

COMMUNICATION ON PROGRESS 2018/2019

United Nations Global Compact
May 2019



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



IMERYS



May 10th, 2019

Statement of continued support to the United Nations Global Compact

I am pleased to reaffirm that Imerys is committed to support the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

We have made a long-term commitment to embed the UN Global Compact principles within our Group strategy, operations and corporate values. We are likewise committed to engaging in collaborative projects that advance the broader United Nations Sustainable Development Goals.

We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a **Communication on Progress** detailing our Group's efforts to uphold the Ten Principles. To this effect, Imerys has made a clear statement of this commitment to our stakeholders and the general public within our 2018 Group Registration Document, which is available on our Group website (www.imerys.com) as well as via our other communication channels.

Throughout 2018 Imerys continued to dedicated considerable efforts to support the **UN Global Compact Principles**, by aligning our commitments, as well as the objectives of our Group CSR program – SustainAgility - to this shared framework. We have likewise aligned SustainAgility to contribute directly to **9** of the **17 UN Sustainable Development Goals**, considering that by focusing on these particular goals, we also contribute indirectly to the others.

We are determined continue to lead by example in our global operations and in so doing demonstrate daily how our Group creates shared value sustainably.

Sincerely yours,

Conrad Keijzer
CEO

Attachments:

- Attachment 1 – Imerys - 2018 Registration Document – Chapter 5 Corporate Social Responsibility
- Attachment 2 – Table of correspondence between the Global Compact 10 Principles and Imerys 2018 Registration Document – Chapter 5 Corporate Social Responsibility



2018



IMERYS
TRANSFORM TO PERFORM

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5.1 VISION AND AMBITION

5.1.1 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 aims to align its Group Corporate Social Responsibility (CSR) program to the international framework presented in [chapter 1, section 1.3.4 of the 2018 Registration Document](#).

Since 2017, the Group CSR program has been overseen by a CSR Steering Committee, chaired by the Group CEO, which meets quarterly. 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. In addition to the CSR governance structure, the functional organization of CSR within the Group is responsible for the elaboration and monitoring of implementation of the Group CSR program, and also holds the mandate to develop and provide expert oversight and guidance on specific disciplines.

In 2018, the Group announced the launch of its new CSR program referred to as SustainAgility. The SustainAgility program 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, external research and benchmarks, the Group's Risk Committee, local forums, customer and market signals and reviews of global megatrends. The SustainAgility ambitions are articulated around three axes as outlined in the Group CSR Charter, which was updated in 2018 and is now available in 23 languages:

- Empowering our people: making sure employees and the people we work with stay healthy and safe, nurturing talent, promoting diversity & inclusion, fostering social dialogue and safeguarding human rights;

- Caring for our planet: protecting the environment, promoting non-energetic resources efficiency, respecting biodiversity, and acting on climate change;
- Building for the future: behaving ethically, operating fairly, ensuring a responsible supply chain, engaging with communities and promoting sustainable products and technologies.

The Group continues to develop and roll-out the SustainAgility program in an iterative fashion. The mid-term objectives to be achieved through the SustainAgility program are 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 continuous improvement approach, new projects, and scientific studies shall continue to be developed and deployed based on a reinforced framework of solid policies, procedures, improved tools, training, as well as series of maturity matrices upon which Group sites are assessed and against which action plans are developed.

The 2018 objectives and preliminary performance results of the SustainAgility program are reported on within the 2018 Registration Document.

- ✓ For more information on the Group CSR governance, [see chapter 1, section 1.3.4 of the Registration Document](#).
- ✓ For more information on the Group Risk Committee, [see chapter 4, section 4.2.2 of the Registration Document](#).
- ✓ For more information on SustainAgility, [see "Imerys Replay" on YouTube at **www.youtube.com/user/ImerysReplay**](#).

5.1.2 UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS

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

WE SUPPORT



Human Rights	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

In September 2015, 193 member States of the United Nations adopted 17 Sustainable Development Goals (SDGs) 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 has duly identified within the SustainAgility program the policies and practices within its operations that directly or indirectly contribute to the SDGs. The Group is specifically focusing on concretely contributing to the nine SDGs listed below:



In accordance with the UNGC Principles, the Group shall submit its annual Communication of Progress (COP) in 2019. The Group CSR commitments, 2018 objectives and results, are presented

in the context of continuous progress made towards the UNGC Principles and the aforementioned nine UN SDGs.

5.2 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, competitor and peer companies, customers, employees, government authorities, local community members, media, non-governmental organizations, professional associations, shareholders and investors, and suppliers and subcontractors.

In 2017, in the context of the definition of the Group's CSR program, Imerys launched 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 list of potentially significant ESG 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⁾ and other IMA forward-looking reports⁽²⁾, an assessment of selected international companies CSR programs, levels of CSR maturity, and main CSR themes; as well as a review of selected climate

change, biodiversity, supply chain, diversity and inclusion, and circular economy approaches. 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 2018. The Imerys global employee engagement survey launched in early 2017 was used to gain confidential and anonymous insights and feedback from across the Group. Consultation on the CSR themes was then broadened and deepened in 2018 through face-to-face engagement meetings held at various locations across the world. Over 140 senior managers across the Group business and functions, as well as employee representatives were consulted. Additional feedback was gained by widening the mix of external stakeholders surveyed with the aim of achieving a representative mix in terms of types of organization (customers, investors, banks, suppliers, 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 senior management to structure the 2018 results. The final assessment and results were then presented and validated by CSR Steering Committee and Executive Committee, which confirmed the continued focus on the priority CSR themes identified in 2017 and preliminary actions to be taken.

The rating agency indices and assessments related to Group ESG performance were considered in the evaluation of material CSR topics as described above. A selection of most recent non-financial rating of Imerys are summarized in the table below.

Indices/Assessment	2018 Rating
CDP Climate Change ⁽¹⁾	C
FTSE4Good Index ⁽²⁾	Absolute Score (0-5) = 3.3 (2017) Supersector Relative (1-100) = 56 (2017)
MSCI ESG Leaders Indexes ⁽³⁾	AAA
EcoVadis ⁽⁴⁾	56 Silver (2017)

(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>.

(4) Details on the EcoVadis scope and rating system can be found at: <http://www.ecovadis.com>.

(1) IMA Europe published the "2050 Roadmap" for the industrial mineral sector in September 2014: <http://www.imagethefuture.eu/sites/default/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.

(2) IMA-Europe's Circular Economy Report published in October 2018: https://www.ima-europe.eu/sites/ima-europe.eu/files/publications/IMA-Europe_Circular%20Economy%20Report_2018.pdf.

In addition to the above, Imerys ESG practices are also assessed by: ISS QualityScore, Ethibel Sustainability Index Excellence Europe, Vigeo Europe 120, STOXX® Global ESG Leaders Index, Oekom, Ethibel, Gaïa, SustainAnalytics, and Sedex Advance.

✓ For more information on the Group Employee Engagement survey, [see section 5.5.2.1 of the present chapter](#).

✓ For more information on Group CSR Reporting Methodologies, [see section 5.8 of the present chapter](#).

5.3 MATERIAL CSR RISKS

A robust assessment of material CSR risks is fundamental to the definition of the Group CSR program 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 that may negatively impact or have the capacity to create value for Imerys and its stakeholders.

Imerys material CSR challenges and opportunities are summarized below under the six SustainAgility program pillars: safety and health, human capital, environmental stewardship, climate change, business conduct, and product management. They are consistent with the macro approach to Group risk and internal control presented in [chapter 4 of the Registration Document](#).

Ensuring the **safety and health** of Group employees as well as contractors is Imerys' number one commitment. Being a safe place to work is a cornerstone of Imerys' sustainability. Due to the inherent nature of industrial activities, Imerys employees, contractors, customers' employees may be exposed to risks that, in the event of failings in the safety management hierarchy of controls summarized in [section 5.5.1 of the present chapter](#), could result in a fatality, serious life-changing injuries, or short-term health effects. The highest risks activities managed through the "Serious 7" protocols are related to the risk of contact with hazardous energy, interaction with mobile equipment and machinery, working at heights, as well as ground control in surface mines. Occupational health risks in mineral mining and processing activities include ambient 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 **human capital** is the most important Group asset, thus ensuring the respect of human rights and labor 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. The threats in this regards are related to potential violations of the Group Code of Conduct and Business Ethics that could result in potential risk of salient right abuses. While not assessed as a material risk at Group level, the promotion of diversity and inclusion is considered to be a long-term objective that needs constant focus as expressed through the employee engagement survey and as such the development of the Group program shall continue to be a high priority throughout 2019.

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. 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 is resolved to not only ensure full compliance with environmental obligations, duly identifying environmental risks and mitigating impacts, but also to reduce the environmental footprint of operations, optimize the use of mineral resources and processing of mineral solids, limit the consumption of other non-energetic resources such as water, and preserve biodiversity⁽¹⁾.

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 creating a potential transitional risk. 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 Group risk mapping exercise presented in [chapter 4, section 4.1.2 of the Registration Document](#) identified the potential long-term risk associated with climate change. As such, even though climate change impacts did not emerge amongst the most material topics in the 2018 materiality assessment, Imerys remains committed to its long-term objective to the elaboration and roll-out of the Group climate change strategy, and shall continue focus on this pillar as a high priority throughout 2019.

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. Respect of the Group Code of Business Conduct and Ethics has been an area of particular focus throughout 2018 and through internal controls this risk has been significantly reduced. Yet the risk within the context of the Group global value chain of suppliers not identifying their risks and not preventing serious violations of human rights, fundamental freedoms, health & safety of people and environment in their organization and in their own supply chain is still considered material. Additional details

(1) Other environmental aspects such as hazardous substances and noise and vibration 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.

on these risks and a focus on their identification is presented in [section 5.7.1.2 of this chapter](#). Imerys also faces challenges and opportunities in its interactions with the communities surrounding its sites, which need to be continuously identified, assessed and managed. More generally, Imerys contributes 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.

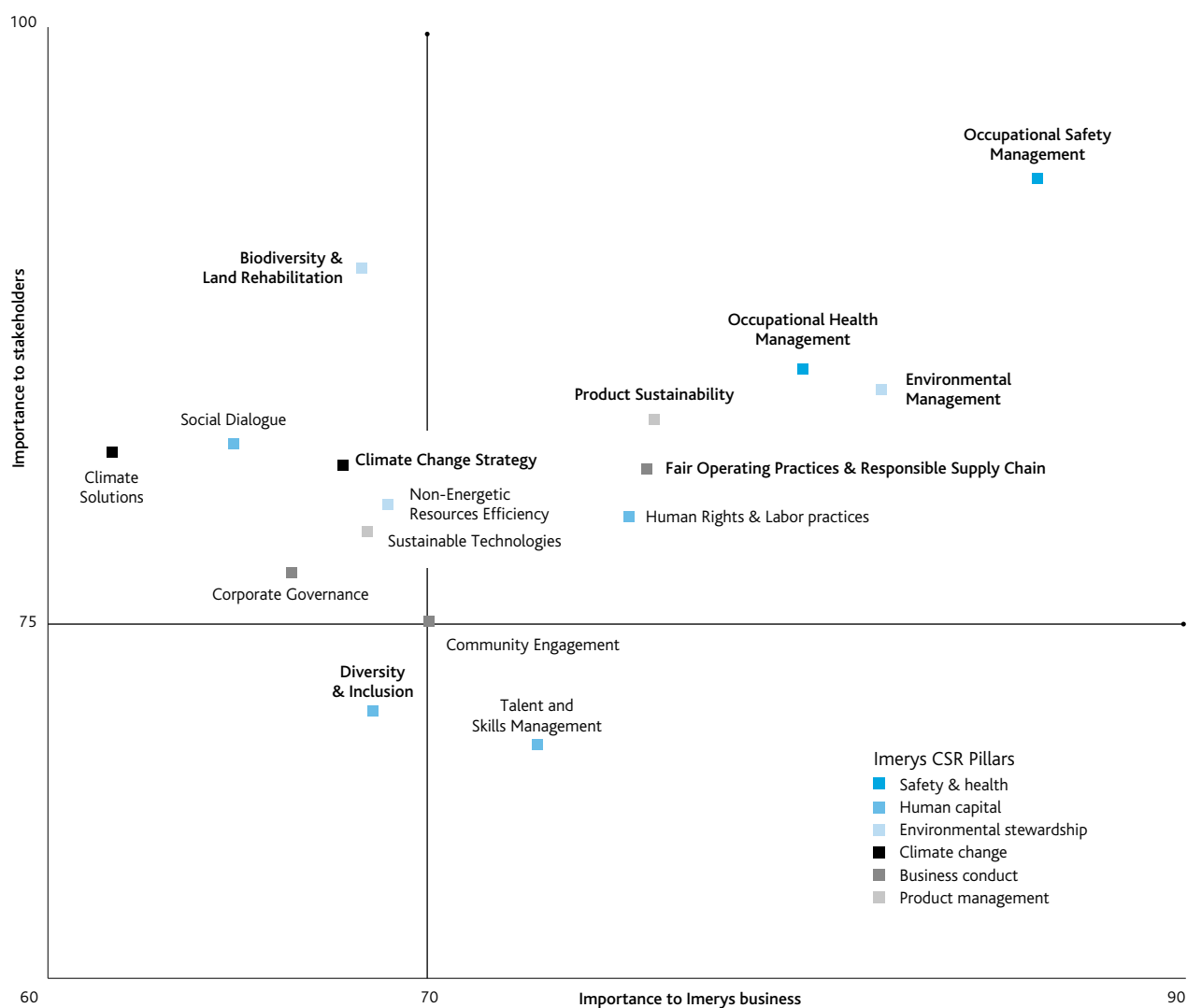
Imerys is fully aware of stakeholders expectations to reduce products environmental footprints while at the same time provide sustainable solutions. Responsible **product management** contributes to the development of sustainable business opportunities. The technological expertise within Imerys places the Group 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.

By crossing all the data coming from different sources Imerys aims to get a better vision of the most material issues so to orientate its mid and long-term CSR program in an optimal way for the Group and its stakeholders.

The results of the 2018 materiality assessment exercise are presented the figure below, with the most material issues and **2019 CSR priority themes** identified in bold.

IMERYS MATERIALITY RESULTS



5.4 KEY OBJECTIVES AND PERFORMANCE

In the following sections of this chapter, the Group CSR commitments, objectives and performance in 2018⁽¹⁾ are presented in greater detail together with their alignment to UNGC Principles and the UN Sustainable Development Goals to which they contribute. The Group CSR objectives for 2019 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 5.8.2 of the present chapter](#). Any changes or evolution in the 2018 Group CSR objectives that occurred during the year are duly noted.

During 2018, the Group made a series of acquisitions and divestitures, which are described within [chapter 1, section 1.4.2 of the Registration Document](#). The potential impacts on non-financial indicators of these modifications in the Group operating perimeter are described wherever appropriate in the following sections of this chapter.

In addition to the CSR program linked to the aforementioned Group level objectives, for the past 14 years the Group has organized a

company-wide competition called the Sustainable Development Challenge (SD Challenge), which 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, over 900 projects have been submitted in the SD Challenge since it was first launched. The Imerys SD Challenge 2018 edition reached a record level of participation with 143 projects submissions representing all the Group geographic areas and divisions⁽²⁾. To be considered for the 2018 Challenge, a project must have concretely contributed to one of 8 specific CSR themes and focused on achieving long-term sustainable results together with local partners. Imerys is committed to ensure that the Group SD Challenge continues to inspire greater awareness and understanding of material CSR risks and continues 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](http://see.imerys.com).

5.5 EMPOWERING OUR PEOPLE

5.5.1 SAFETY AND HEALTH

Imerys' Commitment	2018 objectives	UNGC Principles	UN SDGS
Ensure that Health and Safety come first by developing and continually improving our health and safety culture and systems, with all our partners, to achieve an injury-free workplace	<ul style="list-style-type: none"> Occupational Safety Management <ul style="list-style-type: none"> Lost Time Accident frequency rate (LTA) : ≤ 1.31 for employees and contractors⁽³⁾ Assess Occupational Safety maturity of all Group operations and develop specific site level safety action plans 	Principle 1	SDG 3 SDG 8
	<ul style="list-style-type: none"> Occupational Health Management <ul style="list-style-type: none"> Develop an Occupational Health maturity matrix integrated within "I-Cube" 		
	2019 objectives <ul style="list-style-type: none"> Occupational Safety Management <ul style="list-style-type: none"> Reduce the Group Total Injury Frequency Rate to ≤ 3.6 Occupational Health Management <ul style="list-style-type: none"> Improve global Occupational Health performance across Group sites based on a review of the current level 		

(1) 2018 objectives fully achieved are denoted with the symbol "✓" and details are provided in the corresponding sections.

(2) Imerys Roofing division, which was divested by Imerys in 2018, did not participate in the 2018 SD Challenge.

(3) The Group combined LTA rate for employees and contractors at the end of 2018 was 1.36 ([see section 5.5.1.1 below for additional details](#)).

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. The personal involvement of each individual within Imerys is considered essential to achieving an incident-free workplace. The 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 and concrete contributes to SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

5.5.1.1 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 and the implementation of appropriate hierarchy of controls (elimination, substitution, engineering controls, administrative controls and personal protective equipment). 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. In 2018, Health and Safety professionals assessed the occupational safety maturity of all Group operations, categorizing the level of safety management maturity in terms of leadership and accountability, compliance and continuous improvement, Behavior-Based Safety (BBS) and integrated approach. The assessment is then used to develop specific site-level safety action plans.

Given the importance of Behavior-Based Safety 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 in the aforementioned Group Safety Culture Maturity matrix. Safety compliance requirements for each Imerys operation include not only local laws and regulations, but also the Group's policies, protocols and procedures. In 2018, the protocol on personal protective equipment (PPE) was updated to ensure that PPEs are compliant with latest standards and are also as comfortable as possible. The Group EHS Audit Team conducted over 30 comprehensive onsite EHS compliance audits across the Group in 2018. Corrective actions are tracked by Corporate EHS to completion through a web-based software system.

Safety Culture Improvement Team (SCIT) events are organized by senior EHS professionals within the Group to drive safety culture. In 2018, a total of 30 SCIT events were conducted. Since 2017, to support the alignment to Group safety culture expectations, 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 Senior Vice-President.

Training and awareness on the Group safety and health system are achieved through various communication and training tools, often developed in local languages, including Safety Summits, Imerys Safety University (ISU), web seminars, the Group digital learning path "IM-Pulse", safety toolbox meetings and the Group Welcome Sessions for new managers. In 2018, the "Serious 7" awareness and training campaign, mandatory for all Imerys employees, was launched. In 2018, a slips, trips and falls prevention campaign was organized through an assessment of the workplace, enabling sites to set up action plans and measure improvements, as well as raising employees' awareness on these risks. Training on EHS topics represents 42% of total training hours in 2018 ([see section 5.5.2.2 within the present chapter](#)).

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 2018, 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.

The second annual Safety Connect Day, on the theme "My Personal Commitment to Safety", urged all Imerys sites around the world to make safety pledges. The Chief Executive Officer expressed his personal commitment and stressed the importance of all employees caring for each other and following the rules defined in the "Serious 7" Protocols. This leadership safety message echoed by Executive Committee members and other leaders, who share their commitments and expectations, outlining the steps everyone can take, as an individual and as a business, to address the challenge of reducing the number of incidents.

✓ For more information on the My Personal Commitment to Safety film, [see "Imerys Replay" on YouTube \[www.youtube.com/user/ImerysReplay\]\(http://www.youtube.com/user/ImerysReplay\)](#).

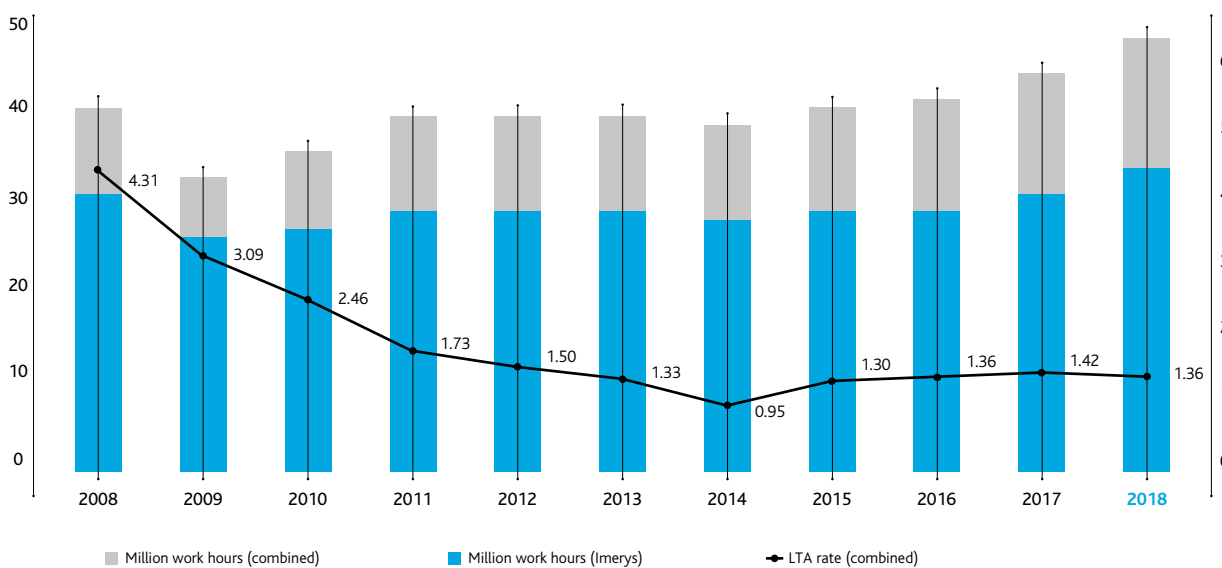
Alignment of Group contractors within Imerys Safety System and safety cultural expectations is fundamental to achieve the Group safety goals. As such, the new Contractor Safety Management initiative, launched in 2017, outlines a common and systematic approach for the selection, monitoring and continuous improvement of the health and safety performance of contractors and sub-contractors. Health and Safety requirements are likewise cascaded to Group suppliers as further described in [section 5.7.1 of the present chapter](#).

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 recurrence. In 2018, approximately 59 safety alerts were delivered by the Group.

Imerys tracks and analyses safety performance for both employees and contractors on a monthly basis using indicators for fatalities, life-changing injuries, lost-time and non-lost-time accidents 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. The Group is preparing for the deployment of a new tool to strengthen the management of incidents and introduce new leading indicators, such as inspections and site visit reports with KPI reporting and follow-up.

✓ For more information on Group safety reporting methodologies and metrics, [see section 5.8 of the present chapter](#).

GROUP LOST TIME ACCIDENT RATE



As of December 2018, the combined LTA rate of the Group was 1.36 and the combined Total Recordable Injury Rate (TRIR)⁽¹⁾ was 4.34. The 2018 target of 1.31 was thus not achieved. Following the divestiture of the Roofing Division in October 2018, the safety performance results and objectives were reassessed. The 2018 combined LTA rate, excluding the Roofing Division, was 1.19. Tragically, in 2018 one Imerys employee suffered a fatal accident in the industrial site of the Fused Minerals Division in Hull, UK. 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.

5.5.1.2 OCCUPATIONAL HEALTH

Imerys recognizes managing workplace health and wellbeing as a priority for the Group's employees and contractors. Imerys occupational health protocols outline an internal framework for controlling and mitigating common occupational health risks. Imerys identifies different occupational health risk scenarios, evaluates and risk assesses them and develops control plans proportionate to the risk. As part of this program, appropriate information, instruction and training are provided. Occupational health practices are systematically reviewed to look for improvement, simplification and standardization. Compliance with regulations and the Groups protocols are reviewed regularly through the Group EHS audit program.

In 2018, the Group occupational health expertise was further reinforced through the appointment of a new Industrial Hygienist. A detailed Group occupational health roadmap will be formalized in 2019. To that effect an Occupational Health Maturity Matrix was defined and will, as with the other matrices in the Group "I-Cube" and SustainAgility programs, be used to support the global program deployment in a continuous improvement cycle.

(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.

The occupational health programs implemented cover a range of health and hygiene aspects, but particular emphasis is placed on the management of airborne contaminants, vibration and noise. Across Group locations, health plans and programs are based on local occupational health risks, which integrate wellness initiatives and are supported with engagement and communication campaigns.

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)⁽¹⁾. The NEPSI reporting campaigns are conducted every two years, with the fifth NEPSI report results published in 2018. One hundred percent of the relevant Imerys sites in Europe participated in the 2018 reporting campaign.

Group Reported Occupational Illnesses

	2018	2017	2016
Occupational illnesses with lost time	1	2	2
Occupational illnesses without lost time	0	6	7
Total	1	8	9

In 2018, one occupational illness related to ergonomics was reported from a site in France, and currently is being assessed.

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

5.5.2 HUMAN CAPITAL

Imerys' Commitment	2018 objectives	UNGC Principles	UN SDGS
Develop our Human Capital by respecting internationally recognized human rights and labor practices as set out in our Code of Business Conduct and Ethics, investing in the talent and skills of our employees, engaging in constructive social dialogue and fostering a culture of workplace diversity and inclusion based on mutual respect	<ul style="list-style-type: none"> ■ Human Rights and Labor Practices <ul style="list-style-type: none"> ✓ Define and implement Corporate global level employee engagement survey action plans ■ Talent and Skills Management <ul style="list-style-type: none"> ✓ Ensure a comprehensive embedding of Imerys Leadership Behaviors in HR programs, process & tools ✓ Design and implement a global recruiting and internal mobility policy and processes ✓ Design and deploy a Group Onboarding Program ■ Social Dialogue <ul style="list-style-type: none"> ✓ Define and implement local employee engagement survey action plans ■ Diversity and Inclusion <ul style="list-style-type: none"> ✓ 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 		
	2019 objectives <ul style="list-style-type: none"> ■ Human Rights and Labor Practices <ul style="list-style-type: none"> ● Improve human rights awareness by training specific populations of employees in pilot countries ● Ensure implementation of employee change management support throughout new organizational roll-out ■ Talent and Skills Management <ul style="list-style-type: none"> ● Continue to invest in employees' development by adapting the Group learning offer in alignment with the Group strategy and transformation ■ Social Dialogue <ul style="list-style-type: none"> ● Ensure constructive social dialogue by conducting regular pulse surveys with employees to gather continuous feedback ■ Diversity and Inclusion <ul style="list-style-type: none"> ● Increase diversity and inclusion awareness within Group through the implementation of the new diversity and inclusion program 	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6	SDG 4 SDG 5 SDG 8

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. 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. Through constant engagement on these subjects the Group contributes to SDG 4 to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; to SDG 5 to achieve gender equality and empower all women and girls; and to SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Employment

	2018	2017	Variance 2017/2018
Registered employees	17,769	18,359	-3%
of which permanent employees	16,220	17,381	-7%
of which non-permanent employees (fixed term)	1,549	978	58%
External employees (Full-Time Equivalent)⁽¹⁾	4,204	-	

(1) In 2017 Registration Document, the Group did not report on external employees due to data collection challenges associated with reporting definitions across the Group. This definition was clarified in 2018 and refers to all non-Imerys company or independent contractors who agree to perform services on Imerys facilities regardless of duration. Total worked hours done by the external employees are converted by Full-Time Equivalent.

5.5.2.1 HUMAN RIGHTS AND LABOR PRACTICES

Imerys strives to promote mutual respect in all practices and dealings with its employees, and outside contractors. Imerys recognizes that management of relations with employees is critical to the creation of an environment in which all employees can excel. 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 comply with local legislation in force in the countries where it operates, particularly in terms of non-discrimination, privacy, child labor, compensation and working hours. Imerys endeavors to have a positive impact through its employment practices upon the welfare of employees, which likewise has both indirect and induced positive impacts also on surrounding communities and thereby contribute to SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

In 2018 the Group released a new Group Code of Business Conduct and Ethics that spells out the fundamental principles and shared commitments to ethical behavior including respect of human rights and labor practices. The Code, applies to all Imerys employees, including those of its subsidiaries, as well as those who do business with Imerys. Managers at Imerys have a particular responsibility to ensure its daily application because of their roles and responsibilities with regards to Group operations. Imerys recognizes the right to freedom of association and the right to collective bargaining, which is clearly articulated within the new Code as well as within the Group Employee Engagement Policy. At the end of 2018, approximately 68%⁽¹⁾ 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 labor and forced labor. Compliance with the Code and protocols on human rights and labor practices, including preventing child labor and forced labor, 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 labor and forced labor have been in place since 2009.

✓ For more information on the Code of Business Conduct and Ethics, see paragraph 5.7.1. of the present chapter.

The Group has developed a global and comprehensive program (Global Benefits Management) that aims at mapping all the healthcare, death and disability benefits provided to its employees, and ensuring that the corresponding levels of coverage are in line with local regulations and market practice. This program now covers 25 countries where the Group is operating and 13 others will be included in the course of 2019. Thanks to this program the Group will be in a better position to continue its employee benefits harmonizing actions in a structured and efficient way.

The Group Pension Committee has reviewed and updated its governance principles, objectives and operating modes via the definition and publication of its terms of reference, applicable to all Imerys units.

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 and 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 focusing on global action plans as well as local results and action plans, as presented in [section 5.5.2.3 of this chapter](#). At the global level, dedicated teams with clear owners were identified to drive the development and implementation of improvement plans related to diversity and inclusion, Group processes, strategy and internal communication. Throughout 2018, the dedicated teams worked on the action plans and communicated on their progress. As described in [section 5.2 of the present chapter](#), 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 survey on collective bargaining coverage is conducted every two years. This result refers to the end 2017 survey.

Employee moves

	2018	2017
Net variation of permanent employees (excluding acquisitions and divestitures)	(438)	0
External recruitments	1,446	1,717
Redundancies (economical & non economical)	(557)	(523)
Retirement	(303)	(258)
Voluntary termination & other	(1,024)	(936)
Turnover ⁽¹⁾	6.1%	5.8%
Net variation of temporary employees (excluding acquisitions and divestitures)	569	186
Acquisitions – Divestitures	(721)	2,476
Variation of Registered Headcount	(590)	2,662

(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 2018 is principally associated with the divestiture by the Group of the Roofing Division as detailed in [chapter 1, section 1.4.2, of the Registration Document](#).

5.5.2.2 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, development and retention. All of these processes contribute to 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.

Supporting internal evolution and career moves across the Group is a priority. 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 2018, Imerys welcomed 24 graduates from 8 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 Behaviors, which were rolled out in 2016 and have become an integral part of the entire talent management cycle, including recruitment, onboarding, performance and potential assessment, development and succession plans. In order to develop leadership and managerial skills, annual reviews are now composed of a shared evaluation between employees and their line managers based on these principles.

To ensure that Imerys not only attracts the right people for the right positions, but also that the process generates a positive candidate experience, and facilitates the integration within Imerys, the Group has designed a global recruitment policy, which will be rolled-out from 2019. This policy addresses five stages in the recruitment process: preparation, sourcing, selection, decision and onboarding.

A global onboarding program was designed and deployed in 2018 and includes a clear process based on best practices from across the Group but also learning paths that give each newly recruited employee clear knowledge about Imerys. The onboarding program toolbox contains valuable information on the global process, induction planning, new hiring orientation survey, a welcome pack, etc. This onboarding is supported by a dedicated workflow within the Group HR data platform that ensures that all new employees receive key messages and information directly after arrival.

In addition to the above, a global internal mobility policy was defined in 2018 to provide a streamlined process to develop employees by exposing them to new challenges and new businesses within Imerys; to respond to employees' aspirations to evolve; to facilitate the collaboration between all businesses; and contribute to reinforce the Group culture and mindset.

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 sectoral 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 endeavors to align its remuneration practices across the best international standards.

✓ For more information on the Executive Remuneration, [see chapter 3, section 3.3 of the Registration Document](#).

Group training hours

	2018	2017	Variance 2016/2017
Number of trained employees	13,636	13,166	4%
Number of training hours by year	508,356	341,927	49%
Number of hours by category of program			
Environment, Health & Safety	211,645	185,002	14%
Technical skills	245,078	126,533	94%
Management	51,633	30,393	70%

In 2018, 76% of employees⁽¹⁾ in the Group have benefited from at least one training program in the year. 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 digital learning platform "IM-Pulse" hosts Imerys' entire training offer. As of 2018, the platform was made accessible to 8,000 employees across the Group and included both in-class training and e-learning courses covering geology, finance, management, project management, industrial marketing, and leadership. In 2018, the Group launched a major Safety training campaign to raise awareness and enhance knowledge about the Group's "Serious 7" Protocols.

In 2018, an induction training for Imerys' new plant managers was introduced to help them understand the Group's "Raise the Bar" approach to continuous improvement. Over three days, 19 new plant managers from 10 divisions and more than 10 nationalities gathered to learn about the "Raise the Bar" approach to safety, processes, finance, HR, CSR, as well as I-Cube.

The Group SD Challenge serves as an effective channel to strengthen the focus on talent and skill development: a total of 18 projects were entered into the 2018 SD Challenge in this category. A winning example of a project fostering talent and skill development involved the Ceramics Academy, which set up a technical training path in order to ensure a smooth transfer of knowledge between experienced managers and the sales & operations population. Since the creation of the training path in February 2017, the Ceramics Academy has delivered training to more than 100 people from 20 countries across three regions – a total of 6,000 hours of training. The curriculum is based on a mixture of classroom-based teaching and hands-on workshops in labs, quarries and even customer plants.

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. Since 2017, Imerys has 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 its commitment towards literacy and numeracy.

(1) The training hours percentage is based on the average registered headcount of Group employees in 2017 and 2018.

5.5.2.3 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 Group 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. The employee delegation consists of 18 members, representing 19 different nationalities. In addition to the annual plenary session, the EWC's five officers meet at least three times a year and act as liaison between representatives and Imerys management. A EWC agreement was signed on May 31, 2018, covering 2018 - 2021. The term of office of elected representatives of the EWC is 4 years (2021). To further encourage dialogue and exchange, within the new EWC agreement employee representatives will be asked to participate within various temporary working groups established to address specific priority projects across the Group.

Imerys is committed to engage in constructive dialogue with employee representatives. Notwithstanding this objectives, labor strikes may still occur. In 2018, 7,657 hours were lost due to labor strikes (12,828 in 2017), of which 3,353 hours in France, 1,998 hours in Spain and 1,112 hours in Brazil. As a result of difficulties encountered during negotiations with one labor union at a Group site in the United States, Imerys was unfortunately required to resort to a lock-out in order to ensure the safety and continuity of operations until an agreement was reached with the concerned union representatives. As a result of negotiation efforts of both parties, an agreement was reached and the facility was reopened to all employees.

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. In 2018, Imerys launched a new Group news and collaborative social platform that supports daily communication and collaborative needs and simplifies how Imerys' employee connect and work together. This new platform hosts essential information, documentation and protocols, but also social feeds and workspaces, tools and business applications. The new intranet is optimized to enable employees to use tools and resources in a more agile way – including smartphone access to Group level applications. The new intranet facilitates the sharing of projects, initiatives and successes throughout the Group. It is likewise a platform to share information and support discussion on specific topics within specialized communities.

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 2018, nine Welcome Sessions were held across the Group.

As described in [section 5.5.2.1 of the present chapter](#), the Group Employee engagement survey is a key tool for fostering social dialogue and serves as a solid metric for assessing and understanding employee engagement across the Group. Upon completion of the 2017 engagement survey, local working groups were created and tasked with the elaboration of local action plans to focus on three or four areas where potential improvements are needed. By the end of 2018, a communication on the status and type of action launched for each business was shared across the Group intranet, not only to communicate on progress but also to share lessons learned openly.

5.5.2.4 DIVERSITY AND INCLUSION

The Group is committed to promote a culture based on mutual respect and appreciation, where the value and contribution of each individual is welcomed and recognized. Imerys does not tolerate any discrimination and/or harassment of its employees, contractors, customers, suppliers or other stakeholder 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 and inclusion are long-term ambitions and while the Group has not yet reached its full ambition, it is fully committed to its accelerate efforts and as such contribute further to SDG 5 to achieve gender equality and empower all women and girls and SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

The Group's Diversity and Inclusion Charter, which was updated in 2018 and translated to 23 languages, clearly articulate the shared commitment to achieving greater diversity, as well as inclusion across the Group. In 2017, the Group identified diversity and inclusion as a priority CSR theme for 2018 and 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 continued throughout all of 2018, was 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. Through the involvement of Executive Committee members and General Managers as sponsors, and with the support of two external Diversity and Inclusion experts, the working group has structured the fundamental elements of the program, with specific actions launched in 2018 and the full program that will begin to be rolled out in 2019. The program status and action plan was presented to the Board Nomination Committee in November 2018, with a restitution to the Board in early 2019.

✓ For more information on Corporate Governance and Board and Committee compositions, [see chapter 3, section 3.1 of the Registration Document](#).

The Group is committed to develop its programs focused on achieving greater diversity as well as inclusion both at global and local levels and to respect and promote the principle of non-discrimination and equal opportunity, in particular with regards to human resources management. To this effect in 2018, the Group recruitment and mobility policies and practices were updated to support the reinforcement of diversity. These policies were updated to include specific diversity and inclusion principles and requirements at the appropriate steps within each process. The adjustment of the Group recruitment policy have helped to produce results already with regards to gender diversity. In 2018, 40% of external recruits for senior management positions were women vs 6% in both 2016 and 2017. The 2016-2018 Graduate program participants represent 17 different nationalities and the 2018 new recruits within this program are 50% female. Diversity and inclusion requirements were likewise added to the Group Leadership Behaviors, the behavioral model against which the Group formal performance appraisals are conducted.

In continuity with the efforts launched in 2018, the Group worked to eliminate barriers, to raise awareness on the effects of implicit and/or unconscious bias and to help participants develop effective strategies for ensuring that such bias do not undermine Group efforts to ensure a diverse and fulfilling workplace for all employees. In 2018, various training and awareness raising sessions were held across the Group focusing on inclusion, conscious collaboration and unconscious bias. Over 700 employees from new graduates to senior managers participated to the numerous sessions held in Group locations around the world. Diversity and inclusion have

likewise been included within the Group Senior Leadership training program. Within this program, the 28 senior managers participating dedicated over 14 hours to understanding and managing cultural diversity to enrich performance. The dedicated section on diversity and inclusion created within the IM-Pulse e-learning platform was enriched to provide a wider range of practical resources and tools for training and awareness campaigns related to inclusion.

Within the context of the 2018 SD Challenge, diversity and inclusion commitments were given greater visibility and included as a specific category, encouraging employees across the Group to reflect on and submit projects linked to the ambitions expressed in the Imerys Diversity and Inclusion Charter. Numerous initiatives were carried out in India, the United Kingdom, Denmark, Argentina, Chile and Italy covering a wide range of topics each essential to achieve more diverse and inclusive mindsets in the workplace such as unconscious bias training and increased sourcing of small suppliers who create employment opportunities for people with disabilities. Lessons learned and best practices from these projects have been made available to all through the Group internet platform.

Deployment of the diversity and inclusion plan that was defined at the end 2018 shall occur in 2019. Achieving the ambition of this plan is a long term goal with a high priority and shall continue to be the focus of particular efforts at all levels of the organization for several years to come. To this effect, the SustainAgility program includes a diversity and inclusion maturity matrix to measure and guide the deployment of the Group diversity and inclusion programs at all levels of the organization.

Gender diversity

	2018	2017
Percentage of females in the Group	17.5%	17.5%
Percentage of females in Manager/Expert/Professional roles ⁽¹⁾	25.6%	-
Percentage of females in Senior Management roles	17.2%	14.4%
Percentage of female Executive Committee Members	9.1%	-
Percentage of female Board Members	41.7%	40%

(1) This indicator was introduced in 2018 and as such not available for previous reporting periods.

Disability

	2018	2017
Number of employees with a disability	186	242
Percentage of registered headcount with a disability	1.1%	1.3%

Age and seniority

	2018	2017
Percentage of permanent headcount by age bracket		
Less than 30 years	11%	11%
From 30 to 39 years	25%	25%
From 40 to 49 years	29%	30%
From 50 to 54 years	15%	15%
More than 55 years	20%	19%
Percentage of permanent headcount by seniority		
Less than 10 years	50%	50%
More than 10 years	50%	50%
of which more than 20 years	23%	24%

The number of senior managers (both male and female) as a percentage of total employee headcount decreased in 2018 due primarily to a redefinition of the senior management job category as well as the Group reorganization that occurred in November 2018. These changes, in addition to the updated

recruitment and mobility policies, resulted in an increase in the proportion of women in senior management roles at the end of 2018. The overall proportion of women in the Group has remained relatively stable over the past three years.

5.6 CARING FOR OUR PLANET

5.6.1 ENVIRONMENTAL STEWARDSHIP

Imerys' Commitment	2018 objectives	UNGC Principles	UN SDGS
Act as responsible environmental stewards by assessing environmental risks and continually improving control measures to reduce adverse environmental impacts, maximizing the efficient use of natural resources and conserving and creating biodiversity value	<ul style="list-style-type: none"> ■ Environmental Management <ul style="list-style-type: none"> ✓ Develop an environmental management maturity matrix and assess the maturity on selected pilot sites ■ Non-Energetic Resources Efficiency <ul style="list-style-type: none"> • Ensure Imerys Industrial Improvement (I-Cube) Program Adoption on 195 sites across the Group ■ Biodiversity & Land Rehabilitation <ul style="list-style-type: none"> ✓ 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 		
	2019 objectives <ul style="list-style-type: none"> ■ Environmental Management <ul style="list-style-type: none"> • Improve monitoring of environmental regulatory compliance through the roll-out of regulatory watch and compliance tools covering 40% of operations • Reduce environmental impacts through the deployment of a continuous improvement program and conduct 25% of environmental audits using the environmental matrix ■ Non-Energetic Resources Efficiency <ul style="list-style-type: none"> • Analyze the environmental impacts of Group products by rolling out a product sustainability analysis process and tool • Monitor indicators on recycling and mineral deposit optimization • Improve monitoring and reduce water consumption by developing new indicators and dashboards for each site ■ Biodiversity & Land Rehabilitation <ul style="list-style-type: none"> • Continue deployment of comprehensive biodiversity improvement program 	Principle 7 Principle 8 Principle 9	SDG 6 SDG 8 SDG 12 SDG 15

Imerys is committed to respect regulations, to minimize negative environmental impacts associated with its operations and to ensure an environmental conservation approach. For this purpose, Imerys ensures it has identified and assessed the environmental risks related to its activities and implemented measures and controls to prevent and limit negative impacts. The efficient use of resources such as minerals and water is therefore at the core of the Group's concern. In parallel, aware of the importance of maintaining functional ecosystems where it operates, Imerys

places a special focus on biodiversity preservation. By efficiently exploiting the resources at its disposal and creating positive biodiversity value in the long term, Imerys is committed to SDG 12 to ensure sustainable consumption and production patterns and 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.

5.6.1.1 ENVIRONMENTAL MANAGEMENT

Environmental stewardship rests upon the implementation of a robust Environmental Management Systems (EMS), which is a key factor to improve operating efficiency while reducing environmental impacts. 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 Group-wide environmental protocols, which include 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. Imerys' environmental policy forms the basis of the approach taken to the monitoring and continuous improvement with regards to environment, defining the responsibilities of site-level and senior managers and Group EHS personnel in managing and controlling potential exposures and risks in order to prevent adverse environmental impacts and to reduce the environmental footprint of operations.

In addition to implementation of mandatory EMS requirements, the Group encourages ISO 14001 and Eco-Management and Audit Scheme (EMAS) certifications. As of the end of 2018, 101 of 230 (44%) of Group operations are ISO 14001 or EMAS certified by external certification organizations.

To continue to strengthen environmental management across the Group, a maturity matrix covering the critical elements of sound environmental management was developed in 2018. This maturity matrix which, as with the other continuous improvement matrices developed and deployed across the Group in the context

of the SustainAgility program, will be used to assess site level environmental performance and guide the development of action plans. To date this matrix has been tested on pilot Group sites and will be progressively deployed throughout 2019.

In 2018 the Group began the testing and pilot roll-out of a new integrated solution to manage environmental legal compliance and regulatory monitoring in 4 countries. This new solution supports the development of updated environmental legal registers, with regular alerts, register updates and regulatory assistance by environmental legal specialists for each country. This solution will be progressively tested and deployed in several geographic areas to support continuous improvement.

To confirm compliance and conformity with regulations and Group protocols, Imerys operations are audited at regular intervals as per the Group Environmental, Health and Safety (EHS) auditing protocol. In 2018, 34 Group EHS Audits were conducted, including comprehensive Environmental Management System audits.

■ ENVIRONMENTAL INCIDENTS, PROSECUTIONS AND FINES

The Group has a structured internal environmental incident reporting process and a database that requires reporting of five different types of issues, including any significant structural deterioration of an impound, any release of discolored water, any release of dust, any non-routine inspection, investigation or notice of non-compliance from an environmental regulatory agency or any credible complaint concerning an environmental condition related to the operations.

	2018	2017	2016
Number of environmental incidents	6	11	7
Number of prosecutions	5	6	12
Amount of fines (€)	17,232	148,868	346,402

In 2018, six environmental incidents were reported within the Group: two incidents related to water discharges in France, three incidents related to dust and air emissions in Italy, Netherlands and United States and one noise complaint from neighbors in France. Incident investigations were conducted and all corrective actions were completed and incident reports closed as per the Group protocol. The Group's ultimate aim is to have zero incident, but when they do occur, each incident is thoroughly investigated as an opportunity to learn.

The prosecutions that occurred in 2018 were associated with environmental permitting obligations and agreements related to air emissions limits and quarry rehabilitation. The concerned sites were located in France, China, Italy (2) 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](#).

■ WASTEWATER MANAGEMENT

Imerys goal is to have zero environmental incidents. 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. Each wastewater discharge incident is investigated as per Group protocol, and corrective action plans are followed until closure.

Wastewater discharge incidents

	2018	2017	2016
Number of environmental incidents related to wastewater discharge	2	6	5

Both wastewater discharge incidents that occurred in 2018 were related to sediment runoff from a recently opened area of a quarry in France following a particularly intense precipitation event and the small overflow of mud along a ditch after the cleaning of settling basins.

The Group continues to explore solutions to improve discharged water quality through introduction of new technology. One such example is taken from the Refractories activity in 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.

WASTE MANAGEMENT

Imerys processes minerals using methods that are primarily mechanical and physical. As such the Group's activities generate relatively small quantities of 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 valorised in the future. Overburden and unused minerals are also used in many cases as backfilling or re-profiling materials in post-mining restoration work. As such, this material is not classified as waste.

Waste generation and recycling

	2018	2017	2016
Total industrial waste (tons) of which:	282,569	248,189	213,421
Non-recycled hazardous industrial waste	3,995	1,908	1,734
Recycled hazardous industrial waste	2,358	1,763	1,641
Non-recycled non-hazardous industrial waste	160,087	92,712	78,538
Recycled non-hazardous industrial waste	116,129	151,806	131,508
Industrial waste generation/turnover (kg/€)	0.06	0.05	0.05

The Group's activities have generated 282kt of industrial waste in 2018 and 97.8% of this waste was non-hazardous. The industrial waste generation rate per Euro of turnover was 0.06kg/€ in 2018. The intensity of waste generation has remained steady at a relatively low level for several years.

The objective set by the French Energy Transition for Green Growth Act⁽¹⁾ to achieve a recovery rate of total non-hazardous inert waste (measured in mass) of 55% by 2020 was not achieved by Imerys this year (Global rate in 2018 equaled 42%). The Group expects to reach the required target of 65% by 2025.

The Group is committed to raise awareness on the importance of reducing food waste and organic waste, however, this impact is not material at Group level. The Group has approximately 2,242 employees in France at 28 operations. While most of these 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. Likewise, the Group operations do not

impact on animal welfare or responsible, equitable and sustainable food supply and as such these subjects are not reported on within this Registration Document.

AIR EMISSIONS MANAGEMENT

Several of the Group's mineral conversion processes use calcination, which can emit nitrogen oxide (NO_x) and sulfur dioxide (SO₂).

The Group emission estimation methodology is described within a dedicated energy, emissions & production reporting protocol. Group NO_x and SO₂ emissions from energy consumption are made through applying specific emission factors to each energy source. Since 2018, the Group has focused on continuously improving the SO₂ estimation methodology by updating the emission factors used within the database in order to increase the accuracy of the estimation as well as conducting additional direct measurements where possible.

✓ For more information on Group CSR reporting methodologies, see [section 5.8 of the present chapter](#).

(1) Law No. 2015-992 of August to "energy transition for green growth".

Group SO₂ and NO_x emissions

(tons)	2018	2017	2016
Sulfur dioxide (SO ₂)	4,740	4,621	4,088
Nitrogen oxide (NO _x)	6,929	6,503	5,912

SO₂ and NO_x emissions have increased in absolute terms due to changes in perimeter of the Group operations.

The Group continues its efforts to reduce both SO₂ and NO_x emissions related to its operations through technological upgrades and investments. For example, additional flue gas treatment systems installed in both the Tianjing and Zhengzhou plants in the Aluminates division in China have reduced their NO_x and SO₂ emissions and are equipped with a continuous air monitoring system to directly measure process emissions.

Some of the Group SO₂ emitting sites have likewise launched CAPEX projects to upgrade abatement systems, which once fully in place are expected to considerably reduce Group air emissions from the associated processes.

5.6.1.2 NON-ENERGETIC RESOURCES EFFICIENCY

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 capacity to optimize resource use efficiency across the globe, thereby contributing to SDG 12 to ensure sustainable consumption and production patterns.

■ MINERAL RESOURCES OPTIMISATION

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.

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 2018, the Group has deployed the "I-Cube" program across a total of 185 sites, slightly below the objective of 195 sites. Excluding the sites divested and closed in 2018, the total is 175 sites, which represents 76% of the total Imerys sites and cover 84%⁽¹⁾ of the Group gross margin.

✓ For more information on the "I-Cube" program, [see chapter 1, section 1.4 of the Registration Document](#).

Opportunities to optimize mineral resource consumption are identified continuously during the implementation process of the "I-Cube" program and through other ongoing initiatives, including the Group SD Challenge. The Group is constantly seeking to develop ways to create a more sustainable, greener value chain and still produce high-performance end product for customers. An example of this approach is demonstrated by the "R3" project developed by the Monolithic Refractories division in India, which revolves around reducing the use of virgin raw materials, reusing the downgrades from processing and recycling of consumed refractory or industrial waste that would otherwise end up in landfills. This project has been launched in all three Monolithic Refractories plants in India and enabled the partial substitution of 25 raw materials to date. It shows a concrete approach to building supply chain partner capacity, while at the same time reducing industrial waste generation, amongst other benefits. Similar projects are being investigated in other areas across the Group.

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⁽²⁾. 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.

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).

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

(2) Recycling Industrial Minerals https://www.ima-europe.eu/sites/ima-europe.eu/files/publications/IMA-Europe_Recycling%20Sheets_2018.pdf

■ 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 the following axes:

- optimizing water consumption by limiting withdrawal from natural environment; and
- developing recycling possibilities for process water.

Imerys classifies water withdrawals according to source, including groundwater, surface water and water from 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

	2018	2017	2016
Total water withdrawals ⁽¹⁾ (millions of liters)	47,624	45,187	38,910
Water withdrawn/turnover (liters/€)	10.4	9.9	9.3

(1) Additional water consumption related key performance indicators are included in the summary table in [section 5.8.2 of this chapter](#).

The top 10 water users in the Group account for approximately 57% of total annual water withdrawal. Site-specific water management plans have been established at 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 3.4% of the Group's total 2018 withdrawal. As of December 2018, these operations have established water management plans and mitigation measures, including awareness of water footprint and community aid actions.

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. The Group is working towards the identification of innovative ways to reduce its water footprint. As an example, the Kaolin plant at the Port of Barcarena in northern Brazil, has introduced a new system to reuse some of the steam released in the kaolin evaporation process, so far saving 23% of water normally drawn from wells. Instead of being discarded, the steam is collected, cooled and stored for reuse in other main processes with high water demand.

Group water recycling

	2018	2017	2016
Total water recycled ⁽¹⁾ (millions of liters)	49,290	44,898	43,293
Number of sites reporting recycled water	62	62	61
Recycled water rate ⁽²⁾	0.51	0.51	0.52

(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).

(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.

5.6.1.3 BIODIVERSITY AND REHABILITATION

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 been committed to preserving biodiversity for many years. Given the serious global threat to biodiversity, Imerys is committed to further structure and harmonize its approach, in order to continue mobilizing the Group and its teams around this major issue. Imerys has designed and implemented a biodiversity project, aligned with the main goals of the French National Biodiversity Strategy, to continue to contribute to SDG 15 to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.

Rehabilitation is integrated into the Life of Mine (LOM) plan of each quarry operation at Imerys and considered throughout the conduct of its activity until closure. The Group has a specific protocol outlining the requirements related to rehabilitation. Rehabilitation planning starts from the very initial phase of mine permitting as it is included in the environmental impact assessment of the projected site operations. As most countries define the regulatory framework for the preparation, submission, consultation and approval of environmental impact assessments for resource operational permits, in most cases rehabilitation plans are disclosed through a public consultation process prior to final approval.

Between June and December 2017, Imerys carried out an assessment of the biodiversity issues, in collaboration and consultation with key stakeholders, based on the EBEvie⁽¹⁾ approach. The new program was drawn up between late 2017 and early 2018 by an internal working group comprising a range of support and operational functions. The program was designed to respond to identified challenges and will be implemented at all Imerys sites around the world. It consists of four key elements:

- design and deploy a global continuous improvement approach;
- initiate and conduct studies and research on biodiversity knowledge and conservation;
- develop pilot projects;
- raise awareness, train and involve internal and external stakeholders.

To support the development and implementation of the program, Imerys entered into a three year scientific partnership (2018-2021)

with the UMS Patrimoine Naturel⁽²⁾, a French natural heritage umbrella bringing together the French National Museum of Natural History, the French Agency for Biodiversity and the National Center for Scientific Research (CNRS).

Imerys, with the scientific support of the UMS, has launched an analysis of the impact of its activities, based on the environmental sensitivity mapping of its sites and an inventory of biodiversity practices. Imerys will design and implement, at each of its sites, an improvement framework based on the following key elements: knowledge of the environment, integration of the avoiding, reduction, offset approach, and the evaluation and monitoring of actions. The global approach will be informed by the findings of the studies carried out on pilot sites. Pilot projects will be launched in several countries. To date three pilots have been launched on Group sites in France, Greece and Brazil. The sites, selected to represent a diversity set of biodiversity challenges, will serve as "laboratories"; as such they will be used to test tools and methodologies and they will be studied and monitored regularly under the coordination of the UMS 2006 and with the support of local partners.

Furthermore, in addition to the UMS partnership, Imerys has committed to the French act4nature⁽³⁾ initiative that has been launched by Entreprises pour l'Environnement (EpE)⁽⁴⁾ and other partners with the aim of mobilizing businesses to protect biodiversity.

✓ For more information on the Group biodiversity roadmap, [see imerys.com](http://imerys.com).

In parallel with the development of the Group biodiversity roadmap, sites across Imerys have continued to develop local initiatives aimed at supporting biodiversity and promoting innovative rehabilitation projects, both during and after mining activities. One such example awarded top honors within the 2018 SD Challenge, can be found in the Group operations in Milos, Greece, where a project to propagate rare, endemic and endangered plants aims to protect and enhance biodiversity by ensuring the long-term survival of six endemic species found on the island. Seeds from the endangered plants are collected and then taken to the Imerys nursery. After careful cultivation, the seedlings are taken to specially selected spots in depleted areas for planting.

The Group follows two land use indicators across 36 quarries located in Western Europe, quantifying the surface disturbed by the Group's mining activities, as well as the surface rehabilitated. In 2018, the total disturbed surface area by these 36 quarries was 2,038 hectares, and the total rehabilitated area was 896 hectares.

(1) EBEvie is a tool for assessing the interdependencies between companies and biodiversity developed by the French Ministry of Ecology, Sustainable Development and Energy.

(2) <http://www.patrinat.fr/fr/ums-patrimoine-naturel-346>

(3) <http://www.act4nature.com/?lang=en>

(4) "Entreprises pour l'Environnement" (EpE), is a forum that gathers nearly 40 large French and international companies from all sectors of the economy to work together to better integrate environment into both their strategies and their day-to-day management. <http://www.epe-asso.org/en/>

5.6.2 CLIMATE CHANGE

Imerys' Commitment	2018 objectives	UNGC Principles	UN SDGS
Reduce the impacts of climate change through the implementation of a long-term climate change strategy to support international commitments and global targets	<p>Climate Change Strategy</p> <ul style="list-style-type: none"> ✓ Define the Group 2030 and 2050 CO₂ emission reduction targets in line with COP 21 2° C trajectory • Improve the Group energy efficiency by 2% relative to 2017 by the end of 2018 <p>2019 objectives</p> <p>Climate Change Strategy</p> <ul style="list-style-type: none"> • Reduce Group CO₂ emissions by 41% relative to revenue (tCO₂/€) by 2030 <p>Climate Solutions</p> <ul style="list-style-type: none"> • Increase the carbon footprint analysis coverage of Group products to cover 35 new products 	<p>Principle 7</p> <p>Principle 8</p> <p>Principle 9</p>	SDG 13

Imerys recognizes that climate change is a major global challenge. In 2017, on the occasion of the international One Planet Summit⁽¹⁾, the Group became signatory of the French Business Climate Pledge⁽²⁾. Through this Pledge, Imerys publicly affirms its engagement to contribute to the collective efforts and work towards SDG 13 to take urgent action to combat climate change and its impacts. As such Imerys has pledged to define its Climate Change strategy aligning its emission targets and trajectory to a 2° C scenario⁽³⁾. In September 2018, the Group committed to set its targets through the Science Based Targets initiative (SBTi) within the next 24 months.

5.6.2.1 CLIMATE CHANGE STRATEGY

Since the end of 2017, the Group's climate change working group, composed of environmental, energy, industrial, business development as well as financial managers, has been working to address climate change as a priority CSR theme. The cross-functional working group has completed a comprehensive climate change benchmark, assessed risks and opportunities as well as current CO₂ footprint of the Group, defined relevant KPI and targets, and began to identify concrete levers for carbon reduction in the context of the long-term climate change strategy. The defined strategy will ultimately cover every domain: organization, equipment, methods, technology, supplies, transportation, and renewable energies. The Group has defined its Scope 1 and 2 emissions⁽⁴⁾ objectives and will define Scope 3 emissions⁽⁵⁾ objectives in 2019.

A preliminary identification of climate change risks to which the Group is exposed was conducted in 2017. This assessment was updated during the Group risk mapping exercise conducted in 2018, which is detailed in chapter 4, sections 4.1.2 and 4.2.3 of the Registration Document.

For the past 11 years, Imerys has participated in the climate change program of the Carbon Disclosure Project (CDP). As of the end of 2018 the Group CDP performance score is ranked as Level C.

■ 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. Energy efficiency improvement makes it possible to use less energy to achieve the same level of productivity and consequently to contribute to climate change mitigation efforts. The Group energy efficiency strategy is based on two pillars: efficiency, which consists of measuring, decreasing consumption, and recovering energy losses, and sourcing, which is based on using alternative energies, promoting renewables, and building sustainable industrial assets.

The Group energy initiatives are driven collaboratively between the different operational and functional groups at Corporate, divisional and site levels, including operations, industrial management, environment, purchasing, geology and mining. The Group Corporate Energy function defines the analysis and reporting standards and provides necessary training to ensure consistency and reliability of the reported results. The Group Energy team is responsible for supporting plants for potential savings and implementation with plants full assessment, defined method and step-by-step approach and expertise on technical aspects as well as for the definition of the analysis and reporting standards. Detailed energy efficiency analysis is disclosed in a quarterly energy report. This analysis, together with the improvement plans, is reviewed by the Group senior management. Part of the Group variable performance-related components of compensation for concerned managers (energy managers, facility managers, process operation managers, etc.) has also been linked to performance against energy efficiency KPIs.

(1) The One Planet Summit, held in Paris, on December 12 2017, saw the creation of the One Planet coalition, which came together to put forward concrete initiatives to meet the shared objectives set by the Paris Agreement on climate.

(2) <https://www.medef.com/uploads/media/node/0001/13/61b2c23e6aa96457510930a6251b3ac2ea909213.pdf>

(3) The Paris Climate agreement in 2015 saw 195 of the world's governments commit to prevent the worst impacts of climate change by limiting global warming to below 2 degrees celsius, often referred to as the 2° C scenario.

(4) 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.

(5) 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.

Total energy consumption and breakdown by energy source

	2018	2017	2016
Total energy consumption⁽¹⁾ (Tera Joules, TJ)	39,025	37,039	32,976
Electricity (net), steam, hot water	29.7%	30.3%	30.6%
Natural gas	41.5%	45.7%	47.8%
Other fossil fuels	26.5%	21.6%	18.4%
Biomass	2.3%	2.3%	3.1%
Energy consumption/turnover (MJ/€)	8.50	8.05	7.91

(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 2017 and 2018, the total energy consumption increased by 5.4% at a constant perimeter. The overall change is mainly linked to the increase of recycled oil consumption.

At a constant perimeter, the overall energy efficiency improved by 0.6% from 2017, which is below the Group objective set for 2018. Four out of 11 business divisions improved their energy efficiency and three reached the objective of -2% for the year 2018.

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 8.50 in 2018, which represents an increase of 5.6% from 2017.

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 energy efficiency 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 2018. In total, over 100 energy saving projects were identified and initiated in 2018 within the "I-Cube" Program across the entire Group.

✓ For more information on the Group "I-Cube" Program, see [chapter 1, section 1.4 of the Registration Document](#).

In 2018, 12 energy assessments were conducted on Group sites across the globe as a means to improve energy efficiency as described above.

Energy workshops have been organized to raise awareness and bring on ideas relating to different energy efficiency topics like energy savings. Five energy workshops were carried out in different plants in 2018. Energy seminars have also been conducted to

answer specific questions that could improve efficiency on specific energy-related subjects. A seminar on rotary kilns was held by the Group Energy team in 2018 in order to identify optimal actions to be integrated to improve the efficiency of these equipments.

Energy e-learning modules have been designed on IM-Pulse in 2018 to provide an overview of Imerys energy strategy as well as knowledge and awareness on energy efficiency. Virtual classes on various specific energy-related topics such as compressed air management, lighting, energy market or energy sourcing strategy were also given by the Group Energy team to promote energy management.

A dedicated energy community on the Group intranet serves as platform to share knowledge, good practices and events related to energy. Since 2017, Energy Challenges have been launched to promote best practices development and sharing across the operations and energy communities of the Group. In 2018, three Energy Challenges were launched, which focused on combustion optimization, management of peak power demand and heat recovery. One of the participating projects related to heat recovery, which was recognized in the 2018 SD Challenge, was started in 1980, demonstrating its clear long-term value, proven sustainable approach and full integration into local conditions. This heat recovery project of the talc industrial operations in Weisskirchen, Austria was started by the plant management, the local community and the heating network provider. The aim of the project was to recover the waste heat with heat exchangers and feed it into the local heating network, which distributes the clean energy to approximately 110 households in Weisskirchen, as well as to public buildings such as local schools and the kindergarten. In 2018, the project continued to grow as a modern district heating network extension allowed for the supply of heat to a new residential neighborhoods with 26 flats. This project requires the close cooperation between the plant and local stakeholders, has a positive societal impact, generated economic benefits and contributes to the Group's climate change objective.

RENEWABLE ENERGY SOURCES

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 16 renewable installations have been developed across Group sites: ten in the United Kingdom, four in France, one in Australia, and one in India, accounting in total for 52 MW (eight solar units, four wind turbines, and four hydraulic systems).

Since 2017 Imerys has also sponsored Phil Sharp Racing in the Energy Challenge project, a competitive ocean racing venture centered on innovation, performance and energy efficiency. The project focuses on demonstrating the performance advantages of clean technologies. In 2018 during the Route du Rhum race

in the Class 40 category, Imerys Clean Energy was the only zero CO₂ competing boat, finishing 3rd after 16 days of sailing.

✓ For more information, see <http://philsharpracing.com/energy-challenge>.

CARBON EMISSIONS MANAGEMENT

The majority of the Group Greenhouse Gas (GHG) emissions are generated through the production of thermal energy from natural gas, fossil fuels, biomass and steam. Indirect emissions from the consumption of electricity are the second source of emissions. Some processes used in Imerys operations result in a direct emission of CO₂ (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 to SDG 13 to take urgent action to combat climate change and its impacts.

Group carbon emissions

(thousands of tons, kt)

	2018	2017	2016
Scope 1 CO ₂ emissions	2,194	1,945	1,641
Scope 2 CO ₂ emissions	1,211	1,165	1,056
Total CO₂ emissions (Scope 1 and Scope 2)	3,405	3,110	2,698
Energy	83.9%	85.7%	86.7%
Processes	16.1%	14.3%	13.3%
CO₂ emission/turnover (ton CO₂e/€M)	741.8	676.3	647.6

Between 2017 and 2018, the annual total Scope 1 and Scope 2 CO₂ emissions increased by approximately 295 kt.

The overall carbon emission intensity of the Group is aggregated at 742 tCO₂e per million euros of turnover.

In order to progressively quantify the impacts along the Group value chain, the Group is increasing the attention it pays to the estimation and management of Scope 3 emissions.

Group upstream value chain suppliers

Purchasing categories	Percentage of key purchases ⁽¹⁾	Upstream suppliers
Raw materials ⁽²⁾	17%	Principally, but not exclusively, bauxite, zircon sand, soda ash, silica sand
Mining and industrial supply	32%	Mining subcontractors, service vendors for maintenance and repair
Transportation	28%	Freight by rail, truck and ship, and business travel
Energy	14%	See energy mix above, counted in Scope 1 & 2 emissions
Chemicals and other consumables	8%	Mainly chemicals and packaging materials

(1) The analysis was based upon the 2017 data; the total spend of above-mentioned categories represents approximately 90% of Group purchases (€1,962 million).

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

■ GROUP EMISSION ESTIMATION

Reliable emission data from Group suppliers is not readily available; as such the estimation of Scope 3 emissions does not yet represent a full calculation of all Scope 3 emissions linked with Imerys operations. The transportation services by vendors are principally measured by volume and cost, rather than distance traveled. Similarly, it is difficult to calculate the Scope 3 emissions

for transportation of finished products. Yet, Imerys is committed to continue to improve the quantification of its Scope 3 emissions. In 2018, a macro-level Scope 3 emissions data estimation was done using Scope 3 Evaluator⁽¹⁾, a web-based tool developed by Greenhouse Gas Protocol⁽²⁾ and Quantis that helps companies measure, report and reduce emissions throughout their value chain.

Source of Scope 3 emissions	Metric tons CO ₂ e	Percent of Scope 3 emissions	Emissions calculation methodology	Explanation
Purchased goods and services	3,095,568	75.7%	Emissions calculated with Scope 3 Evaluator	These emissions include upstream freight and distribution of purchased goods because are included in the price of the goods. Financial data are used
Fuel-and-energy-related activities (not included in Scope 1 or 2)	605,605	14.8%	Emissions calculated with Scope 3 Evaluator	These estimated emissions come from the production and distribution of energy (as opposed to its combustion), estimates from Scopes 1 and 2 are used to calculate this data
Waste generated in operations	51,813	1.3%	Emissions calculated with Scope 3 Evaluator	Calculations are based on waste quantity and an approximation of its treatment prices
Business travel of several regional headquarters	9,359	0.2%	Emissions were calculated from travel distances using GHG Protocol emission factors	Data were provided by Imerys main travel agencies for train, car rental and air travels
Downstream transportation and distribution	307,333	7.5%	Emissions calculated with Scope 3 Evaluator	Financial data have been used from freight purchases have been used, freight paid by clients is not included in the calculation
Employee Commuting	20,400	0.5%	Emissions calculated with Scope 3 Evaluator	This data is an estimate calculated with the number of Imerys total employees
Total	4,090,078			

Based on the above high level estimate, which is considered a preliminary approximation of Group Scope 3 emissions, 2017 Scope 3 emissions represent approximately 4.1 million tons CO₂e, representing over 40% of the Group total emissions (Scopes 1, 2 and 3).

5.6.2.2 CLIMATE SOLUTIONS

Imerys is committed not only to the management of emissions related to its operations but also to innovation of solutions at the service of a low-carbon economy, and as such support customers in this transition.

To this effect Imerys has focused on conducting studies of products within the Group portfolio to determine their carbon footprint.

These studies serve a dual purpose as they provide complete and transparent information to customers and give the Group an improved visibility of the impacts linked to specific products or facilities, which is a precursor to initiating any eco-design approach.

In 2018, the Group calculated approximately 20 product carbon footprints, from cradle to gate, using the "Bilan Carbone®" methodology and tool of the French Environment and Energy Agency⁽³⁾. These study results were shared with customers to help encourage downstream efforts to calculate product impacts and differentiate Imerys products from other competitors' higher carbon solutions.

These studies likewise contribute to the Group Product Sustainability approach presented *in section 5.7.2.1 of the present chapter*.

(1) <https://ghgprotocol.org/scope-3-evaluator>

(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).

(3) Agence de l'environnement et de la maîtrise de l'énergie (ADEME).

5.7 BUILDING FOR THE FUTURE

5.7.1 BUSINESS CONDUCT

Imerys' Commitment	2018 objectives	UNGC Principles	UN SDGS
Ensure exemplary Business Conduct by maintaining the highest standard of corporate governance, respecting and implementing fair operating practices and ensuring a responsible supply-chain with all our partners, and engaging with local community to create shared value in particular through education and skills development	<ul style="list-style-type: none"> ■ Corporate Governance <ul style="list-style-type: none"> ✓ 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 program in 2019 ■ Fair Operating Practices & Responsible Supply Chain <ul style="list-style-type: none"> • 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 ✓ 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 ■ Community Engagement <ul style="list-style-type: none"> ✓ Develop a stakeholder relations and community engagement maturity matrix and assess the maturity of one division 		
	2019 objectives		
	<ul style="list-style-type: none"> ■ Corporate Governance <ul style="list-style-type: none"> • Complete an assessment of the Board, Committees and individual member contributions by an independent third party ■ Fair Operating Practices & Responsible Supply Chain <ul style="list-style-type: none"> • Improve awareness of updated Code of Business Conduct and Ethics through roll-out of e-learning and training sessions • Ensure Supplier compliance with Imerys Supplier Environmental Social and Governance Standards through the implementation of the supplier audit program ■ Community Engagement <ul style="list-style-type: none"> • Reinforce Group Stakeholder Management and Community Relations Protocol to support local community engagement 	Principle 1 Principle 6 Principle 8 Principle 9	SDG 3 SDG 4 SDG 5 SDG 6 SDG 8 SDG 12 SDG 13 SDG 15 SDG 16

Ethical business conduct is the foundation upon which Imerys' business is built. At its core, Imerys is building the future together with stakeholders and supply-chain partners through ethical behavior and fair operating practices, engaging with communities and promoting sustainable products and technologies. This solid foundation is also a guarantee and a source of confidence for Group employees, customers and societies, as exemplary conduct

is proof of reliability and long term sustainability. In addition to all the other SDGs referred to in this chapter, Imerys' commitment to responsible business conduct contributes 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.

5.7.1.1 CORPORATE GOVERNANCE

Imerys is committed to sound corporate governance as a means to ensure the Group continually improves its functioning and management, in an atmosphere of transparency, duly respecting the expectations of investors and other stakeholders. Imerys follows the recommendations of the AFEP-MEDEF Corporate Governance Code⁽¹⁾ applicable to French listed companies and most recently updated in 2018.

The Group risk mapping exercise was updated in 2018. Additional details and the results of this exercise are presented in [chapter 4, of the Registration Document](#).

The Group revisited the global crisis management framework in 2018, which involved a comprehensive audit of the Group crisis management system by independent third-party experts, the definition of an action plan as well as delivery of training for new members with responsibilities within the crisis management framework. Improvement actions and additional training will continue to be rolled-out as appropriate.

In 2018, to further strengthen dialogue with external experts and stakeholders Imerys defined the framework for a new CSR Stakeholder Advisory Panel. The purpose of this Stakeholder Advisory Panel, composed of independent external experts from a range of fields and to be convened for the first time in 2019, is to assess the Group CSR program and challenge its development and roll-out through constructive transparent dialogue. Much to the same effect, the Group created a Scientific Advisory Board, which is described further in [section 5.7.2.1 of this chapter](#).

- ✓ For more information regarding Corporate Governance, [see chapter 3 of the Registration Document](#).
- ✓ For more information on Risk Factors and Internal Control, [see chapter 4, of the Registration Document](#).

5.7.1.2 FAIR OPERATING PRACTICES & RESPONSIBLE SUPPLY CHAIN

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.

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 inclusion, 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 is a "living document", regularly reviewed and updated in order to take into account internal and external changes and developments in applicable international regulations. In this context, in 2018 the Group launched a new Code following a wide consultation across Group functions and with employee representatives. This Code, translated into 23 languages, introduced by the Group CEO, applies into all Imerys employees, Imerys controlled joint ventures, Imerys suppliers, agents and other comparable long term business partners.

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. As such in 2018, Imerys updated and launched new Supplier ESG Standards ("the Standards"). These Standards, based on the Group Code and CSR Charter and aligned with the SustainAgility program, have been translated to 23 languages. The Standards, which must be formally acknowledged and complied with, are applicable to all suppliers and are considered a prerequisite for doing business with the Group, forming an important part of the Group Purchasing policy.

In 2017, the Group strengthened its antitrust compliance program, reviewing the Group policy and initiated training sessions on compliance with antitrust regulation and the Group program. The roll-out of the program training continued throughout 2018, with 6 sessions conducted by the Group Legal function.

In compliance with the new European Union General Data Protection Regulation (GDPR)⁽²⁾, which came into force in May 2018, the Group 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.

The Group tax policy is fully in line with the best international standards with respect to anti-tax avoidance and tax evasion practices. It operates in countries chosen solely for industrial or commercial purposes and does not enter into artificial arrangement for tax planning purposes. It is committed to full compliance with its tax obligations, paying the right amount of tax in the right country at the right time.

(1) <https://www.afep.com/wp-content/uploads/2018/06/Afep-Medef-Code-revision-June-2018-ENG.pdf>

(2) General Data Protection Regulation 2016/679 on data protection and privacy for all individuals within the European Union and the European Economic Area as well as the export of personal data outside the European Union and European Economic Area.

In accordance with provisions of Article L. 225-102-3 of the French Code of Commerce, Imerys reports 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. This report is filed with the French Register of Commerce and available on the website of the Company as per the conditions prescribed by the Law.

✓ For more information on the Group Code of Business Conduct and Ethics and Imerys Supplier ESG Standards, [see imerys.com](http://see.imerys.com).

■ ESG RISK MAPPING PROCESS

Since 2017, a comprehensive cross-functional compliance working group overseen by an Executive Steering Committee has been leading the project aimed at reinforcing the Group compliance program in accordance with both the French “Sapin II” legislation⁽¹⁾ and “Duty of Care” legislation⁽²⁾. The purpose of the compliance program is to fight against corruption in all countries where it operates 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. Within the compliance working group exercise, the Group launched a detailed mapping of potential corruption, human rights, health & safety and environment risks within its operations as well as within its supply chain starting from two pilot geographical areas.

The risk mapping process began with the identification of key ESG risk categories divided between internal and external supplier categories. A series of dedicated interviews with key representatives of both businesses and support functions were conducted to design the initial version of both the “Sapin II” and the “Duty of Care” risk frameworks. These interviews were complemented by additional consultations with external agencies and non-governmental organizations to collect feedback on the framework and process. The consolidated outcomes of the risk framework was presented to the Executive Steering Committee and validated, on the basis of a first long list of risk scenarios (21 corruption and 13 Duty of Care risk scenarios, respectively) was developed.

The initial Group risk assessments for two first pilot geographic areas were conducted at the end of 2017. These first assessments confirmed the validity of the risk framework in addition to generating the assessments results. The second phase of geographic assessments were conducted in 2018 through questionnaires and interviews with business leaders from each of the remaining geographic areas where the Group operates.

An additional Group risk assessment was then done with regards to external supplier purchasing categories for key geographic areas in order to define the criticality of the impacts for each sub-item of the three categories (human rights, health & safety and environment). The inherent risk of each scenario was then ranked by taking into account a “composite country index” (based on the Corruption Perceptions Index⁽³⁾, Human Freedom Index⁽⁴⁾ and Environmental Performance Index⁽⁵⁾) and the economic weight of purchases to assess risk impact and exposure.

■ EVALUATION OF ESG RISKS

Evaluation of environmental, social and governance risks within Group operations, including identification, analysis and ranking processes are presented [in chapter 4, section 4.2 of the Registration Document](#).

Based on the ESG risk mapping process and final ranking described above, suppliers in all the highest risk countries were assessed further. With support of approximately 60 members from purchasing, supply chain and site management, over 600 existing suppliers in 17 countries were screened. At the end of December 2018, nearly 500 of these existing suppliers have been assessed against “red flag” criteria linked to the human rights, health & safety and environment risk scenarios and categorized with a specific risk ranking of low, medium or high by local and Corporate CSR and purchasing teams.

The final supplier risk ranking of low, medium or high determines the control measures to be put in place to eliminate or mitigate the potential risk within the supply chain.

■ CONTROL MEASURES

The Group management framework is articulated through a series of policies, protocols and procedures based upon the ambitions and commitments expressed in the Code and the CSR Charter. This framework, covering human rights, health, safety and environment, amongst other themes, defines clear requirements for all Group operations. Implementation of Group policies, protocols and procedures are the responsibility of all business and support functions. Based on the Code, Group requirements for all suppliers are clearly defined within the Imerys Supplier Environmental Social and Governance Standards. Across the Group, divisions’ purchasing policies define the process through which the elements of these Standards are implemented in their respective businesses.

(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”.

(3) The Corruption Perceptions Index is published annually by Transparency International and ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and businesspeople, uses a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean.

(4) The Human Freedom Index is published by the Fraser Institute in conjunction with the Economic Freedom Network, a group of independent research and educational institutes in 90 nations and territories worldwide. It presents human freedom based on a broad measure that encompasses personal, civil, and economic freedom.

(5) The Environmental Performance Index is produced jointly by Yale University and Columbia University in collaboration with the World Economic Forum and ranks 180 countries on 24 performance indicators across ten issue categories covering environmental health and ecosystem vitality.

In 2019, the Group purchasing policy shall be reviewed to integrate additional considerations related to the updated Standards as well as the risk assessment process undertaken in 2018. As of 2019, all suppliers will be required to sign the Standards, committing to compliance with the requirements stipulated within. In addition to the supplier self-declaration, specific ESG clauses linked to the Code are integrated within supplier contracts as appropriate. Furthermore, the Group General Terms and Conditions for CAPEX projects purchases encompass compliance with the Imerys Code and the Standards.

Awareness of and training on the requirements of the Group Code are provided to help managers and employees to understand and respect the Code. To support the roll-out of the new Code a specific e-learning module was developed. This e-learning module is compulsory for all Group employee, has been translated in 23 languages and will be delivered throughout 2019 via IM-Pulse, as well as through other delivery channels including in-class training and presentations led by internal experts.

In addition to the aforementioned dedicated e-learning, Imerys also conducted a series of training and awareness raising sessions for purchasing and supply chain professionals on UN Guiding Principles on Business and Human Rights and their application within Imerys. A total of 10 sessions were held in 2018. 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.

The verification of compliance with the Group Code and other Group policies and protocols is conducted through different internal assessment processes at both local and Group level. Such processes are led by different functions within the Group organization, including but not limited to Legal, CSR, Health and Safety, Geology and Mining and Internal Control as described in *chapter 4, section 4.2 of the Registration Document*.

The assessment of ESG performance of suppliers starts during supplier qualification and onboarding. Screening criteria for the qualification of suppliers includes ESG elements. The Group focuses in particular on assessments and audits of suppliers ranked as "high risk" based on the Group risk mapping and evaluation process described above. In such cases the Group conducts additional due diligence or specialized external third-party reviews prior to contract award. In 2019, the Group will focus on streamlining best practices on supplier onboarding across the Group.

The Group has launched various pilot projects focusing on certain categories of suppliers in key countries to help build the capacity and ensure the continuous improvement of ESG performance in line with Imerys requirements of these suppliers. A Kaolin site in Brazil was recognized in the 2018 SD Challenge for the work done with the suppliers of its local social projects to ensure they are meeting the Group Code. In partnership with a department of the Brazilian Industry Federation, which supports local businesses to develop their skills, Imerys began working with eight small companies to help them improve specific competencies and processes. This capacity building project will help these local suppliers to expand their services through a better understanding and alignment with international standards on organizational management, labor and taxes obligations, ethics, and financial management.

■ ALERT MECHANISM

A new alerts system, operated by an independent qualified third-party and open to all employees and external parties was designed and launched in 2018 to enable the reporting of any suspected violations of the Group Code. Reports can be made either by telephone or via a web platform⁽¹⁾. Both telephone and web platform reporting is available in all main Imerys languages 24 hours per day, seven days per week. This platform safeguards confidentiality throughout the entire process. Based on the facts presented in all preliminary reports, the Group assigns an investigative team of trained, in-house professionals in the relevant fields to conduct the investigation. The investigative team collects and reviews documents, conducts interviews, inspects locations, and performs any other tasks necessary to come to a conclusion about the allegations in the report. Imerys encourages its employees and stakeholders to share any information believed to represent a threat to the ethical conduct of its business. Accordingly, Imerys and its employees shall take no action in retaliation against any person for making a good faith report or participating in an investigation under the alert system policy.

Imerys created a new Ethics Committee, chaired by the Group General Counsel and led by the Antitrust & Compliance General Counsel. The principal mission of this Committee is to validate the Group ethics program, including specific annual objectives and priorities. The Ethics Committee receives statistics on the alert system and establishes a periodic assessment of the reported cases in a Compliance Report that is presented to the Audit Committee.

■ MONITORING AND EVALUATION OF THE EFFECTIVENESS OF CONTROL MEASURES

Following the launch of the Group alert system, one report was submitted in October 2018. This case was reviewed as per the Group policy.

In 2018, five internal fraud cases were reported and investigated or still under investigation, three of these cases have been confirmed. Remedial actions have been implemented and monitored by the Audit and Internal Control department.

Every year, the Group Internal Control function conducts Internal Control Self-Assessment (ICSA) campaigns. These campaigns are conducted in order to identify any key missing controls and define action plans where any missing internal controls are identified. The 2018 campaign focused on compliance with the Code, thus providing a comprehensive evaluation of the effectiveness of existing control measures across the entire Group on ethics, anti-bribery, antitrust, lands permits & permissions, commercial transactions with sensitive countries, human rights and labor practices, community relations, and environment. Based on this review the Group has identified specific improvement actions, including but not limited to the roll-out of the new e-learning on the Code as well as the effective dissemination of the updated Imerys Supplier ESG Standards.

(1) <https://wrs.expolink.co.uk/Imerys>.

5.7.1.3 COMMUNITY ENGAGEMENT

Working around the world, Imerys operations and employees are a part of the local communities that surround Group sites and are seen as representatives of Imerys Group as a whole. As such, the Group actively encourages sites and employees to contribute to the socio-economic development of their respective communities by not only identifying and understanding stakeholder needs and expectations, but also by actively sharing talents and skills and supporting initiatives that create shared value. 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, which assists the Imerys operations to create and implement their community relations programs. The Toolbox outlines the approach to identify stakeholders and issues and outlines the content of a stakeholder engagement plan. A review of this framework was initiated in 2018 and a stakeholder relations and community engagement maturity matrix was developed in conjunction with this revised protocol.

In 2017, the Group launched a pilot community stakeholder engagement survey to incorporate feedback from local stakeholders within the Group materiality assessment. 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 2018, additional geographic areas were surveyed to further enrich the formal dialogue between Imerys operations and local stakeholders on global topics as presented in [section 5.2 of the present chapter](#).

Since its creation, the SD Challenge has supported the development and sharing of best practices in stakeholder and local community engagement. In the 2018 SD Challenge, over 40% of the 143 initiatives competing were linked to community engagement projects launched by Imerys sites and divisions in 23 countries across the world.

Community engagement initiatives take many forms across the Group based on the local context. For example, in Hat Som Paen, a touristic village of the Mueang Ranong District in Thailand, Imerys Ceramics division supported small business opportunities within the local communities by providing technical training on natural indigo clothes dyeing, product design and equipment maintenance. While in Kadthal India, Imerys Ceramics division took action to create awareness and provide anti-venom for snakebites in eight rural communities, schools and hospitals

lacking resources and located on remote areas. During 2018, 54 lives were saved through this initiative that Imerys is now looking to expand to other neighboring villages.

✓ For more information on Imerys recent SD Challenge projects, see *"Imerys Replay" on YouTube*: www.youtube.com/user/ImerysReplay.

In addition to the above local community engagement programs and initiatives, Imerys' is committed to contribute to support education within neighboring communities, promoting equal opportunities and focusing its actions towards young adults, women and girls, and people in socially fragile situations in the areas surrounding the Group operations.

As children spend most of their time in school as students, school infrastructure becomes a major factor behind their academic performance. This is why during 2018, several local projects focused on contributing to improve school facilities in Zacoalco (Mexico), Ipoh (Malaysia), Bronkhorstspuit and Limpopo (South Africa), Yên Binh District (Vietnam), Pingtung (Taiwan) and Sarapaka (India).

To support secondary school education programs and help ensure students have sufficient information and opportunities to guide their decision for their future education, Imerys has created opportunities for students through sponsorship in Ontario (Canada) and (Milos) Greece, vocational orientation in Ranong (Thailand), as well as apprenticeships and first jobs experiences in Barcarena (Brazil), Bekasi (Indonesia), Three Springs (Australia) and Cornwall (United Kingdom).

Finally, during 2018 Imerys commitment to ensure more children with disabilities have the opportunity to attend school has materialized through the contribution to different educational institutions in Ilion (Greece), Lac-des-Îles (Canada) and Silvassa (India).

In addition to the direct efforts made locally across Group operations, Imerys continues to sponsor and collaborate with education partners acting in France and internationally. At Group level this partnership is through two different associations: United Way L'Alliance⁽¹⁾ and Institut Télémaque⁽²⁾.

Imerys is a member of the UWA Coordination Committee together with other large French companies. In September 2017, United Way L'Alliance launched a new program: "Défi Jeunesse". Build upon the framework established by the French Ministry of National Education, the program aims to support young people in secondary school through individualized training, internships, orientation sessions and discovery of the professional world.

With Télémaque in 2018, eight Imerys employees in France have committed to a role as tutors volunteering their time to encourage the students and expose them to new cultural and professional perspectives.

(1) United Way L'Alliance (UWA) is a non-profit organization whose mission is to co-build programs through which private, public and solidarity actors commit to collectively address education, health, economic stability issues across France. <https://www.unitedway.fr/en>

(2) Institut Télémaque is a non-profit organization whose mission is to accompany young motivated students from disadvantaged backgrounds through to the end of secondary school. <http://www.institut-telemaque.org/>

5.7.2 PRODUCT MANAGEMENT

Imerys' Commitment	2018 objectives	UNGC Principles	UN SDGS
Innovate through our Product Management by assessing the sustainability of our products, processes and services to contribute solutions for society	<ul style="list-style-type: none"> Product Sustainability <ul style="list-style-type: none"> Develop a Group framework and methodology to evaluate product sustainability Develop a new Group product stewardship policy and supporting protocols 	Principle 7 Principle 8 Principle 9	SDG 12 SDG 13
	2019 objectives <ul style="list-style-type: none"> Product Sustainability <ul style="list-style-type: none"> Assess Imerys product solutions according to additional sustainability criteria to support sustainable innovation and business development 		

Imerys is committed to providing high-quality products to its customers, and indirectly, to end-users through sound, responsible product management. By identifying and understanding the implications and opportunities linked to the global market trends presented in [chapter 1, section 1.2.2.2 of the Registration Document](#), the Group is able to maximize the positive impacts linked to its business and satisfy current and future market and customers' needs. The Group's commitment to sustainable product management and the development of technologies is a means to contribute to SDG 12 to ensure sustainable consumption and production patterns and to SDG 13 to take urgent action to combat climate change and its impacts.

5.7.2.1 PRODUCT SUSTAINABILITY

Imerys' overarching goal is to identify and minimize the health, safety, environmental, and social impacts of all of Group products throughout their lifecycle, while maximizing their economic benefits and positive impacts to customers and their end consumers. Imerys is committed to the quality and safety of its products, which are assured through dedicated product stewardship programs.

The Group employs state-of-the-art analytical methods, equipment, and testing to ensure that product assessments and associated decisions are driven first and foremost by sound science. The Group continually evaluates testing protocols and invests in innovation in health, safety, and sustainability across product ranges, locations, and production processes. These measures enable the Group to produce high-quality products, meet customers' expectations and operate in a stringent, dynamic regulatory environment.

For certain minerals, the Group applies the Mine to Market Mineral Management (M4) program, both for owned and external deposits. Owned deposits are those the Group operates itself. Those deposits are thoroughly vetted for geological properties and employ careful mine planning. The Group may also source from a select number of high-quality external deposits. During the vetting stage, thorough preliminary testing is conducted to ensure the site meets the Group quality and safety standards. Thorough, ongoing testing is then conducted before any material from these sites is accepted and materials that do not meet quality standards at any point is refused. In all cases, tests are regularly performed on finished products. As of the end of 2018, approximately 70% of Imerys operations were certified to the ISO 9001 Quality Management System. In addition,

extensive tracking of employees' health is conducted, through ongoing industrial health program and medical surveillance programs.

In 2018 the Group develop a new Group product stewardship policy and supporting protocols, which defined the objectives, roles and responsibilities, guiding principles and specific requirements, as well as continuous improvement process to be followed.

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.

Going beyond compliance, Imerys is committed to developing materials and expertise to deliver relevant and innovative market-driven solutions to support the growth of the Group while that at the same time deliver solutions to society. The capacity to quantify the environmental and social impacts and steer the Group's product portfolio to ensure long term product sustainability is a key theme within the Group SustainAgility program. For this purpose, in 2017 Group launched an interdisciplinary working group consisting of experts in environment, innovation, strategy, marketing, and product stewardship to define a consistent, high quality, scientifically robust and transparent methodology to assess product sustainability within Imerys, including the definition of relevant KPIs and targets. In 2018, Imerys assessed the various methodologies available and prepared for the launch of an assessment tool in line with the World Business Council for Sustainable Development (WBCSD)⁽²⁾ framework for Portfolio Sustainability Assessments (PSA)⁽³⁾, so as to objectively measure the sustainability of Imerys products and identify their environmental and social impacts.

In parallel with the definition of a larger framework to evaluate the Group products portfolio, Imerys has continued calculate products' environmental impacts from "cradle-to-gate", using a Life Cycle Assessment (LCA) methodology and will continue to develop it competencies and tools throughout 2019. In 2018, Life Cycle Assessments compliant with the requirements of ISO 14040 & ISO 14044⁽⁴⁾ were completed for 14 products.

✓ For more information on Group ISO 9001 certifications, [see chapter 1 of the 2017 Registration Document](#).

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

(2) The WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world by making more sustainable businesses more successful.

(3) https://docs.wbcsd.org/2017/10/Framework4Port_Sustainability.pdf

(4) ISO 14040: 2006 describes the principles and framework for life cycle assessment and ISO 14044: 2006 specifies requirements and provides guidelines for life cycle assessment.

5.7.2.2 SUSTAINABLE TECHNOLOGIES

An important complement to product sustainability, developing sustainable technologies is essential to the long term sustainability of the Group.

To support its internal efforts, Imerys has established a Scientific Advisory Board (SAB). The role of Imerys' SAB is to discuss technical advancements on specific topics with Imerys as well as to consider future technology needs and trends where Imerys may have a positive impact.

5.8 REPORTING METHODOLOGIES

5.8.1 METHODOLOGIES AND PROTOCOLS

Imerys Group reporting complies with the French “*Déclaration de Performance Extra-Financière*” (DPEF) law⁽¹⁾ and other applicable French reporting obligations. The Group CSR program and reporting approach is based on frameworks such as GRI's Sustainability Reporting Guidelines (“Core” option), the UN Global Compact, 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 “DPEF” law, the Group retains a third-party to verify its sustainability reporting and compliance status. Deloitte provided the verification services for the 2018 reporting and issued the report in [section 5.9.1 of the present chapter](#).

The correlation table with regards to the reporting requirements of the “DPEF” is presented in [section 5.9.2 of the present chapter](#).

✓ For detailed information on the reporting items, frequency, scope and collection systems within the Group, [see CSR Reporting Principles 2018 on *www.imerys.com*](#).

(1) Decree n° 2017-1265 of August 9, 2017 taken for the application of the ordinance n° 2017-1180 of July 19, 2017 relating to the publication of non-financial information by some large companies and certain groups of companies.

5.8.2 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 (2016-2018). The perimeter of each category is Group level unless explicitly indicated otherwise.

Category	KPIs	Unit	2018	2017	2016	GRI
Empowering our people						
Safety and Health						
Fatalities	Fatalities - Imerys Employees	#	1	0	1	403-2
	Fatalities - Contractor Employees ⁽¹⁾	#	0	1	0	403-2
Life-changing injuries ⁽²⁾	Life-changing injuries - Imerys Employees	#	4	3	2	403-2
	Life-changing injuries - Contractor Employees	#	0	0	0	403-2
Lost-Time Accident rates ⁽³⁾	Imerys employees	/	1.45	1.52	1.35	403-2
	Contractor employees	/	1.16	1.17	1.40	403-2
	Combined rate (Imerys employees and Contractor employees)	/	1.36	1.42	1.36	403-2
Total Recordable Incident Rates ⁽⁴⁾	Imerys employees	/	51	49	40	403-2
	Contractor employees	/	17	16	18	403-2
	Combined rate (Imerys employees and Contractor employees)	/	68	65	58	403-2
Severity rates ⁽⁵⁾	Imerys employees	/	0.07	0.09	0.09	403-2
	Contractor employees	/	0.05	0.05	0.06	403-2
	Combined rate (Imerys employees and other employees)	/	0.07	0.08	0.08	403-2
Occupational illnesses	Occupational illnesses with lost time	#	1	2	2	403-2
	Occupational illnesses without lost time	#	0	6	7	403-2
Human Capital						
Human Rights and Labor Practices	Year-to-end total headcount on payroll	#	17,769	18,359	15,697	
	Full-time employees	#	17,324			102-8
	Women employees	#	2,898			102-8
	Men employees	#	14,426			102-8
	Part-time employees	#	445			102-8
	Women employees	#	220			102-8
	Men employees	#	225			102-8
	Permanent employees	#	16,220	17,381	15,003	102-8
	Women employees	#	2,805			102-8
	Men employees	#	13,415			102-8
	Fixed-term contract	#	1,549	978	694	102-8
	Women employees	#	313			102-8
	Men employees	#	1,236			102-8
	External employees (Full-Time Equivalent)	#	4,204			102-8
	Employees by region - Europe	#	8,455	9,421	8,006	102-8
	Permanent employees	#	7,815			102-8
	Fixed-term contract	#	640			102-8
	of which France	#	2,242			102-8
	Permanent employees	#	2,082			102-8
	Fixed-term contract	#	160			102-8
	Employees by region - Americas	#	4,634	4,419	4,234	102-8
	Permanent employees	#	4,600			102-8
	Fixed-term contract	#	34			102-8
	Employees by region - Asia-Pacific	#	3,882	3,801	2,875	102-8
	Permanent employees	#	3,242			102-8
	Fixed-term contract	#	640			102-8

Category	KPIs	Unit	2018	2017	2016	GRI
	Employees by region - Africa & Middle East	#	798	718	582	102-8
	Permanent employees	#	563	202	185	102-8
	Fixed-term contract	#	235	27	22	102-8
	Employees by function - Operations/Production/Manufacturing	#	12,335	12,294	10,316	
	Employees by function - Logistics/Purchasing	#	1,044	827	700	
	Employees by function - R&D/Geology	#	488	792	673	
	Employees by function - Sales and Marketing	#	1,450	1,647	1,472	
	Employees by function - Support and Administration	#	2,452	2,880	2,537	
	Employees by Business Group - Energy Solutions & Specialties	#	5,313	4,990	4,798	
	Employees by Business Group - Filtration & Performance Additives	#	4,180	4,263	3,665	
	Employees by Business Group - Ceramic Materials	#	3,263	4,285	4,298	
	Employees by Business Group - High Resistance Minerals	#	4,442	4,400	2,583	
	Holding	#	571	421	353	
	Net variation of permanent employees (excluding acquisitions and divestitures)	#	(438)	0	(416)	
	External recruitments	#	1,446	1,717	1,290	401-1
	Redundancies (economical & non-economical)	#	(557)	(523)	(707)	401-1
	Retirement		(303)	(258)	(211)	
	Voluntary termination & other	#	1,024	(936)	(788)	401-1
	Turnover	(%)	6.1	5.8	5.1	401-1
	Net variation of temporary employees (excluding acquisitions and divestitures)	#	569	186	(9)	401-1
	Acquisitions - Divestiture	#	(721)	2,476	(8)	
	Percentage of employees under collective bargaining agreement	(%)	68 ⁽⁶⁾	68	69	
	Total absenteeism rate	(%)	2.84	2.78	2.81	403-2
	Absenteeism rate by geographical region			2.78		
	Europe	(%)	4.37	4.46	4.34	403-2
	Americas	(%)	1.44	0.98	1.26	403-2
	Asia-Pacific	(%)	1.23	2.00	2.31	403-2
	Africa & Middle East	(%)	1.64	1.22	0.42	403-2
	Number of reported human rights violations	#	0	0	0	412-1
Talent and Skills Management	Percentage of employees with regular performance and career development reviews	(%)	27			404-3
	Number of employees who received training at least once in the reporting year	#	13,636	13,166	12,428	
	Training hours	Hours	508,356	341,927	293,191	404-1
	Number of hours by category of program					
	Environment, Health & Safety	Hours	211,645	185,002	156,083	
	Technical skills	Hours	245,078	126,533	109,787	
	Management	Hours	51,633	30,393	27,322	
Social Dialogue	Working hours lost due to strikes	Hours	7,657	12,828	35,167	
	Employee Engagement Survey Results				-	
	Loyalty Rate	(%)	75 ⁽⁷⁾	75		
Diversity & Inclusion	Age and seniority					
	Less than 30 years	(%)	11	11	11	405-1
	From 30 to 39 years	(%)	25	25	25	405-1
	From 40 to 49 years	(%)	29	30	29	405-1
	From 50 to 54 years	(%)	15	15	16	405-1
	More than 55 years	(%)	20	19	19	405-1

Category	KPIs	Unit	2018	2017	2016	GRI
	New hiring by age bracket					
	Less than 30	(%)	35	-	-	401-1
	More than 55	(%)	4	-	-	401-1
	Percentage of permanent headcount by seniority					
	Less than 10 years	(%)	50	50	49	405-1
	More than 10 years	(%)	50	50	51	405-1
	of which more than 20 years	(%)	23	24	26	405-1
	Gender - Group and Senior management					
	Total percentage of female employees	(%)	17.5	17.5	17.1	405-1
	Percentage of females in Manager/Expert/Professional roles	(%)	25.6			405-1
	Percentage of females in Senior management	(%)	17.2	14.4	16.5	405-1
	Percentage of female Executive Committee members	(%)	9.1			405-1
	Percentage of female Board members	(%)	41.7	40	37.5	405-1
	Disability					
	Number of employees with disability	#	186	242	213	
Caring for our planet						
Environmental Stewardship						
Environmental Management	ISO 14001 or EMAS ⁽⁷⁾ certified operations	#	101	114	105	103
	Operations with Imerys 8-pillar EMS	#	129	153	145	103
	Number of environmental incidents	#	6	11	7	307
	Number of prosecutions	#	5	6	12	307
	Amount of fines	€	17,232	148,868	346,402	307
	Total industrial waste produced	Tons	282,569	248,189	213,421	306-1
	Hazardous industrial waste	Tons	3,995	1,908	1,734	306-2
	Recycled hazardous industrial waste	Tons	2,358	1,763	1,641	306-2
	Non-hazardous industrial waste	Tons	160,087	92,712	78,538	306-2
	Recycled non-hazardous industrial waste	Tons	116,129	151,806	131,508	306-2
	Industrial waste generation / Turnover	kg/euro	0.06	0.05	0.05	
	Recovery rate of non-hazardous inert waste	(%)	42	63	63	
	Air emissions produced					
	Sulfur dioxide (SO ₂)	Tons	4,740	4,621	4,088	305-7
	Nitrogen oxide (NO _x)	Tons	6,929	6,503	5,912	305-7
Non-Energetic Resources Efficiency	Total water withdrawals	M liters	47,624	47,187	38,910	303-1
	Water obtained from water suppliers	(%)	11.8	12.6	11.0	303-1
	Water withdrawn from groundwater	(%)	54.8	54.5	57.1	303-1
	Water withdrawn from surface water	(%)	27.2	28.4	25.3	303-1
	Water obtained from other sources ⁽⁸⁾	(%)	6.3	4.6	6.7	303-1
	Number of sites located in a water-scarcity area	#	19	19	19	303-2
	Quantity of water consumed by the sites located in a water-scarcity area	(%)	3.4	3.8	4.6	303
	Total water recycled	M liters	49,290	44,898	43,293	303-3
	Sites with recycled water reported	#	62	62	61	303-3
Biodiversity and Land Rehabilitation	Surfaces disturbed by the Group's mining activities ⁽⁹⁾	Hectares	2,038	2,078	2,166	304-3
	Surfaces rehabilitated ⁽⁹⁾	Hectares	896	1,173	1,216	304-3
	Number of sites identified as located in or near a high biodiversity value area	#	27	31	31	304-1

Category	KPIs	Unit	2018	2017	2016	GRI
Climate Change						
Climate Change Strategy	Total energy consumption	TJ	39,025	37,039	32,976	302-1
	Natural gas	%	41.5	47.5	47.8	302
	Other fossil fuels	%	26.5	21.6	18.4	302
	Biomass	%	2.3	2.3	3.1	302
	Electricity (net) and steam	%	29.7	30.3	30.6	302
	Energy efficiency (base 100 in 2014)	%	0.6	(4.3)	(3.8)	302
	Energy consumption / Turnover	MJ/euro	8.50	8.05	7.91	302
	Total CO ₂ emissions	kt CO ₂ e	3,405	3,110	2,698	305
	Scope 1 CO ₂ emissions	kt CO ₂ e	2,194	1,945	1,641	305-1
	Scope 2 CO ₂ emissions	kt CO ₂ e	1,211	1,165	1,056	305-2
	Emissions by source					
	CO ₂ emissions from Energy	%	83.9	87.5	86.7	305-1
	CO ₂ emissions from Processes	%	16.1	14.3	13.3	305-1
	CO ₂ emission / Turnover	Ton CO ₂ e/M euro	741.8	676.3	647.6	
	Scope 3 emission estimation	kt CO ₂ e	4,090.1	379.7	273.0	305-3
	Number of product carbon footprints calculated	#	20	-	-	305-3
Building for the future						
Business Conduct						
Corporate Governance	Percentage of independent Board members	(%)	50	46.7	46.7	405-1
	Number of trainings on responsible supply chain	#	10	-	-	
	Number of suppliers assessed	#	484	-	-	308-1 414-1
	Number of alerts reported through the whistleblowing system	#	1	-	-	406-1
Community Engagement	Percentage of sites with a formal action plan managing the impacts of operations on communities	(%)	89	88	83	413-1
	Number of community engagement initiatives launched	(%)	62	64	-	
	Number of reported external grievances	#	0	-	-	-
Product Management						
Product Sustainability	Number of Life Cycle Assessments calculated for Group products	#	14	-	-	

(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 survey on collective bargaining coverage is conducted every two years. This result refers to the 2017 survey.

(7) The loyalty score is the sum of trust, empowerment and development survey responses.

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

(9) Water obtained from sources other than water suppliers, ground water or surface water (i.e. collection of rainwater or water obtained from customers).

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

(11) The 2018 value is the energy efficiency compared to 2017.

5.9 ATTESTATION AND CORRELATION TABLE

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

REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PUBLISHED IN THE GROUP MANAGEMENT REPORT

DELOITTE & ASSOCIÉS
 6, place de la Pyramide
 92908 Paris-La Défense Cedex

French public limited company with a share capital of
 €1,723,040
 572 028 041 RCS Nanterre
 Statutory Auditors
 Member of the Compagnie régionale de Versailles

ERNST & YOUNG et Autres
 Tour First
 TSA 14444
 92037 Paris-La Défense Cedex

French simplified joint-stock company with variable capital
 438 476 913 RCS Nanterre
 Statutory Auditors
 Member of the Compagnie régionale de Versailles

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, 2018

To the Imerys shareholders',

In our capacity as Statutory Auditor of Imerys SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2018 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement was prepared by applying the Company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the Company's website or on request from its headquarters.

Independence and quality control

Our independence is defined by article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). 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.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of article R. 225 105 of the French Commercial Code, *i.e.* the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation;
- the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with articles A. 225 1 *et seq.* of the French Commercial Code 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 (*Assurance engagements other than audits or reviews of historical financial information*).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group's business activity, the report on the main social and environmental risks relating to this activity and the impacts thereof with regard to the respect for human rights and the fight against corruption and tax evasion, together with the subsequent policies and their results.
- We assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement covers each category of information stipulated in section III of article L. 225 102 1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement includes an explanation justifying the absence of information required by paragraph 2 of section III of article L. 225-102-1.
- We verified that the Statement presents the business model and the main risks relating to the Group's business activity, including, where relevant and proportionate, the risks generated by its business relations, products or services as well as policies, measures and outcomes, including key performance indicators.
- We verified that, when relevant to the main risks or policies presented, the Statement presents the information stipulated in section II of article R. 225-105.
- We assessed the process of selecting and validating the main risks.
- We inquired as to the existence of internal control and risk management procedures set up by the Company.
- We assessed the consistency of the results and key performance indicators used with regard to the main risks and policies presented.
- We verified that the Statement includes a clear and reasoned explanation justifying the absence of policy regarding one or more of these risks.
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with article L. 233-16, with the limits specified in the Statement.
- We assessed the collection process set up by the entity to ensure the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes⁽¹⁾ that in our judgment were of most significance, we carried out
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
 - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities⁽²⁾ and covered between 13% and 47% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that in our judgment were of most significance⁽³⁾;
- We assessed the overall consistency of the Statement in relation to our knowledge of the Company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

(1) *Environmental quantitative information: Number of ISO 14001 (or equivalent) certified sites; Total industrial waste produced (hazardous and non-hazardous); Recycled industrial waste (hazardous and non-hazardous); Total water withdrawals; Total energy consumption; Total CO2 emissions (scope 1 and 2); Total SO2 and NOX emissions.*

Social quantitative information: Headcount as of December 31, 2018; External recruitments; Redundancies (economical and non-economical); Accident frequency rate (Imerys and non-Imerys employees); Accident severity rate (Imerys and non-Imerys employees); Total occupational illnesses

(2) *Selected entities: United-States (Andersonville – Aluminates, Sylacauga – Carbonates, Sandersville Deepstep Road plant – Kaolin, Greeneville – Fused Minerals, Lompoc – Filtration), China (Zhejiang – Fused Minerals, Zhengzhou – Aluminates), Brazil (Barcarena – Kaolin), Greece (Milos – Metallurgy), Switzerland (Bodio – Graphite & Carbon) and France (Salin de Giraud – Carbonates).*

(3) *Environmental qualitative information: Group scope 3 emission estimation; Mineral resources optimization.*

Social qualitative information: Diversity and inclusion charter; Diversity and inclusion plan; Stakeholder Advisory Panel.

Qualitative information in relation with human rights and corruption: Group code of conduct and business ethics; ESG risk mapping process.

Means and resources

Our work engaged the skills of five people between November 2018 and March 2019.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around ten interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non-financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Commentaires

Without qualifying the conclusion expressed above and in accordance with article A. 225-3 of the French Commercial Code, we make the following comments:

The change of the HR information system during the year, combined with a revision of the nomenclature, has required manual reprocessing of the database and has made it difficult to compare 2017 data with 2018 data, site by site.

Paris-La Défense, March 19, 2019

One of the Statutory Auditors

DELOITTE & ASSOCIÉS

Frédéric GOURD

Partner

Olivier JAN

Partner, Sustainability Services

5.9.2 CORRELATION TABLE WITH THE ELEMENTS OF THE "DÉCLARATION DE PERFORMANCE EXTRA-FINANCIÈRE (DPEF)"

Elements of the "déclaration de performance extra-financière"		Pages
Business model		17-21
Social		
Main social risks, and including:		
	Social commitments in favor of sustainable development	16; 136; 139-140
	Collective agreements and their impacts on the economic performance of the company	149; 163
	Employee working conditions	122; 141-148
	Discrimination	146; 149
	Diversity	149-151
	Measures for people with disabilities	149; 150; 166
Policies to mitigate social risks		16; 136-137; 142-143; 145-146; 149
Results and KPIs		141-151; 169-171
Environment		
Main environmental risks, and including:		
	Climate change	158-161
	Circular economy	154-156
	Food waste	154
	Animal welfare	154
	Responsible, equitable and sustainable food supply	154
Policies to mitigate environmental risks		16; 136-137; 153; 155; 157
Results and KPIs		152-161; 171-172
Human rights		
Main human rights risks		146; 164
Policies to mitigate human rights risks		16; 136-137; 145-146; 163-165
Results and KPIs		146; 165; 169-170
Corruption		
Main corruption risks		164
	Tax evasion	163
Policies to mitigate corruption risks		163; 165
Results and KPIs		164-165; 172

5.9.3 CORRELATION TABLE WITH THE ELEMENTS OF THE “PLAN DE VIGILANCE”

Elements of the “plan de vigilance”	Pages
Risk mapping	
Group risk mapping process	131
ESG risk mapping process	138; 164
Supplier risk mapping process and assessment	164
Evaluation of environmental social and governance risks	
Group ESG risk evaluation process	120-126; 164
Supplier ESG risk evaluation process	164
Control measures	
Management Framework	
Human Rights and Fundamental Freedoms	145-151; 163-165
Health and Safety	142-143; 163-165
Environment	152-161; 163-165
Training and awareness	147-150; 165
Assessments	165
Alert mechanism	165
Monitoring and evaluation of the effectiveness of control measures	165

Attachment 2 – Table of correspondence between the Global Compact Ten Principles and Group 2018 Registration Document – Chapter 5 Corporate Social Responsibility

10 Global Compact Principles	2018 Registration Document	
	Reference in Report	Monitoring Indicator Page
HUMAN RIGHTS		
1. Support and respect the protection of internationally proclaimed human rights	5.5.1 Safety and Health	141-144
	5.5.2.1 Human Rights and Labor Practices	146
	5.5.2.3 Social Dialogue and Employee Engagement	149
	5.7.1.2 Fair Operating Practices & Responsible Supply Chain	163-165
	5.7.1.6 Community Engagement	166
2. Make sure that they are not complicit in human rights abuses	5.8.2 Summary of Key Performance Indicators	169-172
	5.5.2.1 Human Rights and Labor Practices	146
	5.7.1.2 Fair Operating Practices & Responsible Supply Chain	163-165
LABOUR		
3. Freedom of association and the effective recognition of the right to collective bargaining	5.5.2.1 Human Rights and Labor Practices	146
	5.7.1.2 Fair Operating Practices & Responsible Supply Chain	163-165
	5.8.2 Summary of Key Performance Indicators	169-172
4. Elimination of all forms of forced and compulsory labour	5.5.2.1 Human Rights and Labor Practices	146
5. Effective abolition of child labour	5.7.1.2 Fair Operating Practices & Responsible Supply Chain	163-165
	5.8.2 Summary of Key Performance Indicators	169-172
6. Elimination of discrimination in respect of employment and occupation	5.5.2.1. Human Rights and Labor Practices	146
	5.5.2.4 Diversity and Inclusion	149-151
	5.7.1.2 Fair Operating Practices & Responsible Supply Chain	163-165
	5.8.2 Summary of Key Performance Indicators	169-172
ENVIRONMENT		
7. Precautionary approach to environmental challenges	5.6.1.1 Environmental Management	153-155
	5.6.1.2 Non-Energetic Resources Efficiency	155-156
	5.6.1.3 Biodiversity and Rehabilitation	157
8. Initiatives to promote greater environmental responsibility	5.6.2.1 Climate Change Strategy	158-161
	5.6.2.2 Climate Solutions	161
9. Development and diffusion of environmentally friendly technologies	5.7.1.2 Fair Operating Practices & Responsible Supply Chain	163-165
	5.7.2.1 Product Sustainability	167
	5.8.2 Summary of Key Performance Indicators	169-172
ANTI-CORRUPTION		
10. Work against corruption in all its forms, including extortion and bribery	5.7.1.1 Corporate Governance	163
	5.7.1.2 Fair Operating Practices & Responsible Supply Chain	163-165
	5.8.2 Summary of Key Performance Indicators	169-172

