
Holding	353	2%	329
Total	15,697	100%	16,130

The distribution of the headcount per business group evolved very little in 2016.

Headcount by geographical zone

	2016	As a % of total headcount 2016	2015
Western Europe	7,010	45%	7,181
of which France	2,641	17%	2,664
USA / Canada	2,629	17%	2,609
Emerging countries	5,851	37%	6,131
Others (Japan / Australia)	207	1%	209
Total	15,697	100%	16,130

The distribution of the headcount per geographical zone is stable compared to 2015.

Headcount by job family

	2016	As a % of total headcount 2016	2015
Operations - Production - Manufacturing	10,316	66%	10,588
Logistics - Purchasing	700	4%	729
Research & Development - Geology	673	4%	709
Sales & Marketing	1,472	10%	1,533
Support Functions & Administration	2,537	16%	2,571
Total	15,697	100%	16,130

The distribution of the Group headcount by job family is stable compared to 2015.

Employee moves

	2016	2015
Net variation of permanent employees (excluding M&A and divestitures)	(416)	(679)
External recruitments	1,290	1,109
Redundancies (economical & non economical)	(707)	(969)
Voluntary termination, retirement & other	(999)	(819)
Turnover	6.6%	5.5%
Net variation of permanent employees (excluding M&A and divestitures)	(9)	31
Mergers/Acquisitions - Divestitures	(8)	1,878
Variation of Registered Headcount	(433)	1,230

The turnover above is based on the number of voluntary termination, retirement, and other termination in the year, and the average headcount for the year for permanent employees. The increase compared to 2015 is mainly due to emerging markets.

More than 170 internal moves have created opportunities in the Group, of which 55 positions in senior management teams in operational and functional roles.

Diversity

Gender diversity

	2016	2015
Percentage of women in the Group	17.1%	17.0%
Percentage of women in management	16.5%	15.2%

The proportion of women in senior management teams increased slightly in 2016 to 16.5% compared to 15.2% in 2015. The proportion of women in the Group is stable at 17.1%.

Disability

	2016	2015
Number of employees with a disability	213	220
Percentage of registered headcount with disability	1.4%	1.4%

Europe (where legislation favors the reporting and facilitates the integration of disabled employees) shows the highest number of declared cases (160 which represents 2.3% of Western Europe headcount).

Age and Seniority

	2016	2015
Percentage of permanent headcount by age bracket		
Less than 30 years	11%	11%
From 30 to 39 years	25%	25%
From 40 to 49 years	29%	30%
From 50 to 54 years	16%	16%
More than 55 years	19%	18%
Percentage of permanent headcount by seniority		
Less than 10 years	49%	48%
More than 10 years	51%	52%
of which more than 20 years	26%	27%

In emerging countries, 49% of permanent employees are less than 40 years old and 60% have seniority of less than 10 years. In the rest of the world, these proportions are 29% and 42% respectively.

Industrial and Social Relations

Rate of absenteeism by geographical zone	2016	2015
Western Europe	4.56%	4.38%
USA / Canada	1.19%	1.16%
Emerging countries	1.92%	2.18%
Others (Japan / Australia)	2.10%	2.00%
Group	2.81%	2.78%

In 2016, 35,167 hours (352 in 2015) were lost due to strikes, of which 34,290 in South Africa, 496 in Greece, and 293 in France. In each country, the Group respects the regulatory requirements and implements "best practices" in matters of workforce management. The implementation of related human resources policies and the identified risks have been integrated in the scope of internal audits.

A survey performed at the end of 2015 covering most of the headcount of the Group has shown that 69% of Imerys employees are covered by a collaborative bargaining agreement on themes like workforce management, working hours or compensation and benefits.

Training

	2016	2015	Variance 2015/2016
Number of trained employees	12,428	12,332	+1%
Number of training hours by year	293,191	260,941	+12%
Number of hours by category of program			
Environment, Health & Safety	156,083	125,282	+25%
Technical skills	109,787	103,160	+6%
Management	27,322	32,499	-16%

The number of employees trained increased in 2016: 79% of employees in the Group have benefited from at least one training program in the year. In 2016, the Group organized training campaigns for managers to reinforce the awareness towards safety.

3.4 COMMUNITY RELATIONS

Imerys actively supports economic and social development in the communities surrounding its industrial sites. The Group management structure enables the operations to adapt to the values and local constraints of the host communities.

In its "Community Relations" protocol (available in seven languages), Imerys formally delegates responsibility for community relations to the most senior employee at each operation. A Community Relations Toolbox is available on the Group's Intranet to assist the operations. 83% of the Group's operations have formalized their site-specific community relation plans (vs. 73% in 2015). The Group EHS Audit team verifies the implementation of the protocol and provides recommendations for improvement during its regular compliance audits. In 2016, a desktop quality improvement review on the site community relation plans was conducted at 18 operations, including six mining operations.

In total, 745 projects have participated in the SD Challenge internal program over the last 12 years, and nearly one-third of these projects have been related to community relations. In the 2016 SD Challenge, 52 (46%) out of the 114 projects were linked to community relations including the following:

- 23 projects contributing to local economic or social development. Among those projects, a program called "Crescendo Micro-credit" was created in Brazil in alignment with the Group's micro-business incubation initiatives (see the best practices in the table on page 19);
- 12 projects supporting training and education. These projects covered the following priority axes: basic skills development (literacy and numeracy), young adults' professional integration, and women's and girls' education.

In April 2016, the first Imerys community relations seminar was successfully held in Belem Brazil to share the best practices between divisions, regions and industrial peers. Several Imerys operations also organized Minerals Day activities with engagement of the people from their neighborhoods in 2016.

The operations' local community relations plans also include public health initiatives when relevant. In South Africa, Imerys continues its unique, participation-based approach to managing HIV/AIDS issues at its business operations. In India, Imerys continues to support the local schools and villages near its sites in their efforts to improve basic hygiene and water quality.

The following table presents some other examples of best practices in 2016.

Best practice projects for communities in 2016

Project Name	Country	Description
Crescendo Microcredit Program	Brazil	This program offered a training-plus approach, including advice and help from Imerys, to 24 entrepreneurs to start their own small businesses with a micro-loan from a local bank, such as a grocery store, a mobile service station, a beauty salon, etc. Imerys offered a series of trainings on how to develop a small business and created a partnership with the bank in charge of financing the start-ups.
Support to the "One Sumter Initiative"	United States	The Andersonville plant (Refractory Minerals division) was actively involved in the local program "One Sumter Initiative" and received an award of recognition. The 5-year initiative aims to bring new jobs and enhance the existing employment base. During the implementation, the Imerys site helps the local Technical College expand their program courses and training media, provides educational tours of the mines and the plant, and contributes \$60,000 per year to support various projects.
Educate to Empower	India	Imerys India supported several schools in the communities in Katni, Nagpur and Wankaner. The initiatives covered expansion of a local school to provide new commercial programs adapted to the needs of the local labor market. Improvements have been done on schools' infrastructure to favor electricity and water supply as well as access to basic hygiene facilities.
Imerys Cornwall Site permissive Path and Clay Trails Brochure	United Kingdom	Since 2010, Imerys has set up a joint project in Cornwall with the Heritage Lottery Fund and the Forestry Commission to transform parts of its non-operational land into fledgling woodlands including permissive trails. In 2016, 5,000 advertising brochures were distributed to the surrounding communities to promote a healthy lifestyle through sports (walking, cycling, running, horse riding etc.).
Milos Nursery as Educational Destination	Greece	An educational program was organized at the Milos (Metallurgy Division) plant nursery with the goal of introducing children to the unique biodiversity of the island. Special "lessons" have been organized for the children of primary and elementary schools. This program is carried on in partnership with local schools.
School Infrastructure Development	South Africa	The Imerys South Africa Annesley Mine supported four schools to develop their infrastructure and increase their classrooms. More than 700 students will benefit from this project.

Some of the best practices have also been compiled into a documentary film available on the Imerys website and the "Imerys Replay" on YouTube ([see https://www.youtube.com/user/ImerysReplay](https://www.youtube.com/user/ImerysReplay)).

3.5 CORPORATE SPONSORSHIP

Imerys' sponsorship strategy focuses on two main areas of commitment: education and photography.

In the field of education, Imerys specifically encourages initiatives favoring the fight against illiteracy, the education of women and girls and the support of young adults to enhance their employability:

- The Group Education Program includes the reinforcement of basic skills learning to promote the employability of Imerys lower skilled employees. Local, internal and external initiatives show Imerys commitment and that of its employees in favor of education;
- In all the countries where it is located, Imerys directly deploys literacy and counting classes together with local partners.

It is involved in school construction and renovation, provides material support, as well as school and sanitary supplies. The Dan Germiquet Fund has been created by Imerys in 2014 in tribute to a former Group Chief Geologist who accidentally died. This fund, in partnership with the Germiquet family and the National School of Geology in Nancy (ENSG - France), helps talented students in financial insecurity to pursue their studies in geosciences;

- Furthermore, our employees in the Paris region have the opportunity to enlist with the Alliance for Education or Telemachos Institute to provide support to students from disadvantaged backgrounds or at risk of dropping out.

Through its support to photography, Imerys wishes to promote access to culture and diversity:

- Photographic competitions are organized at some of the Imerys operations to promote various initiatives done with the sites' local communities or on topics linked to safety, innovation and Sustainable Development. For example, in 2016, new exhibition events were continued with the photos from the Project Expedição in Brazil.
- The Group concluded a partnership with the RMN-Grand Palais (Paris) on their photographic exhibitions for three years starting

from 2016. In 2016, the first photo exhibition related to Imerys' partnership has honored the work of the Malian photographer, Seydou Keita (1921-2001), one of the greatest photographers of the second half of the twentieth century.

Imerys maintained its partnership with "Les Arts Florissants" to support its exceptional music program in 2016. Furthermore, Imerys supported the Energy Challenge ocean race, a project focused on energy efficiency and innovation.

✓ For more information, consult www.imerys.com.

3.6 HUMAN RIGHTS AND SUPPLY CHAIN ENGAGEMENT

The Group states in the Sustainable Development Charter and the Code of Business Conduct and Ethics that it supports the Universal Declaration of Human Rights and strives for compliance with relevant International Labour Organization's (ILO) conventions. The Group's General Counsel is in charge of implementation of related Group policies and compliance programs; the Chief Human Resources Officer takes leadership in ensuring compliance with ILO standards internally; the Chief Industrial Officer is responsible for the compliance of large suppliers and contractors. The Group Internal Audit and Control Department and the Group EHS Function integrate this compliance review into their auditing programs. The reporting and follow-up processes for potential human rights concerns are included in the Code of Business Conduct and Ethics (*see paragraph 5.1 of the present report*). The reporting and follow-up process does not include an external service for "whistle-blowers", but the process does provide that individuals will not be penalized for making a good faith report, and it also has clear rules for respecting confidentiality. In 2016, no potential Human right violations were reported or identified in the Group.

The following are some of the specific policies in the areas of freedom of association, diversity, child labor and forced labor and recent progress in these areas:

- **Freedom of association and right to collective bargaining:** The Imerys Code of Business Conduct and Ethics recognizes the right to freedom of association and the right to collective bargaining. The system in place to ensure implementation of these commitments is the network of human resource professionals throughout the Group's operations. At the end of 2016, the percentage of employees covered by Collective Bargaining Agreements (CBAs) was approximately 69% (2015 data). These CBAs commonly include subjects such as health and safety, work organization and working hours, training, compensation and benefits, and equal opportunities.
- **Diversity, non-discrimination and equal opportunities:** The Group's Diversity Charter outlines its commitment to achieving greater diversity, as well as its commitment to anti-discrimination and equal opportunities. Diversity plans have been set up in

most of the major countries since 2013. Progress on diversity in the workforce and inclusion of people with disabilities continues with small initiatives. In 2016, the second phase of the Imerys Graduates Program integrated 39 young talents from 17 countries. As of 2016, the Group itself had 213 employees with disabilities (*see paragraph 3.3 of the present report*).

- **Prohibition of child labor and forced labor:** Imerys integrates child labor and forced labor issues into its due diligence assessment for new projects and the scope of internal auditing missions for the Group existing activities. Protocols on prohibition of child labor and forced labor have been in place since 2009, and are used as the basis for internal audits.

Imerys believes that high standards in Environmental, Social and Governance, areas (ESG) are essential for all of its business operations. The Group expects its business partners and suppliers to adhere to the same principles. Therefore, in 2016, Imerys launched its supplier governance, social and environmental standards. The standards are mainly based on the ten principles of the United Nations Global Compact initiative which are derived from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. In 2016, the Group requested its suppliers of more than €2 million divisional spend to comply with the standards and will progressively evolve the compliance review along its supply chain.

Imerys also recognizes the importance of the rights of indigenous peoples. Thus, the Group subsidiary operating in South Africa (Imerys South Africa Pty LTD - ISA) has its shared capital owned 26% by its local partner in compliance with the Broad-Based Black Economic Empowerment (B-BBEE) legislation. Compliance is regularly assessed by a third party using a specific scorecard build with seven pillars: ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

4 ENVIRONMENTAL STEWARDSHIP

4.1 ENVIRONMENTAL MANAGEMENT SYSTEM

Imerys requires each operation to have an effective Environmental Management System (EMS) enabling it to identify and establish controls for significant environmental risks. The mandatory EMS requirements for all activities are covered by a Group-specific environmental protocol, which includes eight pillars embracing the core elements of the international standards for environmental management systems.

Imerys introduced this protocol to all of its operations through a self-appraisal procedure to institute EMS at 100% of its operations⁽¹⁾. The table below gives a summary of the environmental priorities with control measures that Imerys operations presented to Executive Management in the 2016 EMS scorecards. In order to confirm that the objectives defined in the EMS Scorecard address the most significant issues, 10% of the operations were contacted by a Group environmental expert for a desktop review on the site specific aspects and impact analysis and the relevance of the objectives defined in the EMS Scorecard.

Environmental Priorities (2016)	% of Sites Relevant
Air Emissions	32.9%
Energy & Greenhouse Gas (GHG)	16.0%
Effluents	14.7%
Waste	10.8%
Water Consumption	8.2%
Biodiversity & Land Rehabilitation	5.2%
Hazardous Substances	4.8%
Regulatory Permitting	3.5%
Noise and Vibration	3.9%
Total	100% (250)

Each operation is also required to evaluate annually its regulatory compliance and each operation is encouraged to update annually the analysis of its specific environmental aspects and impacts. In 2016, in addition to the self-assessment, another 20 critical operations were selected for compliance audit by an independent third-party consultancy.

The Group has also structured an internal environmental incident reporting process and a database which requires reporting of five different types of issues, including any non-routine inspection, investigation or notice of noncompliance from an environmental regulatory agency.

To confirm regulatory compliance and conformity with the Group's protocols, the Imerys operations are audited at regular intervals. In 2016, 28 Group EHS Audits were accomplished. A summary of critical audit findings and pertinent environmental incidents is presented quarterly to the Executive Committee.

In addition to the mandatory EMS requirements, the Group encourages ISO 14001 and EMAS (Eco Management and Audit Scheme) certification. The total ISO 14001 or EMAS certified operations remains at 42%.

The table below gives the number of Imerys operations with an EMS:

Number of operations	2016	2015	2014
ISO 14001 or EMAS certified operations	105	106	81
Operations with Imerys 8-pillar EMS	145	147	131
Total (ISO 14001/EMAS and Imerys 8-pillar EMS)	250	253	212
Operations required to establish an EMS	250⁽¹⁾	253	212

(1) The variation of the total number of operations was due to site closure or divestiture. The eight newly acquired or commissioning operations in 2016 will be integrated into the score after one year.

(1) Newly-acquired or constructed operations are expected to establish a fundamental EMS within 12 months of acquisition or commissioning.

4.2 CLIMATE AND EMISSIONS

Climate change is one of the major global challenges. The Greenhouse Gas (GHG) emissions from the mining industry represent less than 5% of the total emissions in the EU-28 countries⁽¹⁾. The Group's commitment on GHG emissions reduction and climate change risk mitigation is fulfilled through the following:

- formalizing a global approach for energy management to improve efficiency by reducing energy consumption and GHG emissions;
- building action plans to adapt to the energy transition towards green growth, including continuously exploring projects to employ low-carbon and renewable energy sources;
- monitoring the variation of emissions, the trends in the carbon markets and the impacts of these variations and trends along the value-creation chain; and
- employing innovation to develop the flexibility to transform the energy uses of its business.

4.2.1 ENERGY EFFICIENCY

Objective: Imerys has committed to improve its energy efficiency by 6% over a three-year period (2015-2017) from the baseline of 2014.

Imerys has operational energy demand, especially in its mineral transformation processes which use thermal technologies and its quarrying activities which use heavy equipment. The Group energy initiatives are driven collaboratively between the different concerned operational functions: Industrial Management, Geology and Mining, EHS, and Purchasing.

Energy efficiency improvement makes it possible to use less energy to achieve the same level of productivity and consequently to reduce energy and carbon emissions. The Group global energy team defines the reporting and analysis standards for this resource, and provides necessary training to ensure consistency and reliability of the reported results. The levers of the Group's energy efficiency optimization mainly include:

- **Analyzing the evolution of energy consumption and identifying the priorities for improvement:** energy efficiency analysis and improvement plans have been built into the divisional business review since 2016. 11 key sites cover approximately 30% of the Group's total energy consumption. Improvements projects were carried out at those sites and analyses of the main variations have been done to track the performance of the sites. The Group Energy Director closely follows up on the key projects and the causes of any significant efficiency variations. The efficiency performance is disclosed in a quarterly energy report reviewed by the Group divisions' managers. There are

also monetary incentives given to concerned managers (energy managers, facility managers, process operation managers, etc.) based on performance against KPIs on energy efficiency.

- **Improving energy management and driving excellence with the "I-Cube" Program:** the Imerys Industrial Improvement (called "I-Cube") program has been advancing the Group's objectives to transform industrial performance into a competitive advantage. The "I-Cube" program has developed a network of experts and "champions". A series of standardized technical and functional documents have been developed and are being maintained to conduct gap analyses and define improvement roadmaps. As end of 2016, 97 sites have started to implement the "I-Cube" program, covering 40% of the Group's operations. All of the 11 key sites mentioned above are under specific review within the "I-Cube" program, and the reviews at these sites generated more than half of the energy saved by the Group in 2016. In the first half of 2016, the Carbonates division launched a challenge program called as "As Green As White Can Be" in collaboration with the I-Cube champions, HR functions, communication, and management networks dedicated to this topic. The contest received 87 submissions from 32 different Carbonates operations expects to realize close to 3.5 million € saving from these projects by the end of 2017.

- **Building action plans to adapt to the transition towards green growth:** the Group continues to optimize its energy resources with cleaner (gas), renewable (biomass), or low-carbon emission (solar) energy resources when feasible. In 2016, one expansion project of steam generation by combusting biomasses was implemented in Capim plant in Brazil (Kaolin Division) to reduce heavy oil consumption. Renewable energy sources (solar, hydropower and wind power) are also being employed in the electrical power grid and indirectly supplied to some of the Imerys operations. In partnership with other companies, Imerys contributes to the development of renewable energies with the photovoltaic solutions marketed by Imerys Roof Tiles division and leasing of lands owned by the Group for solar parks or wind farms. In 2016, two additional photovoltaic projects have been completed on unused land in France and the UK.

The Group is aware of the opportunities and challenges imposed by the French TECV Law ("Transition Énergétique pour la Croissance Verte" or "Energy Transition for Green Growth"), such as the challenge to reduce fossil fuel consumption by 30% by 2030 and increase the share of renewable energies in final energy consumption to 32% by 2030. Imerys will review its strategy and define new action plans during the next three-year planning cycle in 2017 to align with this important legislation.

(1) Eurostat, Greenhouse gas emissions by industries and households, data extracted in March 2016, http://ec.europa.eu/eurostat/statistics-explained/index.php/Greenhouse_gas_emissions_by_industries_and_households.

The Group's total energy consumption and breakdown by energy source are as follows:

	2016	2015	2014
Total energy consumption⁽¹⁾ (Tera Joules, TJ)	32,735	33,154	34,859
Electricity (net) and steam	30.8%	29.3%	28.4%
Natural gas	48.1%	45.2%	47.2%
Other fossil fuels	18.6%	22.2%	21.6%
Biomass	2.5%	3.3%	2.8%
Total	100%	100%	100%
Energy consumption / turnover (MJ/€)	7.86	8.11	9.45

(1) Several Imerys sites use Combined Heat and Power (CHP) facilities. Excess electricity from these facilities is sometimes sold on the grid. The total energy consumption does not count the resold electricity.

Between 2016 and 2015, the annual total energy consumption decreased 419 TJ (Tera Joules) taking into account each variation factor's effect. At a constant perimeter, the overall energy efficiency improved by 2.5% vs. 2015, and by 3.8% vs. 2014. In 2016, it was accelerated with focused projects, particularly at the key sites. As Imerys has a product portfolio based upon a wide variety of different minerals, the consumption intensity of the Group can be measured in MJ per Euro of turnover. This rate was 7.86 in 2016, showing a favorable decrease of 3.1% from 2015.

Energy sources as a percentage of global consumption did not change considerably in 2016. There was a small decrease in the percentage of biomass in the global energy mix from 3.3% to 2.5% due primarily to the closure of two production sites using biomass in France (one in the Roof Tiles division and the other in the Refractory Minerals division).

4.2.2 CARBON EMISSIONS

Objective: Imerys has committed to improve its carbon efficiency by 6% over a three year period (2015-2017) from the baseline of 2014.

In alignment with the IMA-Europe's "2050 Roadmap", Imerys will contribute to the 2050 sectorial commitment to reduce energy consumption by half and to reduce transport emissions by using more water and rail transportation options.

Thermal energy (natural gas, fossil fuel, biomass, steam) is the major source of GHG emissions for Imerys (51% of the total). Indirect emissions from the consumption of electricity in production are the second largest source (36% of the total). Some of the processes used in the Imerys operations also result in a direct emission of CO₂ (13% of the total, e.g., de-carbonation of raw materials). Finally, CO₂ emissions from the use of biomass, directly or indirectly, represented 3.2% of the total. Since 2006, Imerys has participated in the climate change program of the Carbon Disclosure Project (CDP) and remains at Level B on the CDP performance band. Level B means "integration of climate change recognized as priority for strategy, not all initiatives fully established".

The reduction in direct CO₂ emissions achieved by Imerys is largely attributable to initiatives to optimize energy sources and use renewable energy as mentioned above. The Group is benchmarking with industrial peers and will revisit the strategy in 2017.

The Group is analyzing CO₂ emission variations and monitoring carbon efficiency improvements against its objective on an annual basis. The table below provides the Group's CO₂ emissions (Scope 1 and Scope 2) and carbon efficiency:

<i>(thousands of tons, kt)</i>	2016	2015	2014
Scope 1 CO ₂ emissions	1,713	1,725	1,785
Scope 2 CO ₂ emissions	1,056	1,056	1,030
Total CO₂ emissions (Scope 1 and Scope 2)	2,769	2,781	2,815
Energy (excluding biomass)	83.8%	87.5%	87.5%
Processes	13.0%	9.2%	9.3%
Biomass	3.2%	3.3%	3.2%
Total	100%	100%	100%
CO₂ emission / turnover (ton CO₂e/M€)	664.8	680.2	763.2

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Between 2016 and 2015, the annual total Scope 1 and Scope 2 CO₂ emissions decreased slightly by 12 kt. At a constant perimeter, the overall carbon efficiency improved by 3.6% vs. 2015, corresponding to a reduction in CO₂ emissions of 97 kt. This is equivalent to a 5.0% improvement from the base year 2014. The average emission factor for thermal energy remained steady at 58.65 tCO₂e/TJ. The lowest emission factor for any fossil energy

source was for natural gas at 50.5 tCO₂e/TJ. The overall carbon emission intensity of the Group is aggregated at 664.8 tCO₂e per million Euros of turnover. This rate is down 2.3% from 2015.

In order to progressively quantify the impacts along the value-creation chain as suggested by the “Grenelle II” law, the Group is increasing the attention it pays to the relevant Scope 3 emissions and the life cycle impact of its products and services.

Upstream, the Group's purchase of raw materials, consumables and transportation services has a cost equivalent to nearly 40% of its turnover. The following is a breakdown of 2016 spending by percentage:

Item	Percentage of Key Purchases ⁽¹⁾	Upstream suppliers
Raw materials ⁽²⁾	29%	Mainly fused minerals, refractory minerals, and natural graphite
Mining and industrial supply	13%	Mining subcontractors, service vendors for maintenance and repair
Transportation	26%	Freight by rail, truck and ship, and business travel
Energy	19%	See energy mix above, counted in Scope 1 & 2 emissions
Chemicals and other consumables	13%	Mainly chemicals and packaging materials

(1) The analysis was based upon the 2015 data; the total spend of above-mentioned items was approximately €1,912 million.

(2) Imerys self-supplies approximately two-thirds of raw materials and purchases one-third externally.

At present, the Group has not yet established a methodology for collecting the emissions data from its upstream suppliers. The following Scope 3 emissions were estimated according to the best available data and disclosed to CDP accordingly:

Item	Sources of Scope 3 Emissions	Metric tons CO ₂ e	Emissions calculation methodology	Explanation
Mining and industrial supply	Contracted mining activities (not included in Scope 1 or 2)	117,785	This is related to diesel use in mobile fleets in Imerys' contracted mining activities. Emissions are estimated based on Imerys' own diesel use in mines. GHG emission factors have been used for the calculation.	This is the main source of fuel usage among Imerys' contracted activities.
Transportation	Business travel of several regional headquarters	8,197	Emissions calculated from the travel distances. Data are provided by Imerys main travel agencies for train, car rental and air travels. Calculations were made from GHG protocol emission factors.	The data were provided by the travel agencies, such as Egencia (France & UK), Concur (USA), and Europcar (Europe).
Transportation	Goods delivered by truck	147,020	Emissions calculated from the travel distance, the volume transported and the type of transportation. Calculations were made using GHG protocol emission factors.	The data were only available at one of the Imerys divisions, and these data represented 6.9% of the Group total volume transported in 2016.

Purchased minerals are used as raw materials by the following divisions: Fused Minerals (mainly bauxite, brown fused bauxite, and zircon sand), Monolithics Refractories (mainly silica, andalusite, and bauxite), Graphite and Carbon (graphite), Metallurgy (mainly bentonite, fluorine and soda ash) and Carbonates with mainly lime. As there is a lack of reliable emissions data from the suppliers, it is not feasible to make a precise estimation of the Scope 3 emissions from those materials and from capital goods purchased. The transportation services by vendors are mainly measured by volume and cost, rather than distance traveled. Similarly, it is difficult to calculate the Scope 3 emissions for transportation of finished products. Since 2015, several purchasing projects have been initiated to optimize the materials flow and these projects have contributed to the reduction of Scope 3 emission generated by transportation. The Scope 3 emissions from Imerys goods and services are considered as limited. However, no quantitative assessment is available yet.

With respect to downstream emissions, Imerys has begun the process of analyzing the impact of its products along their life-cycle. For example, Imerys supported the Calcium Carbonate Association (CCA-Europe) which completed a life-cycle inventory for its

GCC (Ground Calcium Carbonate) / PCC (Precipitated Calcium Carbonate) products in September 2014. Imerys has also been actively engaged in communication with its customers regarding the carbon footprint of its products. In 2016, Imerys joined the supply chain aspect of the CDP (Carbon Disclosure Project) for the first time upon the request of one of its kaolin customers.

Imerys also takes Sustainable Development into consideration in its innovation process. The increase in demand for low carbon products offers the Group new business opportunities, because minerals are often a low-carbon alternative.

17 Imerys industrial sites take part in the European Union Emission Trading Scheme (EU-ETS). One site is in the California Cap-and-Trade (CCT) scheme. In total, the 18 sites are using 92% of the Group's carbon credit allocations, and the Group has no need to buy extra allocations. Given the progressive reduction of allocations, the Group's 2016 strategy has been to hold its existing surplus to be able to cover any potential future deficit. The overall Imerys financial risk is considered as minor until 2020.

Imerys has not yet set an internal carbon price.

4.2.2 NOX AND SO2 EMISSIONS

Several of the Group's mineral conversion processes use calcination which emits nitrogen oxide (NO_x) and sulfur dioxide (SO₂). Imerys publishes below an estimate of its SO₂ and NO_x emissions, applying specific conversion factors to each source of consumed fuel. The "process" SO₂ emissions are attributable to a small number of sulfur-containing minerals. The sulfur liberated from these minerals during the thermal processing is included in the reporting scope.

(tons)	2016	2015	2014
Sulfur dioxide (SO ₂) ⁽¹⁾	5,009	3,796	3,947
Nitrogen oxide (NO _x)	5,587	5,999	5,822

(1) Includes SO₂ emission from process.

The evolution of SO₂ and NO_x emissions at a constant perimeter is linked to energy consumption and industrial processes. Both the SO₂ and the NO_x emissions were calculated based on emissions factors from the EPA-AP42 database.

4.3 CIRCULAR ECONOMY

The transition to a circular economy aims to go beyond the linear economic model of extracting, manufacturing, consuming and discarding. A circular economy particularly calls for prevention and reduction of waste, as well as reuse and recycling of waste and off-specification materials. As a mineral-based solution provider, Imerys is highly committed to maximizing its mineral raw materials efficiency and minimizing its waste generation.

4.3.1 MINERALS RESOURCES EFFICIENCY

Imerys processes more than 30 industrial minerals from either its own reserves (approximately two-thirds) or from raw materials purchased from third parties. The Group strives to improve yields and reduce waste using the following approaches:

- **Establishing and maintaining effective management of mineral resources:** The Group Mining and Geology Department defined a series of Geology and Mine Planning policies, procedures and protocols. Each mining operation is required to have a Life of Mine Plan (LOM Plan) and create a detailed Five-Year Mine Plan. This approach enables the operations to maximize the use of mineral resources. In 2016, two maturity matrices on "Geology & Mine Planning" and "Mining Operations" were created to advance the industrial management of quarries in addition to the previous LOM plans. The matrices are fully integrated into the "I-Cube" program implementation.

✓ For more information, [see section 1.3 in chapter 1 of the 2016 Registration Document](#).

- Optimizing production yields on materials through sound industrial management:** The “I-Cube” program has developed a network of experts and “champions”, and created a series of standardized technical and functional documents with the aim of improving production parameters, including minerals/materials recovery ratios. As of the end of 2016, the “I-Cube” program had been deployed in approximately 97 operations accounting for more than 40% of the Group’s operations. *See paragraph 1.2.3 in Chapter 1 of the 2016 Registration Document.*
- Seeking opportunities for recycling and circular economy solutions:** Technological improvements and newly-developed applications make it possible to transform low-grade materials, tailings and wastes into marketable resources. In early 2016, a discussion group was formed on Chatter (the Imerys Enterprise Social Platform) to foster an exchange of information on circular economy mega-trends, including new opportunities and regulation watch. Numerous industrial and Sustainable Development

innovation projects have been initiated by the Imerys operations to recycle and/or reuse the existing low-grade materials and tailings, and successfully generate new sales. ImerPlast™, the Imerys’ mineral-based solution to make polyethylene/polypropylene blends compatible, is targeting a potential market of 650,000 tons per year of recycled polyolefin. The Imerys Carbonates ReMined™ products, produced from calcitic white marble, are 100% certified as pre-consumer recycled materials and eligible for various green building credits in the United States (e.g., LEED® Program, National Green Building Standard, NSF/ANSI 140).

The industrial minerals industry also works in partnership with downstream industries on processes to increase recyclability. The professional association, IMA-Europe, studied publicly available data on recycling of glass, plastic, concrete and paper. It concluded that a total of 40% to 50% of all minerals consumed in Europe are recycled⁽¹⁾.

Mineral	Silica	Lime	Feldspar	Talc	Calcium Carbonate	Kaolin and Clay
Recycling Rate	73%	68%	60%	58%	50%	49%

4.3.2 INDUSTRIAL WASTE, OVERBURDEN AND MINERAL SOLIDS

Imerys processes minerals using methods that are primarily mechanical and physical. The Group’s activities therefore generate relatively small quantities of both domestic and industrial wastes. Waste management and statutory obligations on collection, storage, labeling, transportation and disposal are addressed in each site’s environmental management system (EMS).

Overburden and unused mineral solids (e.g., tailings, off-specification materials, etc.) are usually stored on or near production areas at the quarries since they may be useful in the future when technological progress is made or new market opportunities arise. Overburden and unused minerals are also used in many cases as backfilling or re-profiling materials in post-mining restoration work. For these reasons, the overburden and tailings are not recorded as “waste”. Off-specification materials from the processing operations which are placed back in the Imerys quarries are counted as waste only when subject to local applicable regulatory requirements.

The table below shows the trends of industrial waste generation and recycling for the past three years:

	2016	2015	2014
Total industrial waste (tons) of which:	212,626	203,706	281,654
Non-recycled hazardous industrial waste	1,701	1,486	1,739
Recycled hazardous industrial waste	2,026	1,964	1,434
Non-recycled non-hazardous industrial waste	78,065	81,713	150,631
Recycled non-hazardous industrial waste	130,834	118,543	127,850
Industrial waste generation / turnover (kg/€)	0.05	0.05	0.08

The Group’s activities have generated 213 kt of industrial waste in 2016. 98.2% of this waste was non-hazardous. The industrial waste generation rate per Euro of turnover was 0.05 kg/€ in 2016. The intensity of waste generation has remained steady at a relatively low level for several years. The industrial waste generated in 2016 slightly increased by 4.4% vs. 2015 mainly due to the increase of recycled non-hazardous materials (12,291 tons). The top 10 largest waste producers in the Group represented 48% of the Group’s total waste.

Regarding hazardous waste generation, the non-recycled portion of this waste increased by 215 tons from 2015 to 2016; while the recycled portion of this waste increased by 62 tons.

Regarding waste recycling, 62.5% of the total industrial waste was recycled (vs. 59.2% in 2015); as well as 54.4% of the hazardous waste (vs. 56.2% in 2015). Approximately 96% of the recycled non-hazardous industrial waste of the Roofing division was off-specification tile, which was nearly 47.6% (60,231 tons in 2016) of the total volume of the Group. Those tiles are categorized as non-hazardous in the environmental permits of concerned sites and they are permitted to be reused in Roofing quarries during restoration.

(1) The IMA-Europe Recycling Sheets, <http://www.ima-europe.eu/content/ima-recycling-sheets-full>.

New actions to reduce waste and increase recycling are identified continuously during the implementation process of the “I-Cube” program. For example, a small change during the I-Cube implementation at one of the Carbonates Division operations in the United States helped to reduce the quantity of off-specification products and saved more than 400 tons of materials in 2016. The objective set by the French law “Transition Energétique pour la Croissance Verte” (TECV) to achieve a recovery rate of non-hazardous inert waste (measured in mass) of 55% in 2020 has already been met in Imerys (63% in 2016). The progression of the “I-Cube” program and the other on-going initiatives will allow the Group to reach the required target of 65% in 2025.

4.3.3 FOOD WASTE

Imerys has minimal implications from the aspects of the French TECV law, partially directed towards reducing organic waste and combating food waste, as well as, from the “food waste” aspects of the French TECV law. The Group has approximately 2,640 employees in France at 48 operations. Most of these operations provide break areas where employees can eat their meals, but they do not have canteens providing prepared or cooked food. A few large sites provide catering services to employees. These services are primarily provided and managed by third-party vendors.

4.4 EFFICIENT WATER MANAGEMENT

Imerys processes minerals with relatively minor impacts to surface water and groundwater.

In its accounting and disclosure, Imerys classifies water withdrawals according to source including groundwater (55%), surface water (24%) and water suppliers (15%). The Group has opted not to

include water moved from one zone to another without being used by the operation (water pumped to keep quarries in good working order), since the quality of this water is not affected by the Group’s activities. Imerys also reports the amount of water recycled by its operations.

The following are the trends in water withdrawals for the past three years:

	2016	2015	2014
Total water withdrawals (millions of liters) of which:	38,871	40,062	36,128
Water obtained from water suppliers	11.0%	10.4%	10.8%
Water withdrawn from ground water	57.5%	53.5%	55.4%
Water withdrawn from surface water	25.2%	28.8%	24.3%
Water obtained from other sources ⁽¹⁾	6.3% ⁽²⁾	7.3%	9.5%
Water withdrawn / turnover (liters/€)	9.3	9.8	9.8

(1) Some Imerys operations may obtain water from sources other than those listed above. For example, an operation may collect rainwater or obtain water from customers. The term “water obtained from other sources” refers to this type of water.

(2) In 2016, approximately 70% of “water obtained from other sources” is from the customers because the Imerys sites serve the customers’ paper mills and share their utilities.

Imerys withdrew 38.9 million cubic meters of water in 2016. The water withdrawal rate per Euro of turnover was 9.3 liters/€. The Group’s total water withdrawal slightly increased by 3% compared to 2015 due to production variations.

The top 10 water users in the Group (mainly in Kaolin, Performance Additives and Fused Minerals divisions) comprised more than 65% of the total annual water withdrawal. Site-specific water management plans have been established at eight of these sites.

The plans include a description of current water use, water balance analysis, water accounting, water risk assessment and pertinent action planning to manage high priority water issues.

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The table below gives the Imerys water profile by region according to an analysis made using the WBCSD's Global Water Tool (GW)⁽¹⁾ as of December 31, 2016:

Region/Percentage of water withdrawal in each geographic region	Low <0.2	Medium 0.2-0.4	Stress 0.4-1.0	Scarce >1.0	No Data	Total (millions of liters)
Asia Pacific	48.5%	1.1%	0.0%	44.4%	5.9%	2,961
Europe, Middle East and Africa	88.0%	6.8%	0.0%	0.0%	5.2%	13,058
North America	89.0%	1.7%	1.0%	2.6%	5.7%	16,411
South America	100%	0.0%	0.0%	0.0%	0.0%	6,441
Percentage of total water withdrawal	87.4%	3.3%	0.4%	4.3%	4.6%	38,871
Number of total operations	207	12	4	19⁽¹⁾	16	258⁽²⁾

(1) The distribution of the 19 operations by region is as follows: five in Asia Pacific, five in EMEA, eight in North America.

(2) The number of total operations includes those sites divested or closed during the reporting period.

The Group has 19 operations located in areas of water scarcity. Most of the 19 operations use only dry processes for production and have limited water use for other purposes. The aggregated water withdrawal of these operations accounted for 4.3% of the Group's total 2016 withdrawal. As of December 2016, these 19 operations have established their water management plans, including awareness of water footprint and community aid actions. For example, in 2016, the Monolithics Refractory division's operations in Vidarbha area of India completed two water harvesting projects

and supported the local farmers with irrigation during a drought. Two locally-tailored techniques (watershed management and check-dam construction) were chosen to deliver best results before the monsoon rains.

The table below presents trends in water recycling for the past three years. The recycled water rate increased slightly to 0.52 (vs. 0.50 in 2015).

	2016	2015	2014
Total water recycled ⁽¹⁾ (millions of liters)	41,377	40,487	31,954
Number of sites reporting recycled water	61	68	55
Recycled water rate ⁽²⁾	0.52	0.50	0.47

(1) The environmental reporting protocol includes the definition of "recycled water". In 2014, Imerys clarified that the cooling water supplied by third-party facilities (e.g., a customer's paper mill) and circulated back in a close loop should not be counted as recycled water by the Imerys operations.

(2) Recycled water rate: total recycled water/(total water withdrawal + total recycled water).

The majority of water consumed at the Group's operations is discharged to the surface water bodies after treatment. The compliance with the corresponding regulatory limits for wastewater discharge is managed and reviewed in the site-specific environmental management systems (EMS). Any release of discolored water that has a potential to create a nuisance is required to be reported into

the Group environmental incident database. In 2016, five out of the seven environmental incidents reported were related to water releases. Appropriate corrective actions have been completed for each of these incidents and each incident was reviewed at the level of the Executive Committee during the relevant quarterly environmental review. [See paragraph 4.6 of the present report.](#)

4.5 BIODIVERSITY AND REHABILITATION

Both active and closed quarries offer many opportunities for biodiversity by revitalizing natural habitats and protecting endangered species. Imerys is committed to respecting the ecosystems surrounding its operations and preserving biodiversity throughout the life of mine.

During the mining operation and until mine closure, rehabilitation is integrated into the Life of Mine Plan and project execution. The Group has a "Post Mining Rehabilitation" protocol that requires every

mining site to describe the rehabilitation methods to be applied. Prior to developing a new mine, an environmental impact review is also required, including a baseline assessment of biodiversity sensitivity. In many countries, such an environmental impact assessment is statutorily required and must be discussed with the public and filed with the governmental authorities.

(1) The World Business Council for Sustainable Development (WBCSD) provides companies with an assessment tool for their risks relating to the quality and quantity of their water supply.

The Group EHS function has developed a structured methodology for assessing the risks of operations in areas of high biodiversity value, using as reference Natura 2000 and the World Database for Protected Areas of the IUCN (International Union for Conservation of Nature). This analysis is updated every two years to capture new information on protected areas and newly-acquired quarries.

As of the end of 2016, 31 of the Group's 140 mining operations (both active and inactive) are on or adjacent to areas of high biodiversity value. The IUCN Categories for the 31 sites are listed in the following table (updated in June 2016).

IUCN Category ⁽¹⁾	Description	No. of concerned sites
Ia	Strict Nature Reserve	0
Ib	Wilderness Area	0
II	National Park	1
III	Natural Monument or Feature	0
IV	Habitat/Species Management Area	1
V	Protected Landscape/Seascape	9
VI	Protected area with sustainable use of natural resources	2
Non-IUCN	Regional directives (habitats directive, birds directive, etc.), MAB-UNESCO Biosphere reserves	18
Total		31

(1) Refers to IUCN Guidelines for Applying Protected Area Management Categories (2008).

In 2016, the objective of establishing site-specific biodiversity management plans (BMPs) at 100% of the operations inside of areas of high biodiversity value has been accomplished. Eight operations finalized their BMPs in 2016, resulting in a total of 18 Imerys sites with a BMP. The establishment of a BMP involves various actions on species identification, risk assessment, rehabilitation planning, public consultation and engagement. For example:

- The Imerys Talc Luzenac Trimouns mine (Performance Additives Division) has taken actions to rehabilitate local habitats in areas of rich biodiversity and foster strong community relations over the last fifteen years. In 2015-2016, several new actions were taken including a new inventory of flora and fauna, construction of new shepherd huts and a hiking trail, and erection of a series of informative panels at the areas of natural beauty and biodiversity. The local tourist office has organized guided tours in partnership with the site which attract more than 6,000 people per year.
- Imerys Ceramics has entered into a partnership with the National Union of French Apiculture and signed a charter entitled "Abeille sentinelle de l'environnement" ("Bees as environmental watchdogs"). The partnership falls under the overarching program, CeraBees, under which four of the Ceramics division's sites installed beehives as a measure targeting biodiversity preservation. These beehives are locally managed by beekeeper employees from the division with the help of local associations. The honey harvested is either shared with employees or donated to the local communities.

To satisfy the European Union regulatory requirements, the Group initiated two land use indicators in 2012 involving all of the Group's 53 quarries located in Western Europe. The indicators quantify the surface disturbed by the Group's mining activities, as well as the surface rehabilitated. In 2016, the total disturbed surface area by these 53 quarries was 2,166 hectares, and the total rehabilitated area was 1,216 hectares.

Innovative rehabilitation projects are also being implemented to maximize the value of land resources after mining activities, including the following in 2016:

- Five of the Group's mining sites in middle Cornwall of UK volunteered to participate in a 10-year Higher Level Stewardship (HLS) framework. This framework, supported by Natural England, aims to deliver significant environmental benefits in high priority areas. As the first stage, a farming plan was introduced including scrub clearance, control of invasive species, management of grassland and cattle grazing.
- The Imerys Roofing division put another photovoltaic power plant into operation at another of its closed quarries. Removable solar panels were installed on 11.8 hectares in Bessens in France. The power plant is managed by URBASOLAR and anticipated to generate approximately 8,900 MWh, avoiding 3,000 tons of CO₂ emissions per year. [See information on case studies on www.imerys.com](http://www.imerys.com).

4.6 ENVIRONMENTAL REGULATORY COMPLIANCE AND INFORMATION REGARDING INCURRED PENALTIES

Environmental regulatory compliance issues are regularly assessed and managed as part of each operation's Environmental Management System ([see paragraph 4.1 of the present report](#)).

Environmental-related prosecutions and penalties are also tracked in the Group's Sustainable Development data reporting system (Symphony). The two tables below give a summary of the prosecutions initiated and the penalties imposed over the past three years:

Number of prosecutions	2016	2015	2013
Total	12	13	9

Amount of fines (€)	2016	2015	2013
Total	346,402	67,568	29,554

Corrective actions to fully address environmental non-compliance issues have been promptly implemented at the relevant operations. The increase in fines in 2016 was related to settlement of a release that occurred in 2014 at the Lompoc site in California, United States (Filtration division). The release involved diatomaceous earth, a non-toxic and non-hazardous mineral, and the settlement amount (\$350,000) was paid as a combination of a donation, cleanup activities and a civil penalty.

The prosecutions undertaken in 2016 include violations of environmental permitting and certain laws regarding, water and wastewater management. The prosecutions are directed at several sites in France, UK and Brazil. The probability and the magnitude of the fines that could potentially be imposed on the Group as part of these prosecutions have been estimated by the related divisions and Group managers, with the support of external law firms and consultant for the most significant litigations or complaints. The estimated financial impact has been consolidated into the provisions of "environmental and dismantling obligations" ([see Note 23.2 in Consolidated financial statements of the 2016 Registration Document](#)).

5 GOVERNANCE, ETHICS AND COMPLIANCE

5.1 CORPORATE GOVERNANCE

Imerys follows the recommendations of the AFEP-MEDEF Corporate Governance Code applicable to French listed companies.

For more information regarding Corporate Governance, [see Chapter 3 of the 2016 Registration Document](#). For more information regarding risk management and internal control, [see Chapter 4 of the 2016 Registration Document](#).

5.2 COMPLIANCE AND BUSINESS ETHICS

Imerys Code of Business Conduct and Ethics ("the Code") summarizes the principles of ethical behavior the Group expects from all of its employees, contractors, suppliers, and other partners. The umbrella principles set forth in the Code are supported by a series of policies and protocols applying to both the general conduct of Imerys and the individual conduct of each employee.

The subjects covered by the Code include compliance with laws and regulations, protection of environment and human rights, relations with local communities and trade unions, workplace safety and health, diversity and equality, confidentiality, prevention of fraud or corruption, prevention of insider trading and conflicts

of interest, protection of the Group's assets, fair competition, transparency, and integrity.

The Code and the related policies and protocols are regularly reviewed and updated in order to take into account changes and developments in applicable international regulations, as well as best practices implemented by comparable groups. In this context, the Code was updated in 2015 to reflect the most recent developments and to enhance internal risk management. In 2016, Imerys has strengthened its international sanctions internal policies and procedures. Thus, a specific procedure has been deployed to control the transactions with the countries considered as critical and the procedures especially dedicated to ensure compliance with European Union (EU) and United States (US) sanctions regulations regarding any commercial transactions, with Iran on one hand and Russia and Ukraine on the other hand have been strengthened. Furthermore, in 2016, in order to ensure the respect of its Ethical values by its suppliers and subcontractors, the Group launched governance, social and environmental standards for suppliers based on the 10 Principles of the United Nations Global Compact.

The enforcement of the Code and the policies and protocols is ensured by the support of appropriate organizations and regular review, training and communication rolled out within the Group and appropriate reporting and control:

- **Organization and review:** the Group's General Counsel is acting as the Group's Ethics and Compliance Officer. He is also assisted in this function by an Anti-trust and Compliance Legal Manager. For Brazil, India, China and South Africa, country Chairmen or coordinators have been appointed to ensure fulfillment locally of the Group's commitments. The Internal Control and Audit Department conducts periodic reviews under the Code and other Group policies and protocols. The auditing results are presented half-yearly to the Executive Committee and, at the Board level, to the Audit Committee. In addition, the objectives and scope of the Group's general compliance program are regularly updated and a summary of its status, progress and results is presented every year to the Audit Committee as part of its annual review of the Group's main risks.

- **Training and communication:** the Code is presented at in-house seminars, including Welcome Sessions, and regularly featured in articles in Imerys News. Moreover, during each training sessions concerning more specific compliance topics such as anti-fraud, anti-corruption or antitrust, the Code is briefly recalled. On-site or online training sessions focusing on anti-fraud and anti-bribery, but also anti-trust and international trade restrictions, are regularly organized throughout the Group by the members of Imerys' legal team, with the assistance of outside legal experts when necessary. In 2016, the available training tools covered the refreshed modules of the revamped Code and new policies.

- **Reporting and control:** The reporting system, available to every employee, is described in the Code and in the anti-fraud and anti-corruption policy. The system empowers its directors, officers or employees to report promptly to their Board, manager or a representative of the Human Resources, Legal or Internal Audit Functions if they are aware or otherwise develop a good faith belief that a violation of the Code has occurred or is occurring. Material reported violations shall undergo prompt root cause investigations by Imerys. The Group Internal Audit and Control Director, the Chief Human Resources Officer and the Group General Counsel are informed of any reported violation. In 2016, several fraud cases were reported but without material financial impacts. Remedial actions have been taken for internal control.

The compliance with the Code and the anti-fraud and anti-corruption procedures and international sanctions is controlled by Internal Audit Functions.

In 2016, a training dedicated to Internal Audit Functions has been organized in order to improve their missions related to compliance topics such as the Code, the anti-fraud and anti-corruption policy and international sanctions. The Internal Audit Function works closely with the Anti-trust and Compliance Legal Manager on the good interpretation of the audited policies.

The Code also requires that the Group respects high standards of transparency and integrity when engaging in public policy development through well-established and reputable trade associations. The involvement with trade associations is described in [paragraph 1.3 of the present report](#).

5.3 TRANSPARENCY IN PAYMENTS TO GOVERNMENTS

In accordance with provisions of Article L. 225-102-3 of the French Code of Commerce, the report on payments greater than or equal to €100,000 made in favor of governmental authorities by Group entities conducting activities in exploration, prospecting, discovery,

development or extraction of minerals will be filed with the French Register of Commerce and available on the website of the Company (www.imerys.com) as per the conditions prescribed by the Law.

6 REPORTING METHODOLOGIES

6.1 METHODOLOGIES AND PROTOCOLS

Imerys endeavors to conform to best practices for sustainability reporting in accordance with the French “Grenelle II” Law and the “core options” of the Global Reporting Initiative (GRI) G4 Guidelines.

The Group’s Sustainable Development reporting covers all of the activities over which it exerts operational control. There are four protocols and pertinent guidelines of frequently asked questions published at the Group level to regulate the collection and collation of human resources, health and safety, environmental and energy data from the Group’s operations. The following is a list of reporting items, as well as their frequency, scope and collection systems:

Items	Frequency	Scope	System	Remarks
Human Resources	Monthly	All	Enablon	Contractors not managed by Imerys and performing non-core business tasks excluded; a monthly headcount report is published internally
Health and Safety	Monthly	All	Symphony	Details of injury or illness were tracked with internal incident logs; a monthly safety report is published internally
Energy, Emissions and Production	Monthly	All	Symphony	In accordance with the GHG Protocol with several minor exceptions; a quarterly energy report is published internally
Other Environmental Data (compliance, EMS, water, waste)	Quarterly	All	Symphony	Commercial activities, sales and administrative offices, and projects on customers’ sites excluded; a quarterly environmental report is published internally
Land Use	Annually	Mines in Western Europe	Symphony	Underground mines excluded
Mine Safety Incident	When needed	All	Incident Logs	Monthly summary to Comex
Environmental Incidents	When needed	All	Incident Logs	Quarterly summary to Comex
Payments to governments	Annually	All mines	Magnitude	Following the financial data reporting process

The Group has also structured the processes for data consolidation and quality control to ensure the reliability and auditability of the reporting, including several layers of internal verifications. Under the new regulatory obligations stemming from the “Grenelle II” law, the Group retains a third-party to verify its sustainability reporting and compliance status. Deloitte provided the verification services for the 2016 reporting and issued the report in [paragraph 7.1 of the present report](#).

The correlation table for each of the 42 elements of “Grenelle II” is presented in [paragraph 7.2 of the present report](#). The reason for any omission is clarified in the corresponding paragraphs of each point.

✓ For more detailed information, check the updated “Sustainable Development Reporting Methodologies” on www.imerys.com.

6.2 SUMMARY OF KEY PERFORMANCE INDICATORS

The Group's key performance indicators (KPIs) on Sustainable Development have been defined and gradually evolved in accordance with pertinent international standards and regulatory framework mentioned above. The following table summarizes the results of three consecutive years (2014-2016) on the KPIs:

Category	KPIs	Unit	2016	2015	2014	Perimeter
Social						
Safety and Health						
Fatalities	Fatalities - Imerys Employees	#	1	1	1	Group
	Fatalities - Other Employees ⁽¹⁾	#	0	0	0	Group
Life-changing injuries ⁽²⁾	Life-changing injuries - Imerys Employees	#	2	2	1	Group
	Life-changing injuries - Other Employees	#	0	2	2	Group
Frequency rates ⁽³⁾	Imerys employees	/	1.35	1.27	1.05	Group
	Other employees	/	1.40	1.40	0.70	Group
	Combined rate (employees and other employees)	/	1.37	1.31	0.95	Group
Severity rates ⁽⁴⁾	Imerys employees	/	0.09	0.11	0.07	Group
	Other employees	/	0.06	0.06	0.04	Group
	Combined rate (employees and other employees)	/	0.08	0.10	0.06	Group
Occupational illnesses	Occupational illnesses with lost time	#	2	7	0	Group
	Occupational illnesses without lost time	#	7	6	2	Group
Human Resources						
Workforce	Year-to-end total headcount on payroll	#	15,697	16,130	14,900	Group
	Permanent employees	#	15,003	15,356	14,179	Group
	Fixed-term contract	#	694	774	721	Group
	Employees by region - Western Europe	#	7,010	6,722	7,181	Region
	Employees by region - United States - Canada	#	2,629	1,569	2,609	Region
	Employees by region - Emerging Countries	#	5,851	2,957	6,131	Region
	Employees by region - Others (Japan/Australia)	#	207	1,304	209	Region
	Employees by function - Operations/Production/Manufacturing	#	10,316	10,588	9,832	Group
	Employees by function - Logistics/Purchasing	#	700	729	623	Group
	Employees by function - R&D/Geology	#	673	709	672	Group
	Employees by function - Sales and Marketing	#	1,472	1,533	1,396	Group
	Employees by function - Support and Administration	#	2,537	2,571	2,377	Group
Hiring and Labor Relations	New Hiring	#	1,290	1,109	1,176	Group
	Rate of employee turnover	%	6.6	5.5	6.7	Group
	Working hours lost due to strikes	Hours	35,167	352	1,063	Group
	Absenteeism rate	%	2.81	2.78	2.88	Group
	Number of educational projects to assist workforce members, their families, or community members regarding serious diseases	/	12	18	16	Group
	Number of employees who received training at least once in the reporting year	#	12,428	12,332	10,208	Group
	Training hours	Hours	293,191	260,941	221,426	Group
Diversity	Total percentage of women employees	%	17.1	17	16.7	Group
	Number of employees with disability	#	213	220	198	Group

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Category	KPIs	Unit	2016	2015	2014	Perimeter
Communities						
	Percentage of sites with a formal action plan managing the impacts of operations on communities	%	83	73	45	Group
Human Rights, Customers and Supplier Engagement						
Human Rights	Total number of incidents of discrimination	#	0	0	0	Group
	Percentage of employees under collective bargaining agreement	%	69 ⁽⁶⁾	69	75	Group
	Number of reported human rights violation	#	0	0	0	Group
Others	Percentage of ISO 9001 or Quality Management System certified operations	%	70	84	80	Group
Environmental						
Management Systems						
EMS	Percentage of operations with EMS ⁽⁶⁾	%	100	100	100	Group
	ISO 14001 or EMAS ⁽⁷⁾ certified operations	#	105	106	81	Group
	Operations with Imerys 8-pillar EMS	#	145	147	131	Group
Regulatory Inspection	Number of prosecutions	#	12	13	9	Group
	Amount of fines	€	346,402	67,568	29,554	Group
Climate and Emissions						
Energy	Total energy consumption	TJ	32,735	33,150	34,859	Group
	Natural gas	%	48.1	45.2	47.2	Group
	Other fossil fuels	%	18.6	22.2	21.6	Group
	Biomass	%	2.5	3.3	2.8	Group
	Electricity (net) and steam	%	30.8	29.3	28.4	Group
	Energy efficiency (base 100 in 2014)	%	-3.8	-1.3	100	Group
GHG Emissions	Scope 1 CO ₂ emissions	kt CO ₂ e	1,713	1,725	1,785	Group
	Scope 2 CO ₂ emissions	kt CO ₂ e	1,056	1,056	1,030	Group
	Total CO ₂ emissions	kt CO ₂ e	2,769	2,781	2,815	Group
	CO ₂ emissions from Energy (without biomass)	%	83.8	87.5	87.5	Group
	CO ₂ emissions from Processes	%	13.0	9.2	9.3	Group
	CO ₂ emissions from Biomass	%	3.2	3.3	3.2	Group
	Carbon efficiency (base 100 in 2014)	%	-5.0	-1.5	100	Group
Other Air Emissions	Sulfur dioxide (SO ₂)	Tons	5,009	3,796	3,947	Group
	Nitrogen oxide (NO _x)	Tons	5,587	5,999	5,822	Group
Circular Economy						
Waste	Total Industrial Waste produced	Tons	212,626	203,706	281,654	Group
	Hazardous industrial waste	Tons	1,701	1,486	1,739	Group
	Recycled hazardous industrial waste	Tons	2,026	1,964	1,434	Group
	Non-hazardous industrial waste	Tons	78,065	81,713	150,631	Group
	Recycled non-hazardous industrial waste	Tons	130,834	118,543	127,850	Group

Category	KPIs	Unit	2016	2015	2014	Perimeter
Water Management						
	Total water withdrawals	M liters	38,871	40,062	36,128	Group
	Water obtained from water suppliers	%	11.0	10.4	10.8	Group
	Water withdrawn from ground water	%	57.5	53.5	55.4	Group
	Water withdrawn from surface water	%	25.2	28.8	24.3	Group
	Water obtained from other sources	%	6.3	7.3	9.5	Group
	Number of sites located in a water-scarcity area	#	19	19	16	Group
	Total water recycled	M liters	41,377	40,487	31,954	Group
	Sites with recycled water reported	#	61	68	55	Group
Biodiversity and Rehabilitation						
	Surfaces disturbed by the Group's mining activities	Hectares	2,166	2,187	1,926	Region ⁽⁸⁾
	Surfaces rehabilitated	Hectares	1,216	1,197	1,027	Region ⁽⁸⁾
	Number of sites identified as located in or near a high biodiversity value area	#	31	35	31	Group
	Number of sites with a biodiversity management plan in place	#	18	10	8	Group
Governance						
Corporate Governance and Business Ethics	Percentage of independent Board members	%	46.7	44.4	40.0	Group
	Percentage of women in the Board members	%	40	38.9	26.7	Group

(1) Employees of a company under contract with Imerys, in charge of a specific operation on site or providing a service.

(2) A "life-changing injury" refers to a serious injury with permanent impact to the victim, such as amputation and disability.

(3) Frequency rate: (number of lost time accidents x 1,000,000)/number of hours worked.

(4) Severity rate: (number of lost days x 1,000)/number of hours worked.

(5) The survey on collective bargaining coverage is conducted every two years. This result refers to the 2015 survey.

(6) EMS: Environmental Management System. The number of sites for EMS reporting excludes divested, closed, newly acquired or newly constructed sites during the reporting period.

(7) EMAS: Eco Management and Audit Scheme (European Standard).

(8) The two land use indicators are only applied to the open mining operations in Western Europe.

7 ATTESTATION AND CORRELATION TABLE

7.1 ATTESTATION OF COMPLETENESS AND LIMITED ASSURANCE REPORT OF ONE OF THE STATUTORY AUDITORS

Deloitte & Associés

136 avenue Charles de Gaulle,
92200 Neuilly-sur-Seine, France

REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

For the year ended December 31st, 2016

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

To the Shareholders,

In our capacity as Statutory Auditor of Imerys SA appointed as independent third party and certified by COFRAC⁽¹⁾ under number 3-1048, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2016 included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the reporting protocols used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of Ethics (Code de déontologie) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved six persons and was conducted between October 2016 and March 2017 during a seven week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000⁽²⁾ concerning our conclusion on the fairness of CSR Information.

(1) Whose scope is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in "5.6 Reporting Methodologies" section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around twenty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important⁽¹⁾:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of sites selected by us⁽²⁾ on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 8 % of quantitative social data and between 14% and 27% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Emphasis of matter

Without qualifying the above conclusion, we draw your attention to the fact that uncertainty on SOx emissions is considered potentially significant as described in the methodological elements of the management report.

Neuilly-sur-Seine, March 20, 2017

One of the Statutory Auditors

Deloitte & Associés

Frédéric Gourd

Partner

Olivier Jan

Partner, Sustainability Services

(1) *Verified social quantitative information: Total employee headcount at December 31, External recruitments, Redundancies (economic and non-economic), Voluntary termination, retirements and other, Turnover, Percentage of employees under collective bargaining agreement, Number of fatalities (Imerys employees & other employees), Frequency rate (Imerys employees & other employees), Severity rate (Imerys employees & other employees), Occupational illnesses.*

Verified environmental quantitative data: Total number of Imerys sites covered by an EMS (ISO 14001/EMAS and Imerys 8-pillar EMS), provisions of "environmental and dismantling obligations", Emissions to air of sulfur oxides (SO_x) Sulfur dioxide (SO₂) air emissions, Nitrogen oxide (NO_x) air emissions, Hazardous industrial waste, Non-hazardous industrial waste, Recycled industrial waste (hazardous & non hazardous), Total water withdrawals, Total energy consumption, Total CO₂ emissions (Scopes 1 and 2), Number of sites with a biodiversity management plan in place.

Societal quantitative information: Percentage of sites with a formal action plan managing the impacts of operations on communities.

Qualitative social, environmental and societal information: Human resources principles & main areas of action, Safety and health policy, Measures to comply with the fundamental ILO conventions on respect for freedom of association and the right to collective bargaining, Measures to prevent the risks of forced labor, Measures taken to prevent the risks of child labor, Water management policy in areas of water stress, Biodiversity and Rehabilitation, Relations with neighborhoods, Commitments to Stakeholders, Governance and Business Conduct, Management Commitment to Human Rights, Code of Business Conduct and Ethics.

(2) *Detailed tests made on the following sites: Minerals California, Inc - Quincy WA, Sandersville Calcine Plant - PPN, IRM - IRM Andersonville - USA, Fused Minerals Yingkou Co., Ltd, Calderys Indonesia - PT Indoporten, Celite Chile - Arica, Imerys - Ploemeur, Imerys TC - Saint Germer (Toiture), Imerys Graphite & Carbon Belgium (Willebroek), Carbonates EMEA - Lixhe PAP - Belgium.*

7.2 CORRELATION TABLE WITH THE ELEMENTS OF "GRENELLE II"

1) Social information		Section
Employment	Total headcount and breakdown by gender, age and geographical zone	6.2 - Summary of Key Performance Indicators - Workforce, p. 33
	New hires and Redundancies	6.2 - Summary of Key Performance Indicators - Hiring and Labor Relations, p. 33
	Compensation and its evolution	3.3.1 - Human Resources Principles & Main Areas of Action, p. 14
Work organization	Organization of working time	3.3.1 - Human Resources Principles & Main Areas of Action, p. 14
	Absenteeism	3.3.2 - Key Performance Indicators - Industrial and Social Relations, p. 18
Social relations	The organization of social dialogue, notably information and consultation procedures for personnel and negotiation with the latter	3.1.2 - Health, p. 13 3.3 - Human Resources, p. 14
	Outcome of collective agreements and their impacts on the company economic performance and on the employees working conditions	3.1 - Safety and Health, p. 11 3.6 - Human Rights and Supplier Chain Engagement, p. 20
Health and safety	Health and safety conditions at work	3.1 - Safety and Health, p. 11
	Outcome of agreements signed with trade union organizations or personnel representatives regarding occupational health and safety	3.1 - Safety and Health, p. 11
	Workplace accidents, notably their frequency and severity, as well as occupational illnesses	3.1 - Safety and Health, p. 11 6.2 - Summary of Key Performance Indicators - Safety and Health, p. 33
Training	Policies implemented regarding training	2.2 - Sustainable Development Charter and Policies, p. 5 2.3 - 2016 Performance, p. 6 3.1 - Safety and Health, p. 11 3.3.2 - Key Performance Indicators - Training, p. 18 3.4 - Community Relations, p. 18 5.2 - Compliance and Business Ethics, p. 30
	Total number of training hours	3.3.2 - Key Performance Indicators - Training, p. 18
Equal treatment	Measures promoting gender equality	3.3.2 - Key Performance Indicators - Diversity, p. 17
	Measures promoting the employment and integration of people with disabilities	3.6 - Human Rights and Supplier Chain Engagement, p. 20 3.3.2 - Key Performance Indicators - Diversity, p. 17
	Policy against discrimination	2.2 - Sustainable Development Charter and Policies, p. 5 3.6 - Human Rights and Supplier Chain Engagement, p. 20
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization relative to...	Freedom of Association and the Effective Recognition of the Right to Collective Bargaining	3.1 - Safety and Health, p. 11 3.6 - Human Rights and Supplier Chain Engagement, p. 20 6.2 - Summary of Key Performance Indicators - Human Rights, p. 34
	Elimination of Discrimination in Respect of Employment and Occupation	3.6 - Human Rights and Supplier Chain Engagement, p. 20 6.2 - Summary of Key Performance Indicators - Human Rights, p. 34
	Elimination of all Forms of Forced and Compulsory Labor	3.6 - Human Rights and Supplier Chain Engagement, p. 20 6.2 - Summary of Key Performance Indicators - Human Rights, p. 34
	Effective abolition of child labor	3.6 - Human Rights and Supplier Chain Engagement, p. 20 6.2 - Summary of Key Performance Indicators - Human Rights, p. 34

2) Environmental Information		Section
General environmental policy	Organization of the Company to take into account environmental concerns, and, where applicable, environment-related assessment or certification initiatives	2.2 - Sustainable Development Charter and Policies, p. 5 4.1 - Environmental Management Systems, p. 21
	Training and information towards employees on environmental protection	4.1 - Environmental Management Systems, p. 21
	Means devoted to the prevention of environmental risks and pollution	4 - Environmental Stewardship, p. 21
	Amount of the provisions and guarantees for environment-related risks, provided that this information would not be likely to cause the Company serious damage within the framework of on-going litigation	2016 Reference Document - 6.1.2 - Note 23.2 Other provisions, p. 204 2016 Reference Document - 6.1.2 - Note 28 Commitments, p. 225
Pollution	Production, reduction or compensation measures for emissions into the air, water or ground and that seriously affect the environment	4 - Environmental Stewardship, p. 21
	Consideration of adverse noise pollution and any other forms of pollution specific to an activity	3.1 - Safety and Health, p. 11 4.1 - Environmental Management Systems, p. 21
Circular Economy - Prevention and recycling of waste	Prevention, recycling, reuse or any other way of valorization and disposal of waste	4.3 - Circular Economy, p. 25
	Actions against food waste	4.3.3 - Food Waste, p.27
Circular Economy - Sustainable use of resources	Water consumption and water procurement on the basis of local constraints	4.4 - Efficient Water Management, p. 27
	Consumption of raw materials and the measures undertaken to improve the efficiency of their usage	4.2 - Climate and Emissions, p. 22 4.3 - Circular Economy, p. 25 4.4 - Efficient Water Management, p. 27
	Energy consumption, measures undertaken to improve energy efficiency and the use to renewable energies	4.2.1 - Energy Efficiency, p. 22
	Land use	4.5 - Biodiversity and Rehabilitation, p. 28
Climate change	The significant amounts of greenhouse gas emissions generated as a result of the company's activity, in particular, through the use of the goods and services it produces	4.2 - Climate and Emissions, p. 22 6.2 - Summary of Key Performance Indicators - GHG Emissions, p. 34
	Adapting to the consequences of climate change	4.2 - Climate and Emissions, p. 22 4.3.1 - Minerals Resources Efficiency, p. 25
Biodiversity protection	Measures undertaken to preserve or develop biodiversity	4.5 - Biodiversity and Rehabilitation, p. 28

3) Societal Information

Section

Territorial, economic and social impact of the Company's activity	In terms of local employment and regional development	1.1 Key Sustainable Development Impacts, p. 2 2.3 - 2016 Performance, p. 6 3.4 - Community Relations, p. 18
	On local and surrounding communities	3.4 - Community Relations, p. 18
Relations maintained with individuals or organizations interested in the Company's activity, notably integration associations, education institutions, environmental defense associations, consumer associations, and neighboring residents	Conditions of dialog with these individuals or organizations	1.1 Key Sustainable Development Impacts, p. 2 3.4 - Community Relations, p. 18
	Philanthropic or sponsorship actions	3.4 - Community Relations, p. 18 3.5 - Corporate Sponsorship, p. 19
Subcontracting and suppliers	Integration of social and environmental criteria in the purchasing policy	3.6 - Human Rights and Supplier Chain Engagement, p. 20
	Importance of subcontracting and integration of CSR in the relationships with suppliers and subcontractors	2.3 - 2016 Performance, p. 6 3.6 - Human Rights and Supplier Chain Engagement, p. 20
Fair operating practices	Actions implemented to prevent corruption	2.2 - Sustainable Development Charter and Policies, p. 5 3.6 - Human Rights and Supplier Chain Engagement, p. 20 5.2 - Compliance and Business Ethics, p.30
	Measures implemented to promote consumer health and safety	3.1 - Safety and Health, p. 11 3.2 - Product Stewardship, p. 13
Other actions promoting human rights		3.4 - Community Relations, p. 18 3.6 - Human Rights and Supplier Chain Engagement, p. 20

▪ CONTACT IMERYS

Financial Communication

Tel: +33 (0)1 49 55 66 55

Fax: +33 (0)1 49 55 63 98

E-mail: shareholders@imerys.com

Post: Imerys

Financial Communication

154, rue de l'Université

F-75007 Paris – France

154, rue de l'Université – F-75007 Paris – France
Telephone: +33 (0)1 49 55 63 00
Fax: +33 (0)1 49 55 63 01

www.imerys.com

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French Limited Liability Company (Société Anonyme)
with a share capital of €159,135,748
RCS Paris 562 008 151

