



CORPORATE SOCIAL RESPONSIBILITY

1	VISION AND AMBITION	2	7	GOVE
1.1	Strategy and governance	2		AND
1.2	United Nations Global Compact		7.1	Corpo
	and Sustainable Development Goals	3	7.2	Comp
2	STAKEHOLDER ENGAGEMENT	4	7.3	Respo
3	MATERIAL CSR RISKS	5	8	REPO
4	KEY OBJECTIVES		8.1	Metho
	AND PERFORMANCE	6	8.2	Summindica
5	SOCIAL RESPONSIBILITY	7	9	ATTE
5.1	Safety and health leadership	7		CORR
5.2	Industrial risk management and loss prevention	9	9.1	Attest and lir
5.3	Product stewardship	10		of one
5.4	Human resources	10	9.2	Correl
5	Community engagement	15		of "Gr
6	ENVIRONMENTAL			
	STEWARDSHIP	16		
6.1	Environmental management	16		
6.2	Energy efficiency and emissions	17		
6.3	Resources efficiency	21		
6.4	Biodiversity and rehabilitation	24		

GOVERNANCE, ETHICS AND COMPLIANCE Corporate governance	25
Corporate governance	
	25
Compliance and business ethics	25
Responsible supply chain management	27
REPORTING METHODOLOGIES	28
Methodologies and protocols	28
Summary of key performance indicators	28
ATTESTATION AND CORRELATION TABLE	32
Attestation of completeness and limited assurance report of one of the Statutory Auditors	32
Correlation table with the elements of "Grenelle II"	35
	Responsible supply chain management REPORTING METHODOLOGIES Methodologies and protocols Summary of key performance indicators ATTESTATION AND CORRELATION TABLE Attestation of completeness and limited assurance report of one of the Statutory Auditors Correlation table with the elements



Corporate Social Responsibility 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 beneficiating 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 social, environmental and governance information contained in this Report are identical to the relevant sections of the Group's 2017 Registration Document. This information has been verified by the Statutory Auditor appointed by the Group. The nature of the verification work and related findings are detailed in Section 5.9 of the Group's 2017 Registration Document. It is also presented in Section 9.1 of this Corporate Social Responsibility Report for easier reading.

1 VISION AND AMBITION

1.1 STRATEGY AND GOVERNANCE

Imerys respects the world in which it operates. The Group is committed to play a role in society, to meet its obligations to the countries and communities within which it does business, and to act as responsible environment stewards and thereby contribute to sustainable development.

In order to achieve the aforementioned ambitions, the Group shall continue to align its Group Corporate Social Responsibility (CSR) (1) strategy to the international framework of the United Nations Global Compact (UN GC), United Nations Sustainable Development Goals (SDG), United Nations Guiding Principles on Business and Human Rights, Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the International Labour Organization (ILO) Fundamental Conventions.

In 2017 the Group created a new CSR Steering Committee. The responsibilities of the CSR Steering Committee are to establish Group CSR ambitions, validate the Group CSR strategy and guide and monitor implementation on progress towards the Group objectives. The CSR Committee meetings are held quarterly. In addition to the new CSR governance structure, the functional organization of CSR within the Group changed in 2017 with the creation of a new CSR department, reporting to General Counsel & Company Secretary. The department is responsible for the elaboration and monitoring of implementation of the Group CSR Strategy, and also holds the mandate to develop and provide expert oversight and guidance on specific disciplines including, environment, products stewardship, industrial risk management & loss prevention, insurance, government affairs and coordination of Group CSR activities.

The Group 2017 CSR objectives originate from a 2015-2017 three-year Sustainable Development plan published in 2014. The three-year plan was developed taking into consideration a wide range of inputs from internal and external stakeholders, including but not limited to publications by expert committees, professional associations, sector research institutes, the Group's Risk Committee, local forums, customer and market signals and reviews of global megatrends. Yearly objectives aim to achieve gradual performance improvement articulated around three axes: social, environmental and governance. The high-level commitments as outlined in the Group Sustainable Development Charter are:

- Social: ensuring respect for employees and communities;
- Environment: minimizing any negative impacts of Group activities on the environment;
- Governance: establishing Group CSR ambition and ensuring activities are carried out ethically.

In 2017 the Group decided to develop a new CSR strategic plan launched in an iterative fashion starting from early 2018. The mid-term objective to be achieved through this new plan is to further embed CSR within the Group strategy and drive systematic continuous improvement of CSR aspects in operations, thereby continuing to reduce risks, unlock opportunities and build capacity for long term value creation.

The full objectives and preliminary performance results of the new Group CSR program shall be reported on within the 2018 Registration Document.

- √ For more information on the Group CSR governance, see chapter 1, section 1.3.4 of the 2017 Registration Document.
- √ For more information on the Group Risk Committee, see chapter 4, section 4.2.2 of the 2017 Registration Document.

⁽¹⁾ In 2017, the Group Corporate function, environment, social and governance strategy and associated objectives were renamed from Sustainable Development to Corporate Social Responsibility.

1.2 UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS

In 2016 Imerys became a signatory member of the United Nations Global Compact and has thus committed to base its business approach on the following 10 Principles:

WE SUPPORT



Human Rights	 Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and 	
	Principle 2: make sure that they are not complicit in human rights abuses.	
Labour	 Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 	
	Principle 4: the elimination of all forms of forced and compulsory labour;	
	 Principle 5: the effective abolition of child labour; and 	
	 Principle 6: the elimination of discrimination in respect of employment and occupation. 	
Environment	 Principle 7: Businesses should support a precautionary approach to environmental challenges; 	
	 Principle 8: undertake initiatives to promote greater environmental responsibility; and 	
	 Principle 9: encourage the development and diffusion of environmentally friendly technologies. 	
Anti-Corruption Principle 10: Businesses should work against corruption in all its forms, including extortion ar		

In September 2015, 193 member States of the United Nations adopted 17 Sustainable Development Goals with the aim to end extreme poverty, protect the planet and ensure prosperity for all within a new universal agenda. Imerys supports the ambitions of this global program and is duly evaluating the policies and practices within its operations that directly contribute to these sustainable development objectives.





In accordance with the UN GC Principles, the Group shall submit its first Communication of Progress (COP) in 2018. Group CSR commitments, 2017 objectives and results, as detailed within the 2017 Registration Document, are presented in the context of preliminary progress made towards the UN GC Principles and UN

SDGs. For the purpose of the elaboration of Group CSR Strategy for 2018 and beyond, internal reflection and dedicated working groups have been launched to identify programs to be developed or strengthened to contribute further towards these goals.

2 STAKEHOLDER ENGAGEMENT

The Group depends on the solid long-term relationships it develops with its key stakeholders; respecting the countries, communities and environments across the globe where its operations are located. As such Imerys considers itself accountable to a wide variety of stakeholders, both internal and external. Identifying stakeholders and gaining an understanding of their needs and expectations is a critical step to foster engagement.

The list of stakeholders groups with whom Imerys engages in various capacities across the globe includes:

- Banks & Brokers;
- · Business Partners;
- · Competitors & Peer Companies;
- · Customers;
- Employees;
- · Government Authorities;
- · Local Community Members;
- Media:
- Non-Governmental Organizations;
- Professional Associations;
- Shareholders & Investors;
- · Suppliers & Subcontractors.

In the context of the definition of the Group's new CSR strategy, Imerys launched in 2017 a **materiality assessment** process in order to further integrate stakeholder expectations on environmental social and governance (ESG) risks, threats and opportunities facing the Group within the definition of material CSR priorities. This process can be summarized in three phases: **framing, engagement** and **analysis and validation**.

The first phase of framing focused on the research and analysis required to identify and verify a long list of potentially significant environmental, social and governance issues, including but not limited to: the identification of megatrends potentially affecting Group business in the future, inputs from the 2050 Roadmap of the Industrial Minerals Association (IMA) Europe⁽¹⁾, an assessment of selected international companies CSR strategies, levels of CSR maturity, and main CSR themes; as well as a review of selected climate change, biodiversity, supply chain, diversity, and circular economy strategies. This research was supplemented by an assessment of external rating agencies indices, feedback on Imerys CSR performance in 2016 and a review of the Group 2017 senior leadership seminar takeaways and feedback to identify perception of strengths and areas for improvement. As a result a preliminary list of potentially significant issues was elaborated and validated by internal operational and functional experts.

The **second phase** of engagement with both external and internal stakeholders was strengthened in 2017 through the launch of a global employee engagement survey as well as an external stakeholder survey. The global employee engagement survey was launched in early 2017 in order to gain confidential and anonymous insights and feedback from across the Group. The external feedback was gained by surveying a mix of external stakeholders with the aim of achieving a representative mix in terms of types of organization (investors, banks, local community members, and associations) as well as geographic areas.

The **third phase** involved the analysis and validation. Several interviews were conducted with Executive Committee members and division General Managers to structure the preliminary results. The final assessment and results were then presented and validated by CSR Steering Committee and Executive Committee, which resulted definition of priority CSR themes to be addressed and preliminary actions to be taken.

The rating agency indices and assessments related to Group ESG performance that were included in the definition of material CSR priorities process as described above as well as the most recent rating awarded Imerys are summarized in the table below.

Indices/Assessment	2017 Rating
CDP Climate Change ⁽¹⁾	В
	Absolute Score (0-5) = 3.3
FTSE4Good Index ⁽²⁾	Supersector Relative (1-100) = 58
MSCI ESG Leaders Indexes(3)	AAA

- (1) Details on the CDP assessment scope and rating system can be found at: https://www.cdp.net/en.
- (2) Details on the FTSE4Good Index Series scope and rating system can be found at: http://www.ftse.com/products/indices/FTSE4Good.
- (3) Details on the MSCI ESG Leaders Indexes scope and rating system can be found at: https://www.msci.com/esg-indexes.

⁽¹⁾ IMA Europe published the "2050 Roadmap" for the industrial mineral sector in September 2014: http://www.imaginethefuture.eu//sites/defaultf/files/imaginethefuture/IMA-Roadmap-2050-bleed-22092014-Web.pdf. This roadmap identifies the megatrends, risks and opportunities of the industrial minerals sector between today and the horizon of 2050.

In addition to the above, Imerys ESG practices are also assessed within: Ethibel Sustainability Index Excellence Europe, Vigeo Europe 120, STOXX® Global ESG Leaders Index, Oekom, Ecovadis and Sedex Advance assessments.

- √ For more information on the Group Employee Engagement survey, see section 5.4.3 of the present Report.
- √ For more information on Group CSR Reporting Methodologies, see section 8 of the present Report.

3 MATERIAL CSR RISKS

A robust assessment of material CSR risks is fundamental to the definition of the Group CSR strategy consistent with Imerys' long term business strategy as well as stakeholder expectations. Materiality in this context is about identifying the key issues, threats and opportunities for Imerys and its stakeholders that may negatively impact or have the capacity to create value.

Imerys material CSR challenges and opportunities related to environmental, social and governance topics are summarized below under six pillars: safety and health, human capital, climate change, environmental stewardship, business conduct and product management. The material CSR risks presented here within are consistent with the macro approach to risk and internal control presented in *chapter 4 of the 2017 Registration Document*.

Ensuring the **safety and health** of Groups employees as well as contractors is Imerys' number one priority. Being a safe place to work is a cornerstone of Imerys' sustainability.

Imerys human capital is the most important Group asset, thus ensuring the respect of human rights and labour practices, developing tools for talent and skills management, maintaining constructive social dialogue and ensuring a diverse and inclusive environment with equal opportunities for all are crucial to the Group long term strategy.

Imerys is committed to contribute to reduce the impacts of **climate change** and is aware of the global trend towards an economy that is low carbon or carbon-free. For the transformation of industrial minerals, this requires ensuring greater energy efficiency through new technologies and processes as well as integration of renewable energy sources.

The techniques used for processing industrial minerals are primarily physical (crushing, milling, and sorting) but also include thermal processes such as calcination and fusion. Through sound **environmental stewardship** Imerys strives to optimize the use

of mineral resources and processing of mineral solids, limit the consumption of utilities such as water, manage the discharges of industrial waste, gaseous and liquid effluents and preserve biodiversity⁽¹⁾.

Ensuring ethical **business conduct** in a rapidly evolving global business environment is achieved through strong corporate governance, which is the foundation upon which the Group is built. Yet evolving regulations focusing on fair operating practices, and responsible supply chain require continual adaptation of Group systems and processes. Imerys also faces social challenges and opportunities in its interactions with the communities surrounding its sites, which need to be carefully identified and managed. More generally, Imerys makes a fundamental contribution to a multitude of regional, national and international economies and as a local employer, it creates concrete socio-economic benefits to employees, to contractors and suppliers, thus, helping to fight poverty and contribute to sustainable development.

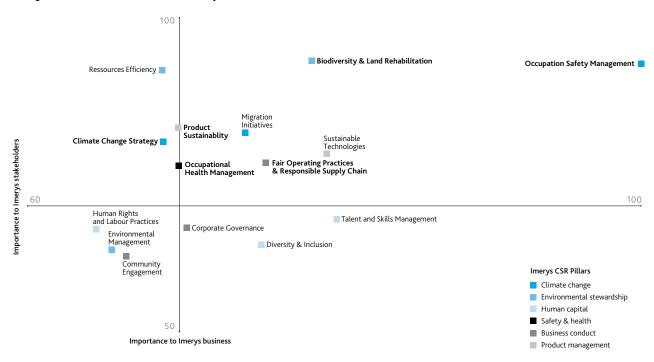
Responsible product management contributes to the development of sustainable business opportunities for Imerys. The technological expertise within Imerys enables the Group to be in an excellent position to continuously improve the process efficiency and production methods of its operations. At the same time, the Group's innovation capacity together with its awareness of global megatrends will enable the Group to harness opportunities for minerals' development, taking due consideration of the environmental footprint and sustainability of products in collaboration with different stakeholders.

Crossing all the data coming from different sources aims to get a better vision of which issues are materials for Imerys and so to orientate the mid-term and long-term CSR strategy in an optimal way for the Group and its stakeholders.

Imerys' most material issues are presented in the following figure, with the 2018 CSR priority themes identified in bold.

⁽¹⁾ Other environmental aspects such as noise and vibration, dust, and spill of hazardous substances may be significant at a local level and as such are managed accordingly within the site Environmental Management System. They are not considered material at global level.

Imerys material themes and 2018 priorities



4 KEY OBJECTIVES AND PERFORMANCE

In the following sections of this Report, Group CSR commitments, objectives and performance in 2017 associated with the Group 2015-2017 three-year SD plan are presented in greater detail together with their alignment to UN GC Principles and the UN Sustainable Development Goals to which they contribute. The Group objectives for 2018 based on the new CSR strategy and linked with the material issues and stakeholders' expectations are likewise presented. A complete summary of the Group's non-financial Key Performance Indicators (KPIs), which also reflect local performance at site level, can be found in section 8.2 of the present Report. Any changes or evolution in the 2017 SD objectives that occurred during the year are duly noted. One of the 2017 Group objectives related to the integration of sustainable development as a key driver of Imerys business strategy is not reported on within this section as the progress towards this objective fulfillment is linked to the definition of the new CSR governance structure, CSR department and Group CSR strategy as reported in sections 1 and 2 of the present Report.

During 2017 the Group made a series of acquisitions, which are described within *chapter 1*, *section1.4.2 of the 2017 Registration Document*. The acquisition of Kerneos in particular has the potential to impact Group ESG performance, primarly in terms of environmental footprint, due to the size and nature of Kerneos activities. Kerneos brings a solid culture of Corporate Social Responsibility as a new Group division, having since 2014 deployed

a dedicated CSR program within its own organization. Building on the existing synergies between Kerneos CSR vision, policies and programs, the integration of Kerneos within Imerys compliments and reinforces the Group CSR program deployment. The potential ESG impacts of all Imerys 2017 acquisitions are described wherever appropriate in the following sections of this Report.

In addition to the CSR performance linked to the aforementioned Group level objectives, for the past 13 years the Group has organized a company-wide competition that serves as an impetus to develop and share best practices, innovations, and technological solutions, each contributing to the Group CSR commitments and supporting progress towards several UN Sustainable Development Goals. In total, 847 projects have been submitted in the "SD Challenge" internal program over the last 13 years. The Imerys SD Challenge 2017 edition reached a record level of participation with 130 projects submissions representing all the Group geographic areas and divisions⁽¹⁾. To be considered for the Challenge a project must help to achieve the goals of the Sustainable Development Plan 2015-2017 and focus on long-term sustainable results. Imerys is committed to ensure that the Group SD Challenge shall continue to inspire greater awareness and understanding of material CSR risks and continue to serve as a platform to support the realization of the Group CSR vision and ambition.

√ For more information on Group SD Challenge initiatives, see Imerys.com.

⁽¹⁾ Kerneos, which was acquired by Imerys in July 2017, did not participate in the 2017 SD challenge as a division as to SD challenge was launched before the acquisition was finalized.

5 SOCIAL RESPONSIBILITY

5.1 SAFETY AND HEALTH LEADERSHIP

Imerys' Commitment	2017 objectives	UN GC Principles	UN SDGS
Develop a proactive safety and health culture by implementing the three pillars of the Imerys Safety System: compliance, continuous improvement and communication	LTA Rate: ≤ 1.05 for employees and contractors ⁽¹⁾ Implement action plan for engagement between senior executives and employees at the site level Safety Culture Improvement Team (SCIT) events at 30 sites Ensure that all divisions roll out training sessions dedicated to safety for new production managers and industrial supervisors Launch a new initiative on Contractor Safety Management Launch initiative on ergonomics ⁽²⁾		
	2018 objectives	Principle 1	SDG 3
	 Occupational Safety Management LTA Rate: ≤ 1.31 for employees and contractors⁽³⁾ Assess Occupational Safety maturity of all Group operations and develop specific site level safety action plans Occupational Health Management Develop an Occupational Health maturity matrix integrated within "I-Cube" Product Stewardship Develop a new Group product stewardship policy and supporting protocols 		

- (1) The Group combined LTA rate for employees and contractors at the end of 2017 was 1.42 (see section 5.1.1 below for additional details).
- (2) A potential program on ergonomics was evaluated in 2017 and shall be revisited in 2018; as such progress towards this objective is not reported in this Report.
- (3) The Group combined LTA target for employees and contractors has been set at ≤ 1.31 for 2018 in order to take into consideration changes within the Group reporting perimeter, which includes all the Group recent acquisitions.

Safety and health are core values for all Imerys operations worldwide. The Group is committed to developing a proactive safety and health culture through partnerships among management, employees, contractors, suppliers, visitors and the communities in which it operates. The Group is likewise committed to continuous improvement cycle of safety and health performance, setting objectives and monitoring, reporting, auditing and reviewing. This safety and health framework is fundamental to the Group's success and contributes to SDG 3 to ensure healthy lives and promote well-being for all at all ages.

5.1.1 OCCUPATIONAL SAFETY

Imerys requires each operation to have an effective Safety Management System. Programs are built within the Imerys Safety System (ISS) based on continuous improvement. A Safety Culture Maturity (SCM) matrix integrates all these programs and helps operations to conduct gap analyses and drive their improvement plans, in partnership with the industrial team and safety professionals within the Group "I-Cube" Program.

√ For more information on the Group "I-Cube" Program, see chapter 1, section 1.4 of the 2017 Registration Document. Training and awareness on the Group safety and health system are achieved through various communication and training tools that include Safety Summits, Imerys Safety University (ISU), web seminars, a digital learning path called IM-Pulse, which covers Imerys Safety System and key programs amongst other topics, safety toolbox meetings and the Group Welcome Sessions for new managers. Training on EHS topics represents 54% of total training hours in 2017 (see section 8.2 within the present Report).

Given the importance of Behavior-Based Safety (BBS) as an essential component within an effective safety culture, Imerys' operations either implement specialized BBS programs or integrate behavioral factors into regular safety inspections. Improvement in BBS is also supported by a dedicated section of the Group Safety Culture Maturity matrix.

The Group recognizes the pivotal role that senior management plays within the Group safety culture. Their ability to effectively engage with all employees at site level on safety is fundamental to continually improve safety performance. The Group Safety Summits focus on strengthening Visible Felt Leadership (VFL) within the most senior leadership, while the Imerys Safety University (ISU) focuses on a tailored approach to coach site managers on how to cascade Visible Felt Leadership within their supervisory teams. At the end of 2017, three Safety Summits, 119 VFL safety visits by Executive Committee members were conducted and nine special sessions of ISUs were organized with approximately 300 participants.

Safety Culture Improvement Team (SCIT) events are organized by senior EHS professionals within the Group to drive safety culture improvement. All 30 SCIT events were conducted in 2017, thus the Group objective was achieved for the year. To support the alignment to Group safety culture expectations, since the beginning of 2017 every newly appointed operational General Manager at divisional or regional level have participated in a specific safety induction with a region EHS Director, followed by participation in a SCIT event. At year end these General Managers have a one-on-one face-to-face safety debrief with a Group Executive Vice-President.

A new Group safety awareness endeavour was launched in 2017 to focus on the behaviours and actions needed to ensure safe operations. The first Imerys Safety Connect Day focused on safe mobile equipment and pedestrian interactions and earmarked the launch of a powerful film narrated by the Group Chairman and Chief Executive Office entitled "Hidden Dangers". Imerys Executive and Senior Management demonstrated their engagement by participating in the activities and workshops organized at Group sites around the globe. This event will become an annual event on the Group calendar.

√ For more information on the Hidden Dangers film, see "Imerys Replay" on YouTube www.youtube.com/user/ImerysReplay.

The Group has an internal safety and health incident reporting process and associated database. Incident investigations are conducted and corrective actions are implemented at site level with follow-up at division level. Safety Alerts are issued whenever a lost-time accident occurs to share root causes and lessons learned. Where appropriate, corrective actions identified through an incident investigation are directly integrated into the next update of Group safety protocols to reduce the risk of reoccurrence. In 2017, approximately 59 safety alerts were delivered by the Group.

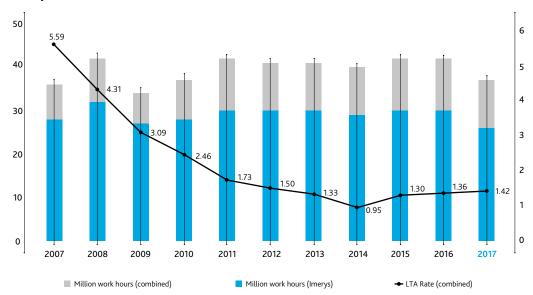
Safety compliance requirements for each Imerys operation include not only local laws and regulations, but also the Group's Environment, Health and Safety policies, protocols and procedures. The Group EHS Audit Team conducted approximately 30 comprehensive onsite EHS compliance audits across the Group in 2017. Corrective actions are tracked by Corporate EHS to completion through the web-based software system.

Alignment of Group contractors within Imerys safety system and safety cultural expectations is fundamental to achieve the Group safety goals. As such in 2017 a new Contractor Safety Management initiative was launched, which outlines a common and systematic approach for the selection, monitoring and continuous improvement of the health and safety performance of contractors and sub-contractors.

Imerys tracks and analyses 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. All levels of the Group review recorded safety performance metrics every month. The progress on all the aforementioned key objectives and programs is reviewed quarterly.

√ For more information on Group safety reporting methodologies and metrics, see section 8 of the present Report.

Group Lost Time Accident Rate



As of December 2017, the combined Lost-Time Accident Rate (LTA) of the Group was 1.42 and the combined Total Recordable Injury Rate (TRIR)⁽¹⁾ was 5.17 in 2017. Despite the significant improvements observed overall in the last 10 years, the results this year do not meet the Group ambition. The Group is committed to make a step change to eradicate life changing incidents and fatalities and shall maintain its unyielding focus on continuously improving safety performance. Unfortunately in 2017 one Imerys subcontractor suffered a fatal accident in Ipoh Malaysia when a front tyre of an Articulated Dump Truck (ADT) burst, causing the ADT to traverse a berm and fall.

5.1.2 OCCUPATIONAL HEALTH

Imerys recognizes workplace health as a 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. Certain jobs also involve lifting or repetitive tasks with the potential to cause ergonomic problems. Imerys occupational health protocols outline

the framework for controlling and mitigating occupational health risks, which include providing training and systematically verifying compliance with Group protocols and applicable regulations through the EHS Audit program.

Dust reduction actions are initiated and monitored through the Group "I-Cube" Program. At the divisional level, health programs are integrated into wellness initiatives and supported with engagement and communication campaigns. In 2018, the Group occupational health program shall be assessed and reinforced in a continuous improvement cycle as 2018 priority CSR themes.

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 the European Network for Silica (NEPSI)²². The NEPSI reporting campaigns are conducted every two years, with the fifth NEPSI report results published in April 2016. One hundred percent of the relevant Imerys sites in Europe participated in the 2016 reporting campaign.

Group Reported Occupational Illnesses

	2017	2016	2015
Occupational illnesses with lost time	2	2	7
Occupational illnesses without lost time	6	7	6
Total	8	9	13

In 2017, eight new occupational illnesses were reported from four different sites across the Group. Seven of these cases were linked to illness related to repetitive actions and one to a

long-term exposure to noise. Medical treatment and alternative jobs were identified in each case and corrective actions such as the modification of the workstation were implemented.

5.2 INDUSTRIAL RISK MANAGEMENT AND LOSS PREVENTION

Due to the nature of industrial process or infrastructure some of Imerys sites are exposed to the risk of the occurrence of industrial incidents that may cause potentially material environmental or business continuity risks. As such industrial risk management and loss prevention is essential to ensure the safety of Group people and assets.

In 2017 the Group integrated industrial risk management and loss prevention as one of the new disciplines with the Corporate CSR Department. To minimize and mitigate exposure to industrial risks, an interdisciplinary working group has identified and prioritized key

industrial risk events that have the potential to materially impact the Group and defined risk prevention plans, which are overseen by qualified third party risk engineers and insurers. A network of internal and external experts with specific skills and competencies in industrial risk and loss prevention has been created and for the few industrial sites where it is required a process safety management is being developed.

√ For more information on Risk Factors and Internal Control, see chapter 4, section 4.1 and 4.2 of the 2017 Registration Document.

⁽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.

⁽²⁾ NEPSI: the European Network for Silica is comprised of employees and associations of European companies that have signed the multi-sectoral social dialogue agreement.

5.3 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). Substances marketed by Imerys are frequently subject to risk studies to determine their properties (e.g., pursuant to the GHS/CLP(1) Regulations in Europe). Imerys monitors these studies closely, and labels its products to appropriately reflect the results of these studies.

For certain minerals, the Group applies the Mine to Market Mineral Management (M4) program, which is articulated around four components 1) ore/deposit characterization at all stages of the mineral cycle, 2) product quality monitoring, 3) industrial hygiene and, 4) management review. The characterization of the ore starts from the mine planning stage and follows the ore through

all mining stages prior to the milling of the product. The quality of the product is verified using a combination of the state-of-the-art techniques, and ore is rejected if strict quality control standards cannot be confirmed.

In 2017 the Group integrated product stewardship as one of the new disciplines with the Corporate CSR Department and further strengthened this expertise through the creation of an external scientific advisory panel. The Group also created a regional product stewardship community in North America to discuss regulatory developments and share best practices, and this concept is being expanded to other regions.

As of the end of 2017, approximately 70% of Imerys operations were certified to the ISO 9001 Quality Management System.

√ For more information on Group ISO 9001 certifications, see chapter 1 of the 2017 Registration Document.

UN GC

HIN

5.4 HUMAN RESOURCES

Imerys' Commitment 2017 objectives **Principles SDGS** Develop the professional • Continue to oversee the implementation of new benefits schemes in a series and personal capabilities of countries (Japan, Italy, New Zealand, Belgium, etc.) Launch internal communication towards Education program on literacy of our employees, provide and numeracy them with appropriate Leverage the Sustainable Development Challenge to support the Education benefits, promote program implementation in target countries workplace diversity and Issue a monthly report to measure the progress of the Education program; maintain industrial relations Create relevant tools for HR and employee representatives, to contribute by fostering an environment to the Education program assimilation and to disseminate it. of mutual respect Have the specific Charter for Diversity, Literacy and Benefits objectives signed by the European Works Council(1) Respect fundamental human rights by referring to core 2018 objectives international conventions Human Rights and Labour Practices Principle 1 and the International Bill • Define and implement Corporate global level employee engagement SDG 4 Principle 2 of Human Rights, and survey action plans Principle 3 SDG 5 take particular actions to Talent and Skills Management Principle 4 SDG 8 eradicate child labour and • Ensure a comprehensive embedding of Imerys Leadership Behaviors in HR Principle 5 SDG 10 forced labour programs, process & tools Principle 6 • Design and implement a global recruiting and internal mobility policy and process Design and deploy a Group Onboarding Program Social Dialogue • Define and implement local employee engagement survey action plans Diversity and Inclusion · Adapt Imerys recruitment and mobility policies & practices to support the reinforcement of diversity • Develop and deliver training & communication programs on unconscious bias • Develop a diversity and inclusion maturity matrix to steer Group diversity and inclusion programs

⁽¹⁾ During 2017, this objective was adjusted to cover a charter covering literacy approved by the European Works Council and is reported as such within this Report.

⁽¹⁾ GHS/CLP: Globally Harmonized System/Classification, Labelling and Packaging of chemicals.

Human capital is at the heart of Imerys' business. Imerys seeks to create an environment that promotes employees development as a key element of growth and transformation, and as such the Group HR policies and practices are based on fairness, openness and mutual respect. The long term objectives of the Group are to identify, attract, select and retain talented people; develop and provide essential competencies; share ideas, projects, best practices across the organization; and ensure transparency and compliance with both legal requirements and Imerys' policies and regulations.

The Group is committed to respect and promote the International Bill of Human Rights and provisions of the fundamental conventions of the ILO and to complying with local legislation in force in the countries where it operates, particularly in terms of non-discrimination, privacy, child labour, compensation and working hours. To improve its procedures, the Group regularly updates its HR policies. Through constant engagement on these subjects the Group contributes to various SDG goals.

Employment(1)

	2017	2016	Variance 2016/2017
Registered employees	18,359	15,697	+17%
of which permanent employees	17,381	15,003	+16%
of which non-permanent employees	978	694	+41%

⁽¹⁾ In 2016, the Group reported temporary fixed-term & sub-contractor contracts. This indicator is not reported within this Report due to data collection challenges associated with reporting definitions across the Group. The fixed-term & sub-contractor indicator shall continue to be refined and reintroduced for subsequent reporting cycles.

5.4.1 HUMAN RIGHTS AND LABOUR PRACTICES

Imerys strives to promote mutual respect and diversity in all practices and dealings with employees, contractors, suppliers, customers and vendors, and in the communities in which the Group operates. Imerys recognises that management of relations with employees is critical to the creation of an environment in which all employees can excel. Imerys endeavours to have a positive impact through its employment practices upon the welfare of employees and on the communities surrounding operations and thereby contribute to SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Imerys recognizes the right to freedom of association and the right to collective bargaining, which is clearly articulated within the Group Code of Business Conduct and Ethics and the Group Employee Engagement Policy. At the end of 2017, approximately 68% of employees were covered by Collective Bargaining Agreements (CBAs). These CBAs commonly include subjects such as health and safety, work organization and working hours, training, compensation and benefits, and equal opportunities.

Imerys is fully committed to taking effective measures to end discrimination and to eradicate child labour and forced labour. Compliance with Group protocols on human rights and labour practices, including preventing child labour and forced labour, is included within due diligence assessment for new projects and within the scope of internal auditing missions for the Group existing activities. Protocols on prohibition of child labour and forced labour have been in place since 2009, and were reviewed and updated in 2017.

√ For more information on the Code of Business Conduct and Ethics, see paragraph 7.2 of the present Report. The Group has continued its actions to implement social benefits for all its employees worldwide. Death & disability coverage is now in place for all employees in Turkey and China and at the same time detailed assessments have been conducted in Germany and Belgium, where harmonized coverage will be implemented from January 2018. Imerys will continue to roll-out and reinforce the social benefits for local employees in various countries (Japan, Italy, New Zealand). 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.

5.4.2 TALENT AND SKILLS MANAGEMENT

Talent and skill management is essential to maintain an innovative, engaged and motivated workforce and to ensure strong long-term growth within the Group. The Group Talent Road Map continues to improve Human Resources processes focusing on recruitment, employer branding, internal mobility, professional learning, and skills and talent development. All of these processes contribute the development of human capital in Imerys and thus work towards SDG 4 to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Employee moves

	2017	2016
Net variation of permanent employees (excluding M&A and divestitures)	0	(416)
External recruitments	1,717	1,290
Redundancies (economical & non economical)	(523)	(707)
Retirement	(258)	(211)
Voluntary termination & other	(936)	(788)
Turnover ⁽¹⁾	5.8%	5.1%
Net variation of temporary employees (excluding M&A and divestitures)	186	(9)
Mergers/Acquisitions – Divestitures	2,476	(8)
Variation of Registered Headcount	2,662	(433)

⁽¹⁾ The turnover above is based on the number of voluntary termination and other termination in the year, and the average headcount for the year for permanent employees. This indicator had previously included retirement figures, which are now reported as a separate indicator.

The need to improve the efficiency of Group 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. The total variation in registered headcount in 2017 is principally associated with the Group acquisitions that occurred within the year.

Supporting internal evolution and career moves across the Group is a priority. In 2017, 60 out of the 77 (78%) senior management positions opened in operational and functional roles were filled internally from amongst the 263 senior managers that make up the Group's executive management teams. Imerys is committed to ensure its employees' development and specialized committees meet regularly to discuss internal mobility and promotions.

Imerys continues to attract new and highly experienced managers, and likewise continues to focus on developing the Group managers of the future. In 2017 Imerys welcomed, 24 graduates from eight different nationalities in its Graduate Program, which is structured around two successive 12-month cycles that introduce the graduate to two different business environments across the Group.

Imerys Leadership Behaviours, which were rolled out in 2016 and have become 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.

The Group compensation and benefits systems and policies aim at ensuring both market competitiveness and internal consistency, while being driven by a clear pay-for-performance objective. Fixed compensations are reviewed on a yearly basis under the close coordination of the Human Resources function, supported by regular local and/or sectorial surveys, and conducted with strict financial discipline. Short-term variable pay schemes include both individual and collective objectives, in order to reward both personal and financial collective performance. Long term compensation programs, based on Performance Shares, are fully aligned on the Group long term financial objectives. The Group endeavours to align its remuneration practices across the best international standards.

√ For more information on the Executive Remuneration, see chapter 3, section 3.2 and 3.3 of the 2017 Registration Document.

The Group is committed to continuously diversify and increase Group's training program through a blended learning approach, enabling employees to actively lead their own development and learning experience. The Group e-learning platform "IM-Pulse" hosts Imerys' entire training offer and as of 2017 is accessible to 4,000 employees/managers across the Group. Training courses can be followed on line or in person. In 2017, Imerys Learning Center provided 9,740 hours of training through 54 programs covering geology, finance, management, project management and industrial marketing performance. In 2017, the number of training paths offered in IM-Pulse increased significant from 33 to 100 training paths offered. As an example, the Industrial Learning Channel "Operations & Me" integrated IM-Pulse, giving the Industrial Function enhanced tools to improve performance by providing new learning resources available across the Group at any time. A total of 7,730 hours of e-learning were attended by 3,200 people in 2017.

Imerys is fully committed to education and in particular to the fight against illiteracy, the education of women and girls and the support of young adults to enhance their employability. In 2017 Imerys had a specific objective to create an education program, contributing to SDG 4 to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The Group launched internal communication using various medium to share information on the education program objectives towards literacy and numeracy, including a charter for literacy for employee representatives and human resources professionals, which was approved by the European Works Council (EWC) (see section 5.4.3 of the present Report). The Group SD Challenge served as an effective channel to strengthen the focus on education: 4 out of 10 winning projects in 2017 were related to education. In the Monolithic Refractories division its operations in Indonesia launched an illiteracy eradication program to support the development of the basic skills of reading & writing amongst employees. By partnering with a local NGO licensed by the Government the employees gain recognized certificates upon completion of the training, which opens up new possibilities for future professional growth and development.

Group training hours

	2017	2016	Variance 2016/2017
Number of trained employees	13,166	12,428	+6%
Number of training hours by year	341,927	293,191	+17%
Number of hours by category of program			
Environment, Health & Safety	185,002	156,083	+19%
Technical skills	126,533	109,787	+15%
Management	30,393	27,322	+11%

In 2017, 77% of employees⁽¹⁾ in the Group have benefited from at least one training program in the year.

5.4.3 SOCIAL DIALOGUE AND EMPLOYEE ENGAGEMENT

The Group strives to build constructive, open dialogue with its employees and their representatives in accordance with local regulations and implements best practices in matters of workforce management. Establishing and maintaining this open dialogue is a means to contribute to SDG 10 to reduce inequality within and among countries.

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. The EWC is informed and consulted on Group strategic decisions such as acquisitions. The employee delegation consists of 17 members, representing 17 different nationalities. In addition to the annual plenary session, the EWC's five officers meet at least twice a year and act as liaison between representatives and Imerys management. In 2017, 12,828 hours were lost due to strikes (35,167 in 2016), of which 9,906 in France and 2,754 in South Africa.

Internal communication campaigns aim to 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. Open communication is shared through a variety of formats, including through the Group intranet, which hosts information on Group charters, policies, protocols and procedures, latest news, transversal programs, job & mobility offers, new appointments, acquisitions, practical tools, and access to other dedicated sites. To highlight employees, projects, initiatives and successes throughout the Group a digital newsletter "Headlines" is published regularly and shared with all employees. A special edition is systematically dedicated to the winners of the annual SD Challenge competition

to provide details and share best practices in CSR. To facilitate the integration process for new managers "Welcome Sessions", which provide information about the Group and its ambitions, are regularly organized in Europe, USA, China, India, Brazil, South Africa and South-East Asia. In 2017, seven Welcome Sessions were held across the Group. The Group Enterprise Social Network "Chatter" is an additional platform to share information and support discussion on specific topics and within specialized communities.

In April of 2017, Imerys launched its first global employee engagement survey "Your Voice". This survey was conducted confidentially and anonymously offering employees the opportunity to express their position on a wide range of topics. The questionnaire, composed of 53 questions including one open ended question and available in 17 languages, was shared with all employees with Group emails across all Imerys countries & divisions. The Global response rate reached 75%, which provides the Group with clear signals on employee engagement levels and on Group strengths and areas for improvement. The results of the survey showed high levels of engagement and enablement across the Group, driven by a strong loyalty to Imerys. When compared to the industrial benchmark of data collected from over 2.4 million employees in 90 organizations operating in the industrials sector, feedback on Imerys commitment and performance in terms of safety and environment ranked high among Imerys strengths (17% and 9% above the industry average for safety and environment, respectively). The outcomes of this survey were presented across the Group, with a particular focus on local results. The presentation of results was followed by the creation of working groups tasked with the elaboration of local action plans to focus on areas where potential improvement are needed, which will continue throughout 2018. As described in section 2 of the present Report, the outcome of this employee engagement survey has been integrated into the materiality assessment to contribute to the identification of material CSR risks and definition of Group CSR priorities.

⁽¹⁾ The training hours percentage is based on the average registered headcount of Group employees in 2016 and 2017.

5.4.4 DIVERSITY AND INCLUSION

The Group's Diversity Charter outlines the commitment to achieving greater diversity, as well as to equal opportunities and inclusion across the Group is a high priority and shall continue to be the focus of particular efforts at all levels of the organization. Imerys does not tolerate any discrimination and/or harassment of its employees, customers and vendors, on the basis of gender, age, nationality, citizenship, ethnicity, religion, background, sexual orientation,

disabilities, marital and parental status, or political affiliation. The Group recognizes that diversity is a long-term engagement and while the Group has not yet reached the full target it is fully committed to accelerate efforts and as such contribute further to SDG 5 to achieve gender equality and empower all women and girls and SDG 10 to reduce inequality within and among countries.

Gender diversity

	2017	2016	Variance 2016/2017
Percentage of women in the Group	17.5%	17.1%	+2%
Percentage of women in senior management	14.4%	16.5%	-12%

Disability

	2017	2016	Variance 2016/2017
Number of employees with a disability	242	213	+14%
Percentage of registered headcount with disability	1.3%	1.4%	-3%

Age and seniority

	2017	2016
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	30%	29%
From 50 to 54 years	16%	16%
More than 55 years	19%	19%
Percentage of permanent headcount by seniority		
Less than 10 years	50%	49%
More than10 years	50%	51%
of which more than 20 years	24%	26%

The proportion of senior managers (male and female) as a percentage of total employee headcount decreased in 2017 due to the nature of the Group acquisitions. To the same effect, the proportion of women in senior management roles decreased slightly in 2017, while the overall proportion of women in the Group has remained relatively stable over the past three years. Particular efforts will be deployed in 2018 and beyond to improve these trends.

In 2017, nine workshops were held to raise awareness on the effects of implicit and/or unconscious bias and to help participants develop effective strategies for ensuring that such bias does not undermine Group efforts to ensure a diverse and fulfilling workplace for all employees. A dedicated section on diversity and inclusion was created within the IM-Pulse e-learning platform, which provides a wide range of practical range of resources and tools for divisions and sites to use for training and awareness campaigns.

Within the context of the 2017 SD Challenge, special recognition was awarded by the Jury to the Monolithic Refractories division in India for their program linked to the Imerys Diversity Charter. The

program's principle aim is to increase opportunities for women in management, in particular in operational roles. To support the goal to increase the numbers of female employees and continue to improve the working culture of the office and plants, the program was designed to empower and educate both female and male supervisors through training on leadership, communication and collaboration, as well as coaching for the supervisors. In 2017 approximately 50 employees took part in the program which shall run throughout 2018 and shall serve as a pilot to be replicated in other sites.

In line with the approach taken for the 2018 priority CSR themes as described in section 3 of the present Report, in 2017 the Group launched a diversity and inclusion working group composed of representatives of different businesses and functions across the Group. The purpose of this working group, whose mandate will continue in 2018, is to conduct research and analysis on diversity and inclusion across the Group, to identify key drivers and challenges and propose concrete practices, including the necessary monitoring and review, to accelerate progress.

5 COMMUNITY ENGAGEMENT

Imerys' Commitment	2017 objectives	UN GC Principles	UN SDGS
Build positive relationship with communities around our sites and contribute to local social and economic development	 Conduct desktop review for quality improvement of the community relations plans at 10% of the Group's mining operations Add 10 projects contributing local social and/or economic development Implement the micro-business incubation initiatives (continuation) Carry out a pilot stakeholder engagement survey in the surrounding communities of two quarries in Europe 2018 objectives 	Principle 1 Principle 6 Principle 8 Principle 9	SDG 3 SDG 4 SDG 5 SDG 6 SDG 7 SDG 8 SDG 10
	 Community Engagement Develop a stakeholder relations and community engagement maturity matrix and assess the maturity of 1 division 	-	SDG 12 SDG 13 SDG 15

Working around the world, Imerys operations and employees inevitably become a part of the local community and are seen as representatives of Imerys Group as a whole. As such the Group actively encourages divisions and employees to contribute to the socio-economic development of their respective communities by not only identifying and understanding stakeholder needs and expectations, but by actively sharing talents and skills and by supporting the initiatives that create shared value for local communities. Working in a collaborative and constructive fashion with local partners, communities, associations and other stakeholders helps the Group to contribute to numerous SDGs through its operations.

The Group framework for stakeholder mapping and community relations is articulated in a "Community Relations" protocol, which is available in seven languages. Guidance on the implementation of the aforementioned protocol is provided through a Community Relations Toolbox, assist the Imerys operations to create and implement their community relations programs. The Toolbox outlines the approach to identify stakeholders and issues as well as the content of a stakeholder engagement plan.

In 2017, the Group continued to review the quality of community relation plans across the Group, focusing on a desktop review of 10% of the Group mining sites. The review was conducted together with the site managers of 14 sites, focusing on compliance with Imerys protocols as well as on proactive engagement, planning, monitoring and review. The review outlined areas for improvement for each site and served as a means to share best practices across sites involved in the assessment. Follow-up on the recommendations will be conducted through the Internal Control Self-Assessment (ICSA) campaign described in section 7.2 of the present Report.

In addition to the particular focus on education as described above, the Imerys SD Challenge supports the development and sharing of best practices in stakeholder and local community engagement. In the 2017 SD Challenge, of the 102 initiatives competing over 60% of the entries were linked to community relations including 52 projects contributing to local economic or social development. Among those projects, a program called "Crescendo Micro-credit" was created in 2016 in Brazil in alignment with the Group's microbusiness incubation initiatives. In 2017 additional micro-business incubation initiatives were developed, such as "Imerys Saksham" community skill development & livelihood initiative developed by Monolithic Refractories division in India. The initiative focuses on

developing practical skills by training local women in sewing and beauty salon essentials with the support of a local NGO. Another such initiative was launched by the Refractory Minerals division in Clérac, France, to support the launch of local micro business. With the support of a local consultancy, a commission has been established to identify the strongest candidate projects, who will receive guidance on business management including recruitment and investment planning. Follow-up on the recently launched initiative is made with the local authority and is planned to continue over the next two years.

√ For more information on Imerys documentary films, see "Imerys Replay" on YouTube www.youtube.com/user/ImerysReplay.

More than 20 Imerys sites across the globe took part in this year's Minerals Day, an industry-wide initiative demonstrating the importance of minerals to the public and an opportunity for engagement local and regional stakeholders. In Milos Greece, visitors to the Bentonite and Perlite operations of the Metallurgy division participated in several events aimed at improving children's understanding of safety, through drama and role play. Over 250 visitors participated in the open doors event organized by the Ceramics division Quartz de Dordogne in France. Similarly in the Performance Additives division, at its Talc site in Luzenac, over 300 guests, including local authorities and neighbours, visited the quarry to share information focus on geology, biodiversity, sustainable and regional development as well as talc uses. In 2017 within the context of these open door events, the Group launched a pilot community stakeholder engagement survey to incorporate feedback from local stakeholders within the Group materiality assessment described in section 2 of the present Report. The survey provided valuable insight into local perception of Group impacts and potential to create economic, societal, cultural, and environmental value through its activities.

In addition to the local community engagement programs and initiatives described above, Imerys focuses on education and photography through corporate sponsorship. Imerys aims to promote access to culture and diversity through its support of photography and as such the Group entered into a partnership with the RMN-Grand Palais (Paris) to sponsor their photographic exhibitions for three years starting from 2016. Imerys maintained its partnership with "Les Arts Florissants" to support its music program through the end of 2017.

Imerys is also a technology partner of the "Energy Challenge", a competitive ocean racing project led by the skipper Phil Sharp that shares the Group values of innovation and excellence. The Energy Challenge is focused on developing and demonstrating cutting edge technologies, contributing data to climate change studies, and communicating on the efficiencies of high performance zero-carbon emissions in Class 40 yacht racing. Imerys and two

divisions (Graphite and Carbon and Roofing) are sponsoring the Energy Challenge project, which in 2017 claimed victory in the Class 40 Championship and was the only zero CO₂ yacht in the racing circuit.

√ For more information, see http://philsharpracing.com/ energy-challenge.

6 ENVIRONMENTAL STEWARDSHIP

6.1 ENVIRONMENTAL MANAGEMENT

Imerys' Commitment	2017 objectives	UN GC Principles	UN SDGS
Assess relevant environmental risks and continually improve control	 Conduct comprehensive Environmental Management System audits at 15 operations (10 desktop and 5 onsite audits) Support dust management programs at the top 10 priority sites identified⁽¹⁾ 2018 objectives 	Principle 7 Principle 8	SDG 6 SDG 7 SDG 12
measures to reduce adverse environmental impacts	 Environmental Management Develop an environmental management maturity matrix and assess the maturity on selected pilot sites 	Principle 9	SDG 13 SDG 15

(1) During the course of 2017, this objective was re-evaluated and postponed; as such progress towards this objective is not reported in this Report.

Imerys aims to minimize negative environmental impacts associated with it operations. Environmental stewardship rests upon the implementation of a robust Environmental Management Systems (EMS), a framework that is fundamental to contribute to numerous SDGs, but in particular to SDG 12 to ensure sustainable consumption and production patterns in the long term. Imerys requires each operation to have an effective 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 aligned to the core elements of the international standards for environmental management systems: policy, aspects and impacts, legislative and regulatory requirements, objectives and targets, roles and responsibilities, training, emergency response, and auditing.

In addition to implementation of mandatory EMS requirements, the Group encourages ISO 14001 and Eco Management and Audit Scheme (EMAS) certification. As of the end of 2017, 114 of 267 (43%) of Group operations are ISO 14001 or EMAS certified by external certification organizations.

Regulatory compliance is to be evaluated annually and each operation is required to perform annual EMS audits. To confirm regulatory compliance and conformity with the Group protocols, Imerys operations are audited at regular intervals as per the Group Environmental, Health and Safety (EHS) auditing protocol. In 2017, 30 Group EHS Audits were conducted, including comprehensive Environmental Management System audits; as such the 2017 objective was duly achieved.

In 2017, in addition to the aforementioned EHS audits, 20 environmental compliance desktop audits were launched by an independent third-party consultancy, specifically to verify compliance with environmental operating permits, licenses, authorizations, operational controls as well as environmental emergency planning and prevention. These sites are a sample that represents all of the Group geographic areas as well as most of the Group divisions.

The Group has also structured an internal environmental incident reporting process and a database that requires reporting of five different types of issues, including any significant structural deterioration of an impoundment, any release of discolored water, any release of dust, any non-routine inspection, investigation or notice of noncompliance from an environmental regulatory agency or any credible complaint concerning an environmental condition related to the operations. In 2017, 11 environmental incidents were reported. Incident investigations were conducted and all corrective actions were completed and incident reports closed as per the Group protocol. Environmental regulatory compliance issues are regularly assessed and managed as part of each operation's EMS.

Environmental incidents, prosecutions and fines

	2017	2016	2015
Number of environmental incidents	11	7	17
Number of prosecutions	6	12	13
Amount of fines (€)	148,868	346,402	67,568

The prosecutions that occurred in 2017 were associated with environmental permitting obligations regarding water or particles discharges and air emissions limits. The concerned sites were located in Canada, Italy, South Africa, United Kingdom and United States. Corrective actions to fully address environmental non-compliance issues have been promptly implemented at the relevant operations.

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 to the consolidated financial statements in the 2017 Registration Document.

6.2 ENERGY EFFICIENCY AND EMISSIONS

Imerys' Commitment	2017 objectives	UN GC Principles	UN SDGS
Apply advanced technologies and promote operational excellence to maximize	 Improve by 6% the Group energy efficiency on the 2014 baseline by the end of 2017 Improve by 6% the Group carbon efficiency on the 2014 baseline by the end of 2017 		
the sustainable use	2018 objectives	Principle 7	
of raw materials and other natural resources	 Climate Change Strategy Define the Group 2030 and 2050 CO₂ emission reduction targets in line with COP 21 2° C trajectory Mitigation Initiatives Improve the Group energy efficiency by 2% relative to 2017 by the end of 2018 Product Sustainability Develop a Group framework and methodology to evaluate product sustainability 	Principle 8 Principle 9	SDG 7 SDG 13

Imerys recognizes that climate change is a major global challenge. Through the Groups' commitment to the UN GC Principles and SDGs, the Group is determined to make progress towards helping overcome this challenge in part through efficient energy and emissions management.

6.2.1 ENERGY EFFICIENCY

Imerys has operational energy demand, especially in its mineral transformation processes that use thermal technologies and its quarrying activities that use heavy equipment. The Group energy initiatives are driven collaboratively between the different operational and functional groups at Corporate, divisional and site level, including operations, industrial management, environment, purchasing, geology and mining. The Group Corporate Energy function defines the analysis standards and reporting and provides necessary training to ensure consistency and reliability of the reported results.

Energy efficiency improvement makes it possible to use less energy to achieve the same level of productivity and consequently to contribute to SDG 7 to ensure access to affordable, reliable, sustainable and modern energy for all. Detailed energy efficiency analysis is disclosed in a quarterly energy report and, together with the improvement plans, this analysis is reviewed by senior management. Part of the Group variable incentive scheme for concerned managers (energy managers, facility managers, process operation managers, etc.) has also been linked to performance against energy efficiency KPIs.

Total energy consumption and breakdown by energy source

	2017	2016 ⁽²⁾	2015(2)
Total energy consumption ⁽¹⁾ (Tera Joules, TJ)	36,932	33,041	33,154
Electricity (net), steam, hot water	30.2%	30.6%	29.8%
Natural gas	45.8%	47.7%	45.5%
Other fossil fuels	21.7%	18.6%	22.0%
Biomass	2.3%	3.1%	2.7%
Energy consumption/turnover (MJ/€)	8.03	7.93	8.11

⁽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 2017, the total energy consumption increased by 2.8% at a constant perimeter and 11.8% including the new acquisitions. Kerneos sites consumption represented 72% of the total consumption of these new acquisitions. The overall increase is mainly linked to the electricity and mix of fossil fuels consumption from recently acquired facilities, which at present consume primarily recycled oil, lignite coal, and gasoline.

At a constant perimeter, the overall energy efficiency improved by 0.5% from 2016 and cumulatively 4.3% from the baseline year of 2014 which is below the objective of 6%. Eight out of thirteen business divisions improved their energy efficiency and five reached the objective of -2% for the year 2017.

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. The rate was 8.03 in 2017, which represents an increase of 1.3% from 2016.

Since 2016, the Group has been focusing in particular on energy management of 12 key industrial sites, which represent approximately 30% of the Group's total energy consumption. Specific improvements projects have been carried out at these sites and the main variations observed are assessed in order to follow the progress on the KPIs. Imerys is improving energy management and driving excellence through the Group "I-Cube" Program. All of the 12 key sites mentioned above are under specific review within the "I-Cube" program, and the reviews at these sites generated 74% of the energy saved by the Group in 2017.

√ For more information on the Group "I-Cube" Program, see chapter 1, section 1.4 of the 2017 Registration Document.

In 2017, an energy community was created on the Group Enterprise Social Network "Chatter" to share knowledge and good practices. The community is supported by webinars and regional seminars designed to promote energy management.

Best practices challenges were also launched in 2017 to strengthen the operations commitment to energy efficiency. The first challenge was dedicated to energy measurement while the second challenge focused on combustion optimization. The winner of the first challenge came from a site of the Carbonates division in Ipoh, Malaysia on electrical mapping, allocation and energy trend monitoring enhancements. Another shared best practice came from the Refractory Minerals division, in Andersonville, United States, where waste heat from calcination was captured and utilized in the milling process. Flow meters are installed to track fuel usage and heat recovery system to recover heat losses, which will allow operating more efficiently and likewise generate a positive financial impact.

The Group continues to support the transition to renewable energy and advanced and cleaner fossil-fuel technology where feasible. 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. To date 17 renewable installations have been developed across Group sites: 10 in the United Kingdom, four in France, one in Australia, one in Austria and one in India accounting for 52 MW (eight solar units, four wind turbines, four hydraulic systems and one district heating).

6.2.2 CARBON EMISSIONS

The majority of the Group Green House Gas (GHG) emissions are generated through in the production of thermal energy from natural gas, fossil fuel, biomass and steam. Indirect emissions from the consumption of electricity are the second source emissions. Some processes used in Imerys operations result in a direct emission of ${\rm CO}_2$ (e.g., de-carbonation of raw materials). Measures to monitor and reduce the GHG emissions are one of the principal means through which the Group contributes towards SDG 13 to take urgent action to combat climate change and its impacts.

⁽²⁾ Small corrections were made to Group energy data reported in 2015 and 2016 Sustainable Reports and as such the values vary slightly from those reported previously.

Group carbon emissions

(thousands of tons, kt)	2017	2016	2015
Scope 1 ⁽¹⁾ CO ₂ emissions	2,018	1,738	1,725
Scope 2 ⁽¹⁾ CO ₂ emissions	1,161	1,056	1,056
Total CO ₂ emissions (Scope 1 and Scope 2)	3,179	2,794	2,781
Energy	86.0%	87.1%	89.1%
Processes	14.0%	12.9%	10.9%
CO₂ emission/turnover (ton CO₂e/€M)	691.3	670.9	680.4

⁽¹⁾ Scope 1 emissions are direct emissions from sources owned or controlled by the Group. Scope 2 emissions are indirect emissions from the generation of purchased energy.

Between 2016 and 2017, the annual total Scope 1 and Scope 2 $\rm CO_2$ emissions increased by approximately 385 kt. Emissions from facilities linked to new Group acquisitions represented 9.7% of the Group total emissions (85% of this fraction coming from Kerneos sites).

At a constant perimeter, the overall carbon efficiency improved by 0.9% vs. 2016, corresponding to a reduction in CO_2 emissions of 25 kt. This is equivalent to a 6.0% improvement from the base year 2014, in line with the target set. The overall carbon emission intensity of the Group is aggregated at 691.3 tCO_2 e per million Euros of turnover.

A preliminary identification of climate change risks to which the Group is exposed was conducted in 2017 through the industrial risk and loss prevention assessment. For high priority sites Business Continuity Plans (BCP) are being developed to consider and mitigate the exposure so such risks. Additional climate change risks will be assessed within the Group 2018 risk mapping exercise.

In 2017, on the occasion of the One Planet Summit, the Group became signatory of the "French Business Climate Pledge". Through this Pledge, Imerys publicly affirms its engagement to contribute to the collective efforts to combat climate change. The Group likewise launched a climate change working group composed

of environmental, energy, industrial, business development as well as financial managers to address climate change as a **2018 priority CSR theme**. The purpose of this cross-functional working group is to complete a comprehensive climate change benchmark, identify additional concrete opportunities for carbon reduction and develop the Group long-term climate change strategy, which will be rolled out in 2018.

√ For more information on the French Business Climate Pledge, see
http://www.medef.com/fr/dossiers/french-climate-business-pledge.

For the past 11 years, Imerys has participated in the climate change program of the Carbon Disclosure Project (CDP). As of the end of 2017 the Group CDP performance score was ranked as Level B, which corresponds to the "integration of climate change recognized as priority for strategy, not all initiatives fully established".

In order to progressively quantify the impacts along the Group value chain, 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 approximately 40% of the Group turnover.

Group upstream value chain suppliers

Purchasing categories	Percentage of key purchases ⁽¹⁾	Upstream suppliers
Raw materials ⁽²⁾	27%	Principally, but not exclusively, bauxite, zircon sand, soda ash, silica sand
Mining and industrial supply	17%	Mining subcontractors, service vendors for maintenance and repair
Transportation	25%	Freight by rail, truck and ship, and business travel
Energy	17%	See energy mix above, counted in Scope 1 & 2 emissions
Chemicals and other		
consumables	14%	Mainly chemicals and packaging materials

⁽¹⁾ The analysis was based upon the 2016 data; the total spend of above-mentioned categories was approximately €1,962 million.

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

Group Scope 3 emission estimation

Item	Sources of Scope 3 ⁽¹⁾ Emissions	Metric tons CO₂e	Emissions calculation methodology	Explanation
Mining and industrial supply	Contracted mining activities (not included in Scope 1 or 2)	131,428	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 Protocol ⁽²⁾ 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	7,754	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 ⁽²⁾ 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	180,495	Emissions calculated from the travel distance, the volume transported and the type of transportation. Calculations were made using GHG Protocol ⁽²⁾ emission factors.	The data reported here has been extrapolated from the data associated with one Imerys division that represents approximately 29% of the Group total volume transported in 2017. Data for two months of the year (November & December 2017) were estimated based on previous months data.

⁽¹⁾ Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the Group value chain, including both upstream and downstream emissions.

Reliable emission data from the suppliers of purchased minerals by Imerys divisions is not available; as such the estimation of Scope 3 emissions from purchased materials and capital goods is not captured in the above Scope 3 estimation. 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. 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 and will continue to develop it competencies and tools as a 2018 priority CSR theme. For this purpose, the Group has launched an interdisciplinary working group consisting of experts in environment, innovation, strategy, marketing, and product

stewardship to define a robust process and methodology to assess product sustainability within Imerys, including the definition of relevant KPIs and targets.

6.2.3 NO_x AND SO₂ EMISSIONS

Several of the Group's mineral conversion processes use calcination, which can emit nitrogen oxide (NO_X) and sulfur dioxide (SO_2).

The Group emission estimation methodology is described within a dedicated energy, emissions & production reporting protocol. Group NO_X emissions are made through applying specific conversion factors to each source of consumed fuel. In 2017, the Group updated and refined the SO_2 estimation methodology and likewise updated the emission factors used within the database in order to increase the accuracy of the estimation.

√ For more information, on Group CSR reporting methodologies, see section 8 of the present Report.

Group SO₂ and NO_x emissions

(tons)	2017	2016(1)	2015(1)
Sulfur dioxide (SO ₂)	5,494	4,088(2)	4,767
Nitrogen oxide (NO _x)	6,505	5,828	6,068

⁽¹⁾ Group SO₂ and NO_X emission factors were updated in 2017, and as such 2016 and 2015 data have been recalculated on the bases of the most recent emission factors.

⁽²⁾ The Greenhouse Gas Protocol is the guidance for accounting and reporting of GHG emissions from organizations developed in 2001 by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

⁽²⁾ An error was reported within the Group total SO₂ emissions published in the 2016 Sustainable Report. This error has been corrected above with total 2016 SO₂ emissions corrected to 4,088 from the value 5,009 originally reported.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENTAL STEWARDSHIP

While the Group acquisition of Kerneos resulted in an increase of SO_2 and NO_X emission between 2016 and 2017, the Group continues its efforts to reduce both SO_2 and NO_X emissions related to its operations through technological upgrades and investments. In the Aluminates division a new flue gas treatment project was launched at the Tianjing site in China. This enabled the site to be the first installation in the Chinese cement industry to meet the very

high standard imposed through the new national legislation on air emissions, resulting in praise for this project by local authorities. The treatment installations at the Tianjing plant have resulted in a 78% reduction in NO_x emissions since mid-2016.

Some of the Group SO_2 emitting sites have likewise launched CAPEX projects to upgrade abatement systems, which once fully in place are expected to considerably reduce Group air emissions.

6.3 RESOURCES EFFICIENCY

Imerys' Commitment	2017 objectives	UN GC Principles	UN SDGS
Apply advanced technologies and promote operational excellence to maximize the sustainable use	 Imerys Industrial Improvement (I-Cube) Program Adoption: > 55% operations⁽¹⁾ 2018 objectives 	Principle 7 Principle 8	SDG 6
of raw materials and other natural resources	 Resources Efficiency Ensure Imerys Industrial Improvement (I-Cube) Program Adoption on 195 sites across the Group 	Principle 9	SDG 12

⁽¹⁾ During the course of 2017, indicator for this objective related to I-Cube program deployment was modified from the percentage of operations covered to the percentage of coverage of the Group gross margin.

The technological know-how of Imerys, as a world leader in industrial minerals, enables the Group to be in an excellent position to improve the yield on materials of its operations. At the same time, the strength of the Group's commercial network and strong innovation capacity maximize Group production value and minimize waste discharges across the globe, thereby contributing to SDGs related to the efficient use of resources.

6.3.1 MINERAL RESOURCES MANAGEMENT

Establishing and maintaining effective management of mineral resources is a priority for the Group. Mineral resources management is defined through 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 efficient use of mineral resources, thereby contributing towards the targets of the SDG 12 to ensure sustainable consumption and production patterns.

Since 2016, two maturity matrices on "Geology & Mine Planning" and "Mining Operations" have advanced the industrial management of quarries in addition to the previous LOM plans. The matrices are fully integrated into the "I-Cube" program implementation. As of December 2017, 143 sites, which represent 54% of the total Imerys sites and cover 78%⁽¹⁾ of the Group gross margin have deployed the "I-Cube" program.

√ For more information on the "I-Cube" program, see chapter 1, section 1.4 of the 2017 Registration Document. The industrial minerals industry is working 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 and concluded that a total of 40% to 50% of all minerals consumed in Europe are recycled. While recycling rates of industrial minerals are relatively high, the Group is committed to continue to identify recycling opportunities and assess circular economy solutions, recognizing the global need to produce with less, for longer and smarter. One such example was developed within the Kaolin division in the United Kingdom, where Imerys made an agreement with a local aggregates company to utilize surplus waste material from one of the redundant tips at Lee Moor in order to process and sell secondary aggregates as a sustainable alternative to primary sourced materials. The sale of sand, stone and concrete block products derived from Lee Moor waste materials is evidence of a long term sustainable business approach: creating jobs in the area, generating a royalty income for Imerys, delivering significant environmental improvements by re-profiling the tip and a long-term aim of improving the visual aspect of the entire area.

Likewise in 2017, within the Carbonates division in Beverley, United Kingdom, the investment in modern high-efficiency chalk slurry screening equipment achieved multiple long term benefits, including: reducing the loss of chalk product from the screens by over 90%, reducing waste product ultimately disposed, reducing maintenance time and costs from extended life of the screen meshes and increasing operational efficiency by reducing time spent cleaning and maintaining the equipment.

⁽¹⁾ This percentage corresponds to the I-Cube coverage versus the total Gross Margin of the Group, excluding the Kerneos sites.

In addition, Imerys' commitment to sound mineral resources management, technological improvements and newly-developed applications makes it possible to transform low-grade materials, tailings and wastes into marketable resources. 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 ReMined™ products from the Carbonates division, 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).

6.3.2 WASTE MANAGEMENT

Imerys processes minerals using methods that are primarily mechanical and physical. As such the Group's activities generate relatively small quantities of both domestic and industrial wastes. The Group is nevertheless committed to reduce waste generation through prevention, reduction, recycling and reuse as a means to contribute further to SDG 12 on sustainable consumption and production patterns.

Overburden and unused mineral solids (e.g., tailings, off-specification materials, etc.) are usually stored on or near production areas at the quarries given their potential to be used in the future. Overburden and unused minerals are also used in many cases as backfilling or re-profiling materials in post-mining restoration work.

Group waste generation and recycling

	2017	2016	2015
Total industrial waste (tons) of which:	252,022	213,421	203,607
Non-recycled hazardous industrial waste	1,907	1,734	1,480
Recycled hazardous industrial waste	1,764	1,641	1,910
Non-recycled non-hazardous industrial waste	92,704	78,538	81,612
Recycled non-hazardous industrial waste	155,647	131,508	118,606
Industrial waste generation/turnover (kg/€)	0.05	0.05	0.05

The Group's activities have generated 252 kt of industrial waste in 2017, 98.5% of this waste was non-hazardous. The industrial waste generation rate per Euro of turnover was 0.05 kg/ ϵ in 2017. The intensity of waste generation has remained steady at a relatively low level for several years.

New actions to reduce waste and increase recycling are identified continuously during the implementation process of the "I-Cube" program and through other ongoing initiatives, including the Group SD Challenge. In 2017 alone, various sites contributed to improving waste management by launching projects that range from reprocessing expired finished goods, increasing paper recycling, improving the commercialization of some specific tailings and improving waste classification and sorting.

The objective set by the French law "Transition Énergétique pour la Croissance Verte" (TECV) to achieve a recovery rate of non-hazardous inert waste (measured in mass) of 55% by 2020 was achieved by Imerys in 2017 (63%) and the Group expects to reach the required target of 65% by 2025.

Imerys has minimal implications from the aspects of the French TECV law, partially directed towards reducing organic waste and combating food waste. The Group has approximately 3,183 employees in France at 55 operations. While most Group operations have dedicated areas where employees can take

breaks and eat their meals, the majority do not have canteens that provide prepared food. Some of the largest sites provide access to catered canteens, which are operated by third-party vendors. The waste generated from these third-party canteen facilities is not presently monitored.

6.3.3 WATER MANAGEMENT

Imerys aims to minimize the impact of its operations on water resources. The Group is committed to ensure effective management of water resources by focusing on three axes:

- optimizing water consumption by limiting withdrawal from natural environment;
- developing recycling possibilities for process water; and
- improving the water quality of liquid effluent emissions.

The aforementioned commits contribute towards the targets of the SDG 6 to ensure availability and sustainable management of water and sanitation for all.

Imerys classifies water withdrawals according to source, including groundwater, surface water and water suppliers. Water moved from one zone to another without being used (water pumped for quarrying operations) is not quantified within this metric as the quality of this water is not altered.

Group water consumption

	2017	2016	2015
Total water withdrawals ⁽¹⁾ (millions of liters)	45,441	38,910	40,046
Water withdrawn/turnover (liters/€)	9.9	9.3	9.8

⁽¹⁾ Additional water consumption related key performance indicators are included in the summary table in section 8.2 of this Report.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENTAL STEWARDSHIP

The top 10 water users in the Group account for more than 56% 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.

Using the World Business Council for Sustainable Development's Global Water Tool (GW)⁽¹⁾, the Group identified 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 2017 withdrawal. As of December 2017, these operations have established water management plans and mitigation measures, including awareness of water footprint and community aid actions.

Conscious of the importance of responsible water consumption in water scare areas, in 2017, a site of the Metallurgy division in Milos, Greece, combined a carbon emission objective with a water consumption objective. The site installed a new condensing flue gas economizer system designed to recover waste heat from the dryer exhaust. The recovered energy is then used to preheat air within the same dryer in order to reduce fuel oil consumption and recover water for industrial purposes, thereby reducing emission and water consumption associated with the plant processes.

Imerys also reports the amount of water recycled by its operations as recycling water reduces the amount of water being removed from natural habitats, thereby reducing the Group water footprint.

Group water recycling

	2017	2016	2015
Total water recycled ⁽¹⁾ (millions of liters)	44,392	43,293	40,483
Number of sites reporting recycled water	62	61	68
Recycled water rate ⁽²⁾	0.51	0.52	0.50

⁽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).

Water recycling offers multiple advantages to operations. For example, in 2017, a site of the Graphite & Carbon division in Lac des Îles, Canada, developed a water recycling project to reduce water withdrawal and discharges to the Lac-des-Îles River by developing a circuit to recycle water surface and final effluent that accumulated in one of the plant pits. The modification to the site installation not only reduced water withdrawal and discharges, the primary objective, but it also reduced energy consumption and maintenance requirements contributing to the operational efficiency of the site.

Wastewater discharge is managed and reviewed in the site-specific EMS in compliance with the corresponding regulatory limits. Any release of water that has a potential to create a nuisance is required to be reported into the Group environmental incident database. In 2017, six out of 11 of the environmental incidents reported were related to water discharges. Appropriate corrective actions have been completed for these incidents at site level in compliance with the Group Incident reporting protocol requirements.

The Group continues to explore solutions to improve discharged water quality though introduction of new technology. One such example is taken from the Refractory Minerals division in the site of Clérac, France, where a project was developed to identify and evaluate new processes to reduce suspended solids in water effluents discharged towards a Natura 2000 stream. Following six months of evaluation, the site tested an innovating process where silted-water is pumped from the mine and sent to a new installation. Within this installation, mud is treated through a dosing system by injecting polymers/flocculants based on turbidity measurements. The treated mud is then introduced into the geotextile bags, wherein the flocculants ensure the sludge is de-watered with maximal retention of the solids.

⁽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.

6.4 BIODIVERSITY AND REHABILITATION

Imerys' Commitment	2017 objectives	UN GC Principles	UN SDGS
Preserve and create biodiversity	 Biodiversity management plans at 100% of quarries adjacent to areas of High Biodiversity Value 		
value by enhancing	2018 objectives	Principle 7	
rehabilitation of mines during their life spans with the aim of harmonizing with local ecosystems	 Biodiversity & Land Rehabilitation Establish a formal partnership with external leader in biodiversity management to support Group biodiversity framework development Define the Group biodiversity roadmap Develop biodiversity projects with associated action plans on 3 pilot sites 	Principle 8 Principle 9	SDG 15

Imerys' extractive activities have the potential to modify the environments where they are located. In the case of mineral quarries, this can be not only the modification of an original habitat, but can also be the creation of new natural habitats. Quarries have their own characteristics, in part because of their landscape and ecological impacts, but also due to their long yet temporary operational and rehabilitation phases. Numerous studies have demonstrated that mineral quarries are, in fact, often favorable to the development of biodiversity both during the activity phase and after the restoration of the site.

The question of impacts on the living world arises during the entire life cycle of a quarry, whether for the choice of the site, its operation or its rehabilitation. Aware of this responsibility, Imerys has taken many measures to protect the flora and fauna within and surrounding its sites. The Group is committed to strengthen is expertise and in the quality of its practices to continue to contribute to SDG 15 to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Rehabilitation is integrated into the Life of Mine (LOM) plan and considered throughout project execution during mining operations until mine closure. The Group has a specific protocol outlining the requirements related to rehabilitation. Rehabilitation planning starts from the very initial phase of mine proposals as they are included as an element within the site environmental impact assessment. They are also supported by the baseline environmental assessments, which include reviews of biodiversity sensitivity. As most countries define the framework for the preparation, submission, consultation and approval of environmental impact assessments for resource operational permits, in most cases rehabilitation plans are disclosed and discussed with civil society and governing authorities prior to final approval.

In addition to site specific environmental impact assessments and rehabilitation planning, the Group uses the International Union for Conservation of Nature (IUCN)⁽¹⁾ Protected Areas Categories System to identify mining operations on or adjacent to areas of high biodiversity value. As of the end of 2017, 31 of the Group's 119 mining operations (both active and inactive) are in or adjacent to areas of high biodiversity value⁽²⁾.

For 2017 and building on the work done to establish biodiversity management plans (BMP) in previous years, the Group objective was to establish site-specific BMPs at 100% of the operations inside areas of high biodiversity value. At year end 12 of 13 target operations finalized their BMPs, slightly below the objective set for 2017. Furthermore the Group identified the need to increase the quality of the content of these plans. As a result, in 2017, the Corporate Environment function launched a biodiversity and land rehabilitation working group composed of environmental, geology, mining and operational managers to address biodiversity as a 2018 priority CSR theme. The purpose of this cross-functional working group is to identify and assess opportunities to improve biodiversity management across the Group and develop related action plans to be rolled out in 2018.

In parallel with the research and collaboration being conducted through the working group, sites across Imerys have continued to develop initiatives aimed at supporting biodiversity and promoting innovative rehabilitation projects, both during and after mining activities. A site of the Ceramics division in Ploemeur, France, has engaged in several actions to preserve biodiversity along the coast where it is located. The site is supporting the eradication of invasive plant species through goat pasturage. Imerys 'Tomorrow's Heathland Heritage Project - Putting the Wild Heart Back into Cornwall' was recognized in 2017 as the overall winner of the Natural England Award for Landscape-scale Restoration at the Quarries and Nature 2017 event in the Biodiversity Category. The Ceramics division continued to promote and expand the CeraBees programme, a program that aims to support the preservation of bees as the guarantors of biodiversity through their role as pollinators and now encompasses over 70 beehives implemented worldwide. In 2017, the division signed a three-year partnership agreement with the National Union of French Apiculture (UNAF) supporting the implementation of apiaries on additional sites throughout France and developed a toolkit to support the creation of similar projects throughout the Group.

The Group follows two land use indicators across 48 quarries located in Western Europe, quantifying the surface disturbed by the Group's mining activities, as well as the surface rehabilitated. In 2017, the total disturbed surface area by these 48 quarries was 2,078 hectares, and the total rehabilitated area was 1,173 hectares.

√ For more information on the CeraBees programme, see "Imerys Replay" on YouTube www.youtube.com/user/ImerysReplay.

⁽¹⁾ The International Union for Conservation of Nature (IUCN) is the world's main authority on the conservation status of species.

⁽²⁾ Areas of high biodiversity value are sites within 500 m of areas defined as per IUCN Guidelines for Applying Protected Area Management Categories (2008), Regional directives on habitats, fauna, etc., as well as UNESCO Man and the Biosphere Programme (MAB) Biosphere reserves.

7 GOVERNANCE, ETHICS AND COMPLIANCE

7.1 CORPORATE GOVERNANCE

Imerys' Commitment	2017 objectives	UN GC Principles	UN SDGS
Implement best practices in Corporate Governance in accordance with the	 Amendment of the Internal Charter of the Board of Directors to comply with best practices and the revised AFEP-MEDEF Code Appointment of an employee representative Director as a new member of the Compensation Committee 		
AFEP-MEDEF Code	Corporate Governance Update 2018 Group Risk mapping exercise to include additional industrial risk and process safety as well as climate change risks Revise the Group Crisis Management framework Create 'Panel of Interested Parties' to assess the Group CSR strategy in 2019	Principle 1	SDG 16

Imerys is committed to exemplary corporate governance as a means to ensure the Group continually improves its functioning and management, duly respecting the expectations of investors and other stakeholders. Imerys follows the recommendations of the AFEP-MEDEF Corporate Governance Code applicable to French listed companies. In February 2017, the Internal Charter of the Board of Directors was updated to consider the November 2016 amended Code as well as evolving best practices in corporate governance.

In line with its new charter, the Board of Directors appointed an employee representative as a new member of the Compensation Committee effective on January 1st 2017.

√ For more information regarding Corporate Governance, see chapter 3 of the 2017 Registration Document.

7.2 COMPLIANCE AND BUSINESS ETHICS

Imerys' Commitment	2017 objectives	UN GC Principles	UN SDGS
Respect internationally-recognized OECD Guidelines for Multinational Enterprises and other international standards and	 Strengthen the internal reporting system to alert on non-compliance issues with Imerys Code of business conduct and ethics Refresh the Group anti-fraud & anti-bribery compliance program, in particular following the enactment of the new French law "Sapin 2" 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 regulations 2018 objectives 	Principle 10	SDG 8 SDG 10 SDG 16
conventions	 Fair Operating Practices Complete the update and roll-out of the revised Group Code of Business Conduct and Ethics and ESG policies, including the new internal alerts system and delivery of training to employees 		

Imerys is committed to respecting internationally-recognized human rights, as set out in the International Bill of Human Rights and the ILO's Fundamental Conventions. The Group is committed to respect human rights and avoid complicity in human rights abuses, as stated in the UN Guiding Principles on Business and Human Rights, and provide access to remedy. These commitments and the policies and programs that support their implementation

contribute to SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all to SDG 10 to reduce inequality within and among countries and to SDG 16 to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

CORPORATE SOCIAL RESPONSIBILITY

GOVERNANCE. ETHICS AND COMPLIANCE

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. In this context, in 2017, the Group launched a comprehensive cross-functional compliance working group overseen by Executive Committee members. The objectives of the working group program were twofold: to re-enforce the Group compliance program to fight against corruption in all countries where it operates in accordance with the new French "Sapin II" legislation⁽¹⁾ and to implement preventive measures to protect human rights, health & safety and environment in Group operations around the world as well as within the Group supply-chains in accordance with the new French "Duty of Care" legislation⁽²⁾. The Group risk mapping, including identification, analysis and ranking processes are presented in *chapter 4, section 4.2 of the 2017 Registration Document.*

As a result of 2017 compliance program, the Code and supporting policies and protocols were reviewed to further align recommendation of the OECD Guidelines for Multinational Enterprises and integrate all the new anti-corruption and transparency obligations. A new internal alerts system, operated by an independent qualified third-party and open to all employees and external parties was designed, and shall finalized and launched in 2018 to enable employees to report any violations of the Group Code. Consultation, communication and training on the updates of the Group Code and supporting policies shall continue as a 2018 priority CSR theme to ensure full compliance with both new French laws Sapin II and Duty of Care.

Compliance with the Code and other Group policies and protocols is verified by Internal Audit Functions who conduct periodic audits. In 2017, four internal fraud cases were reported and investigated but without material financial impacts. Remedial actions have been implemented for internal control. In 2017, no potential human right violations were reported or identified in the Group. The 2017 Internal Control Self-Assessment (ICSA) campaign, which is conducted annually, focused on the Code of Business Conduct and Ethics. The ICSA Code compliance campaign will be followed throughout 2018 in order to identify any key missing controls and define action plans where any missing internal controls are identified as described in *chapter 4*, *section 4.2 of the 2017 Registration Document*.

In 2017, the Group likewise strengthened its antitrust compliance program, reviewing the Group policy and initiated training sessions on compliance with the principles defined within the program, which shall continue to be rolled-out during 2018.

In compliance with the new European Union General Data Protection Regulation (GDPR), which will come into force in May 2018, the Group has launched a personal data protection compliance program to review and map Imerys data flows, ensuring all necessary controls, notifications and authorizations are in place for both compliance and business efficiency.

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.

⁽¹⁾ Law no. 2016-1691 of December 9, 2016 related to "enhancing transparency, fighting corruption and modernizing the economy".

⁽²⁾ Law no. 2017-399 of March 27, 2017 related to the "duty of vigilance for parent and instructing companies".

7.3 RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Imerys' Commitment	2017 objectives	UN GC Principles	UN SDGS
Require high standards in governance, social	 Implement the Imerys Supplier Environmental, Social and Governance Standard in contracts with suppliers of more than two million Euros divisional spend 2018 objectives 	Principle 1 Principle 2 Principle 3	
and environmental areas from business partners and suppliers	 Responsible Supply Chain Conduct additional supply chain risk mapping based on 2017 pilot risk assessments Develop and deliver CSR training on CSR risks to a targeted pool of professionals 	Principle 4 Principle 5 Principle 6 Principle 7 Principle 8 Principle 9 Principle 10	SDG 3 SDG 6 SDG 7 SDG 8

Imerys believes that high standards in all environmental, social and governance areas are essential for all of its business operations. The Group expects its business partners and suppliers to adhere to the same principles as elaborated with the Group Code of Ethic and Business Conduct.

In 2016, Imerys defined and launched its supplier ESG standards. The standards are based on the ten principles of the UN GC initiative and are based on the International Bill of Human Rights, the ILO's Fundamental Conventions, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. Starting from its suppliers of more than €2 million spent at divisional level, the Group requested formal confirmation of compliance with the standards. At the end of 2017 these standards have been communicated to over 150 suppliers, of which 70% have formally acknowledged receipt and confirmed compliance with, 25% have provided comparable codes of conduct and the remaining have been assessed internally as presenting very low risk of non-compliance with the Group Code. Imerys considers responsible supply chain a key priority and thus shall continue to progressively evolve the compliance review along its supply chain as a means to contribute to several SDGs.

Within the compliance working group exercise described in section 7.2 of the present Report, the Group evaluated ESG risks within its supply chain based on two pilot geographical areas. The CSR risk mapping exercise is described in chapter 4, section 4.2.3 of the 2017 Registration Document.

The outcome of this risk mapping determines the applicable internal process to be followed, which can be summarized as follows:

- (1) Screening criteria for the qualification of suppliers including ESG elements;
- (2) Flow-down of ESG obligations to suppliers (signature of supplier ESG standard and/or specific clauses within contracts as appropriate);
- Monitoring program to verify compliance focusing as a priority on high risk suppliers;
- (4) Criteria for engagement/disengagement with non-compliant suppliers; and
- (5) Training and awareness raising on ESG obligations, risks and processes for key internal functions.

In 2017, the Group likewise updated the Group General Terms and Conditions of purchase for CAPEX projects to ensure that all suppliers and their subcontractors comply with the Imerys Code of Ethic and Business Conduct.

To ascertain the validity of claims made against one of supplier sources of the Performance Additives division, Imerys appointed an independent international organization to conduct an on-site due diligence assessment of the supply chain of its Pakistani supplier of talc from Afghanistan. The assessment's findings showed that, given changes in the supply conditions, compliance with the Group's requirements of its suppliers could no longer be guaranteed. Consequently, the Group has discontinued the purchases in question, which represent less than 1% of its talc sales, and alternative sourcing has been set up.

In addition to the specific activities conducted as part of the compliance program 2017 working group, Imerys also conducted a series of purchasing information sessions and workshops. Within the context of the Group purchasing transformation they offered an opportunity to create greater awareness amongst purchasing professionals around the world of the specific risks and obligations in the management of the Group's global supply chain.

8 REPORTING METHODOLOGIES

8.1 METHODOLOGIES AND PROTOCOLS

Imerys Group reporting complies with the French "Grenelle II" Law and other applicable French reporting obligations. The Group CSR strategy and reporting approach is based on frameworks such as GRI's Sustainability Reporting Guidelines ("Core" option), the UN GC, the UN Guiding Principles on Business and Human Rights, OECD Guidelines, International Organization for Standardization (ISO) 26000 and the ILO Fundamental Conventions.

The Group's CSR reporting covers all of the activities over which it exerts operational control. Protocols and guidelines exist 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 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 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 2017 reporting and issued the report in section 9.1 of the present Document.

The correlation table for each of the 42 elements of "Grenelle II" is presented in section 9.2 of the present Report.

√ For detailed information on the reporting items, frequency, scope and collection systems, within the Group CSR Reporting Principles 2017 on www.imerys.com.

8.2 SUMMARY OF KEY PERFORMANCE INDICATORS

The Group's key performance indicators (KPIs) on Corporate Social Responsibility have been defined and gradually evolved in accordance with pertinent international standards and regulatory framework mentioned above. The following table summarizes the KPI results of three consecutive years (2015-2017). The perimeter of each category is Group level unless explicitly indicated otherwise.

Category	KPIs	Unit	2017	2016	2015	GRI
Social Responsibility						
Safety and Health						
Fatalities	Fatalities – Imerys Employees	#	0	1	1	403-2
	Fatalities – Contractor Employees ⁽¹⁾	#	1	0	0	403-2
Life-changing injuries(2)	Life-changing injuries – Imerys Employees	#	3	2	2	403-2
	Life-changing injuries – Contractor Employees	#	0	0	2	403-2
Lost-time accident rates(3)	Imerys employees	/	1.52	1.35	1.27	403-2
	Contractor employees	/	1.17	1.40	1.38	403-2
	Combined rate (employees and Contractor employees)	/	1.42	1.36	1.30	403-2
Total recordable incident	Imerys employees	/	5.23	5.00	5.80	403-2
rates ⁽⁴⁾	Contractor employees	/	5.05	4.42	4.30	403-2
	Combined rate (employees and Contractor employees)	/	5.17	4.82	5.36	403-2
Severity rates ⁽⁵⁾	Imerys employees	/	0.09	0.09	0.11	403-2
	Contractor employees	/	0.05	0.06	0.06	403-2
	Combined rate (employees and other employees)	/	0.08	0.08	0.10	403-2
Occupational illnesses	Occupational illnesses with lost time	#	2	2	7	403-2
	Occupational illnesses without lost time	#	6	7	6	403-2
Quality management systems	Percentage of ISO 9001 or Quality Management System certified operations	%	70	70	84	103-2

Category	KPIs	Unit	2017	2016	2015	GRI
Human Resources						
Workforce	Year-to-end total headcount on payroll	#	18,359	15,697	16,130	
	Permanent employees	#	17,381	15,003	15,356	102-8
	Fixed-term contract	#	978	694	774	102-8
	Employees by region – Europe	#	9,421	8,006	8,174	102-8
	of which France	#	3,183	2,641	2,664	102-8
	Employees by region – Americas	#	4,419	4,234	4,261	102-8
	Employees by region – Asia Pacific	#	3,801	2,875	3,076	102-8
	Employees by region – Africa & Middle East	#	718	582	619	102-8
	Employees by function – Operations/Production/					
	Manufacturing	#	12,214	10,316	10,558	
	Employees by function – Logistics/Purchasing	#	827	700	729	
	Employees by function – R&D/Geology	#	792	673	709	
	Employees by function – Sales and Marketing	#	1,647	1,472	1,533	
	Employees by function – Support and Administration	#	2,880	2,537	2,571	
	Employees by Business Group – Energy Solutions & Specialties	#	4,990	4,798	4,870	
	Employees by Business Group – Filtration & Performance Additives	#	4,263	3,665	3,925	
	Employees by Business Group - Ceramic Materials	#	4,285	4,298	4,278	
	Employees by Business Group - High Resistance Minerals	#	4,400	2,583	2,728	
	Holding	#	421	353	329	
Hiring and Labour Relations	New Hiring	#	1,717	1,290	1,109	401-1
· ········g •······ —•··· · · · · · · · · · · · · ·	Rate of employee turnover ⁽⁶⁾	%	5.8	5.2	4.1	401-1
	Net variation of permanent employees (excluding M&A and divestitures)	#	0	(416)		
	Net variation of temporary employees (excluding M&A and divestitures)	#	186	(9)		
	Mergers/Acquisitions – Divestitures	#	2,476	(8)		
	Variation of Registered Headcount	#	2,662	(433)		
	Working hours lost due to strikes	Hours	12,828	35,167	352	
	Absenteeism rate	%	2.78	2.81	2.78	403-2
	Number of educational projects to assist workforce members, their families, or community members			-		
	regarding serious diseases	/	NA	12	18	
	Number of employees who received training at least once in the reporting year	#	13,166	12,428	12,332	
	Training hours	Hours	341,927	293,191	260,941	404-1
Diversity	Total percentage of women employees	%	17.5	17.1	17	405-1
	Percentage of women in senior management	%	14.4	16.5	17.0	405-1
	Number of employees with disability	#	242	213	220	405-1
	Percentage of registered headcount with disabilities	%	1.32	1.36	1.36	405-1
Communities						
	Percentage of sites with a formal action plan					
	managing the impacts of operations on communities	%	88	83	73	413-1

Category	KPIs	Unit	2017	2016	2015	GRI
Human Rights						
Human Rights	Total number of incidents of discrimination	#	0	0	0	406-1
	Percentage of employees under collective bargaini	ng				
	agreement	%	68	69(7)	69	
	Number of reported human rights violation	#	0	0	0	412-1
Environmental Stewardship	р					
Environmental Manageme	nt					
Environmental Management	Percentage of operations with EMS ⁽⁸⁾	%	100	100	100	103
Systems	ISO 14001 or EMAS ⁽⁹⁾ certified operations	#	114	105	106	103
	Operations with Imerys 8-pillar EMS	#	153	145	147	103
Environmental incidents	Number of environmental incidents	#	11	7	17	
& regulatory inspections	Number of prosecutions	#	6	12	13	
	Amount of fines	€	148,868	346,402	67,568	
Energy and Emissions						
Energy	Total energy consumption	TJ	36,932	33,041	33,154	302-1
	Natural gas	%	45.8	47.7	45.5	
	Other fossil fuels	%	21.7	18.6	22.0	
	Biomass	%	2.3	3.1	2.7	
	Electricity (net), steam, hot water	%	30.2	30.6	29.8	
	Energy efficiency (base 100 in 2014)	%	-4.3	-3.8	-1.3	
Carbon Emissions	Scope 1 CO ₂ emissions	kt CO2e	2,018	1,738	1,725	305-1
	Scope 2 CO ₂ emissions	kt CO2e	1,161	1,056	1,056	305-2
	Total CO ₂ emissions	kt CO2e	3,179	2,769	2,726	
	CO ₂ emissions from Energy (without biomass)	%	83.0	83.2	87.5	
	CO ₂ emissions from Processes	%	14.0	12.9	10.9	
	CO ₂ emissions from Biomass	%	3.0	3.9	3.4	
	Carbon efficiency (base 100 in 2014)	%	(6.0)	(5.1)	(1.5)	305-5
Other Emissions	Sulfur dioxide (SO ₂)	Tons	5,494	4,088	4,767	305-7
	Nitrogen oxide (NO _x)	Tons	6,503	5,828	6,068	305-7
Resource Management		,				
Waste	Total industrial waste produced	Tons	252,022	213,421	203,607	306-1
	Non-recycled hazardous industrial waste	Tons	1,907	1,734	1,480	306-2
	Recycled hazardous industrial waste	Tons	1,764	1,641	1,910	306-2
	Non-recycled non-hazardous industrial waste	Tons	92,704	78,538	81,612	306-2
	Recycled non-hazardous industrial waste	Tons	155,647	131,508	118,606	306-2
Water Management		1			1	
	Total water withdrawals	M liters	45,441	38,910	40,046	303-1
	Water obtained from water suppliers	%	11.4	11.0	10.4	303-1
	Water withdrawn from ground water	%	54.0	57.1	53.5	303-1
	Water withdrawn from surface water	%	28.8	25.3	28.8	303-1
	Water obtained from other sources ⁽¹⁰⁾	%	5.8	6.7	7.3	303-1
	Number of sites located in a water-scarcity area	#	19	19	19	303-2
	Total water recycled	M liters	44,392	43,293	40,483	303-3
	Sites with recycled water reported	#	62	61	68	303-3

Category	KPIs	Unit	2017	2016	2015	GRI
Biodiversity, Mine and La	and Rehabilitation					
	Surfaces disturbed by the Group's mining activities(11)	Hectares	2,078	2,166	2,187	
	Surfaces rehabilitated ⁽¹¹⁾	Hectares	1,173	1,216	1,197	304-3
	Number of sites identified as located in or near a high biodiversity value area	#	31	31	35	304-1
	Number of sites in or near a high biodiversity value area with a biodiversity management plan in place	#	30	18	10	103-1
Governance, Ethics and (Compliance					
Corporate Governance	Percentage of independent Board members	%	46.7	46.7	44.4	405-1
and Business Ethics	Percentage of female Board members	%	40	40	38.9	405-1

- (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) Lost Time Accident (LTA) rate: (number of lost time accidents x 1,000,000)/number of hours worked.
- (4) Total Recordable Incident Rate (TRIR): (number of lost time accidents and non-lost time accidents x 1,000,000)/number of hours worked.
- (5) Severity rate: (number of lost days x 1,000)/number of hours worked.
- (6) The turnover above is based on the number of voluntary termination and other termination in the year, and the average headcount for the year for permanent employees.
- (7) The survey on collective bargaining coverage is conducted every two years. This result refers to the 2015 survey.
- (8) EMS: Environmental Management System. The number of sites for EMS reporting excludes divested, closed, newly acquired or newly constructed sites during the reporting period.
- (9) EMAS: Eco Management and Audit Scheme (European Standard).
- (10) Water obtained from sources other than water suppliers, ground water or surface water (i.e. collection of rainwater or water obtained from customers).
- (11) The two land use indicators are only applied to the open mining operations in Western Europe.

9 ATTESTATION AND CORRELATION TABLE

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

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

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.

For the year ended December 31, 2017

In our capacity as Statutory Auditor of Imerys SA, (the "Company"), appointed as independent third party and certified by COFRAC under number(s) 3-1048,⁽¹⁾ we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2017 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 protocol 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).

It is not our responsibility to provide any conclusion on the compliance with other applicable legal expectations, in particular those concerning article L.225-102-4 of the French code of commerce (duty of care) or the French law 2016-1691 (anti-corruption law).

Our work involved six persons and was conducted between October 2017 and March 2018 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 '5.8 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.

CORPORATE SOCIAL RESPONSIBILITY

ATTESTATION AND CORRELATION TABLE

Regarding the CSR Information that we considered to be the most important:(3):

- 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 entities selected⁽⁴⁾ by us 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 15% of headcount and between 24% and 31% 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.

Neuilly-sur-Seine, 19 March 2018
One of the Statutory Auditors
Deloitte & Associés

Frédéric GOURD

Olivier JAN

Partner

Partner, Sustainability Services

⁽³⁾ Selected human resources quantitative information: Year-to-end total headcount; External recruitments; Redundancies (economical and non-economical); Voluntary termination, retirement and other; Turnover; Percentage of employees covered by Collective Bargaining Agreements (CBAs); Fatalities (Imerys employees and other employees); Accident frequency rate (Imerys employees and other employees); Accident severity rate (Imerys employees and other employees); Total occupational illnesses.

Selected environmental quantitative information: Operations with EMS (ISO 14001/ EMAS(7) certified and Imerys 8-pillar EMS); Sulfur dioxide (SO₂) air emissions; Nitrogen oxide (NO₃) air emissions; Total industrial waste produced (hazardous and non-hazardous); Recycled industrial waste (hazardous and non-hazardous); Total water withdrawals; Total energy consumption; Total CO₂ emissions (Scopes 1, 2 and 3).

Selected qualitative information: Human resources principles & main areas of action; safety and health; Freedom of association and right to collective bargaining; Measures to comply with relevant International Labour Organization's (ILO) convention; Gender equality promotion; Prohibition of child labor and forced labor; Environmental management system; Water management plans in areas of water scarcity; Biodiversity and rehabilitation; Relations with neighboring residents; Stakeholder engagement; Anti-fraud and anti-corruption policy; Human rights and supplier commitments.

⁽⁴⁾ Selected entities: Belgium (Carbonates EMEA – Lixhe PAP), China (Imerys Fused Minerals Yingkou Co., Ltd.), United-States (Imerys Carbonates Sylacauga, Imerys Oilfield Solution - Wrens Facility, IRM Andersonville, Sandersville Deepstep Road plant), France (Imerys TC Saint Germer, Imerys TC Sainte Foy l'Argentière), Greece (Milos GR Total), Indonesia (Calderys Indonesia - PT Indoporlen), United Kingdom (IML – UKKP).

9.2 CORRELATION TABLE WITH THE ELEMENTS OF "GRENELLE II"

1) Social information		Pages
Employment	Total headcount and breakdown by gender, age and geographical zone	133
	New hires and Redundancies	134
	Compensation and its evolution	134
Work organization	Organization of working time	133
	Absenteeism	151
Social relations	The organization of social dialogue, notably information and consultation procedures for personnel and negotiation with the latter	135
	Outcome of collective agreements and their impacts on the company economic performance and on the employees working conditions	133
Health and safety	Health and safety conditions at work	129
	Outcome of agreements signed with trade union organizations or personnel representatives regarding occupational health and safety	133
	Workplace accidents, notably their frequency and severity, as well as occupational illnesses	129-131
Training	Policies implemented regarding training	134
	Total number of training hours	135
Equal treatment	Measures promoting gender equality	132; 136
	Measures promoting the employment and integration of people with disabilities	132; 136
	Policy against discrimination	132; 136
Promotion and compliance	Freedom of Association and the Effective Recognition of the Right to Collective Bargaining	133
with the provisions of the	Elimination of Discrimination in Respect of Employment and Occupation	133; 136
fundamental conventions of the International Labour	Elimination of all Forms of Forced and Compulsory Labour	132; 133
Organization relative to:	Effective abolition of child labour	132; 133
2) Environmental Information		
General environmental policy	Organization of the Company to take into account environmental concerns, and, where applicable, environment-related assessment or certification initiatives	138
	Training and information towards employees on environmental protection	135
	Means devoted to the prevention of environmental risks and pollution	138
	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	212; 236
Pollution	Production, reduction or compensation measures for emissions into the air, water or ground and that seriously affect the environment	138-143
	Consideration of adverse noise pollution and any other forms of pollution specific to an activity	127; 138
Circular Economy	Prevention, recycling, reuse or any other way of valorization and disposal of waste	143-144
 Prevention and recycling of waste 	Actions against food waste	144
Circular Economy	Water consumption and water procurement on the basis of local constraints	144-145
- Sustainable use of resources	Consumption of raw materials and the measures undertaken to improve the efficiency of their usage	143
	Energy consumption, measures undertaken to improve energy efficiency and the use to renewable energies	139-140
	Land use	146
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	140-143
	Adapting to the consequences of climate change	127; 141
Biodiversity protection	Measures undertaken to preserve or develop biodiversity	146

ATTESTATION AND CORRELATION TABLE

3) Societal Information		Pages
Territorial, economic	In terms of local employment and regional development	126;137
and social impact of the Company's activity	On local and surrounding communities	126;137
Relations maintained with	Conditions of dialog with these individuals or organizations	126
individuals or organizations interested in the Company's activity, notably integration associations, education institutions, environmental defense associations, consumer associations, and neighboring residents	Philanthropic or sponsorship actions	137
Subcontracting	Integration of social and environmental criteria in the purchasing policy	130; 148-149
and suppliers	Importance of subcontracting and integration of CSR in the relationships with suppliers and subcontractors	130; 148-149
Fair operating practices	Actions implemented to prevent corruption	147-149
	Measures implemented to promote consumer health and safety	132
Other actions promoting human rights		133

CONTACT IMERYS

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TRANSFORM TO PERFORM

French Limited Liability Company (Société Anonyme) with a share capital of €159,208,570 RCS Paris 562 008 151

