

# CORPORATE SOCIAL RESPONSIBILITY

ANNUAL CSR REPORT

20  
19



IMERYS



2019

# Corporate Social Responsibility Report

The world's leading provider in mineral-based specialties for industry, Imerys delivers high value-added, functional solutions to a great number of industries, ranging from process manufacturing to consumer goods. The Group draws on its understanding of applications, technological knowledge and expertise in materials science to deliver solutions by beneficiating its mineral resources, synthetic minerals and formulations. Imerys contributes essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, adsorption and water repellency. Imerys meets ambitious targets to develop responsibly, focusing on people, the environment and corporate governance.

Imerys published its first integrated report this year to better present how it creates long-term value for the benefit of its stakeholders. The social, environmental and governance information contained in this CSR Report are identical to the relevant sections of the Group's 2019 Universal Registration Document. This information has been verified by the Statutory Auditor appointed by the Group. The nature of the verification work and related findings are detailed in chapter 3.9 of the Group's 2019 Universal Registration Document. It is also presented in chapter 10 of this Corporate Social Responsibility Report for easier reading.



# CORPORATE SOCIAL RESPONSIBILITY

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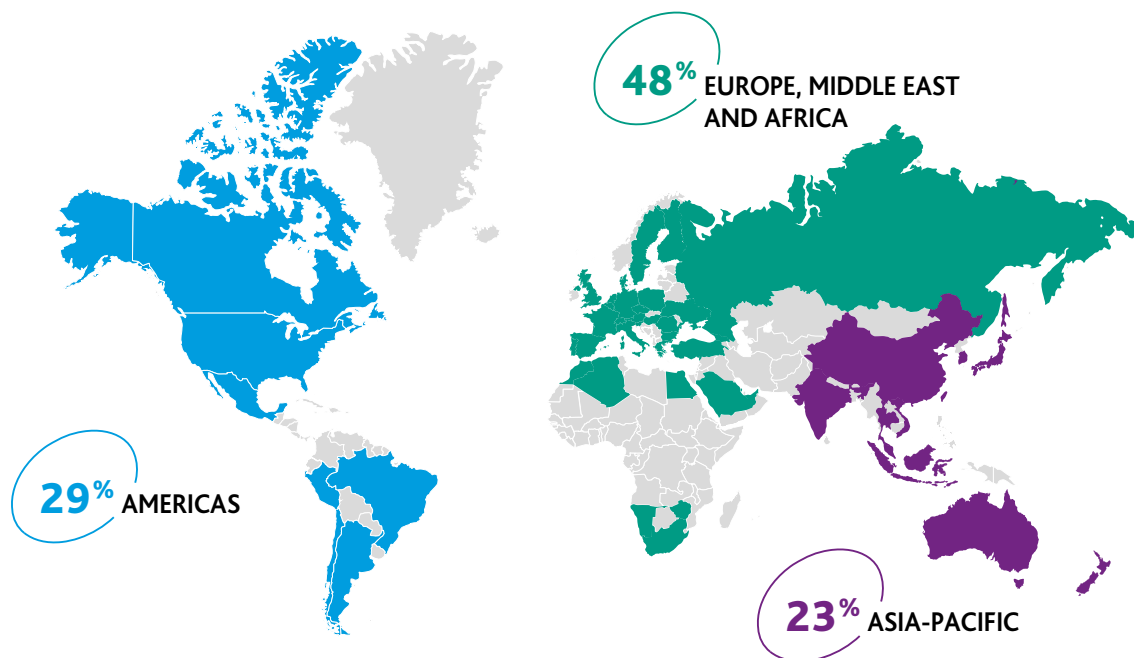
# 1 IMERYS, THE WORLD'S LEADING SUPPLIER OF MINERAL-BASED SPECIALTY SOLUTIONS FOR INDUSTRY

## ABOUT IMERYS

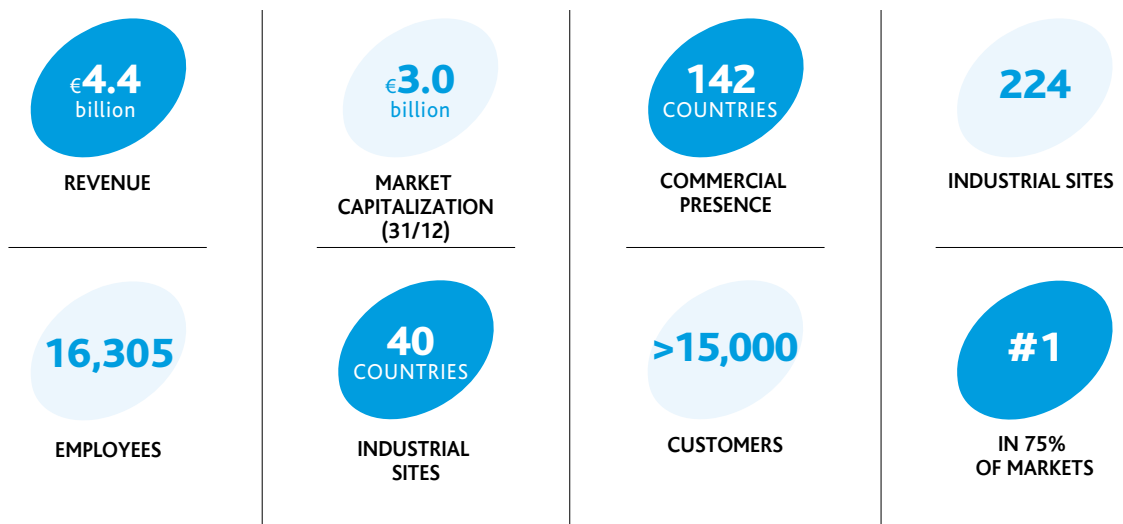
As the world's leading supplier of mineral-based specialty solutions for industry, Imerys delivers high value-added, functional solutions to a wide variety of industries, ranging from process manufacturing to consumer goods. The Group draws on its understanding of applications, technological knowledge and expertise in material science to deliver solutions by benefiting its mineral

resources, synthetic minerals and formulations. Imerys contributes essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, adsorption and water repellency. The Group pursues a number of ambitious goals to achieve responsible growth, with respect to the environment, social and its own governance (ESG).

### 2019 CONSOLIDATED REVENUE (%)



### 2019 KEY FIGURES



## KEY FIGURES

	2018	2019	Medium-term objectives <sup>(1)</sup>
<b>Results and profitability</b> (€ millions)			
	(post IFRS 16)		
Revenue	4,590	4,354	
Change at constant scope and exchange rates	+3.4%	-3.8%	■ Organic growth in line with underlying markets in 2022
Current EBITDA	793	765	■ Gross cost savings of €100 million by 2022
Current EBITDA margin	17.3%	17.6%	■ Improvement in current EBITDA margin of 200 basis points compared with 2018
Current operating income	562	439	
Current operating margin	12.2%	10.1%	
Operating income	- 89	229	
Net income from current operations	357	277	
Net income, Group share	560	121	
Capital employed	5,506 <sup>(2)</sup>	5,635	
<b>Data per share</b> (€) <sup>(2)</sup>			
Net income from current operations, per share	€4.50	€3.50	
Net income per share	€7.06	€1.53	
Dividend per share	€2.150	€2.150 <sup>(3)</sup>	■ Increase in dividend in line with the net income from current operations, with a flexible payout ratio
<b>Balance Sheet and Cash Flow</b> (€ millions)			
Net current free operating cash flow	286	348	
Capital expenditure	333	292	■ Annual capital expenditure between €300 million and €350 million
Net financial debt	1,297	1,685	
Net financial debt/current EBITDA	1.6	2.2	
Equity	3,253	3,162	
Gearing	40%	53%	
Financial resources	3,312	3,183	
Moody's/Standard & Poor's rating	Baa2 / BBB	Baa2 / BBB	■ Maintain a solid investment grade rating
<b>Main non-financial indicators</b>			
<b>Occupational health &amp; safety:</b>			
■ Total recordable accident frequency rate <sup>(4)</sup>	4.32	3.22	■ Improve Group Safety Culture Maturity to Level 3 across all business Area by the end of 2022 <sup>(5)</sup>
■ Average level of maturity of operational sites	2.4	2.6	
<b>Diversity and inclusion:</b> proportion of women within the Group's senior management team	17%	20%	■ Increase the number of women in senior management to 30% by the end of 2022
<b>Environmental impact management:</b> proportion of audits conducted against an environmental maturity matrix	10%	25%	■ Conduct 100% of audit using the environmental maturity matrix by the end of 2022
<b>Biodiversity and rehabilitation:</b> level of completion of the biodiversity improvement program	-	43%	■ Achieve 100% of objectives defined within Group act4nature commitment by the end of 2021
<b>Climate change strategy:</b> % reduction in CO <sub>2</sub> emissions by revenue compared to 2018 <sup>(6)</sup>	-	-11%	■ Reduce Group CO <sub>2</sub> emission by 36% relative to revenue (tCO <sub>2</sub> /Eur) by 2030
<b>Business conduct and responsible supply chain management:</b> proportion of suppliers assessed against environmental, social and governance criteria <sup>(7)</sup>	13%	16%	■ Evaluate at least 50% of Group suppliers by spend by end of 2022
<b>Environmental, social and economic impact of products:</b> proportion of product portfolio measured against environmental social and governance criteria	-	5%	■ Assess Imerys at least 40% of Imerys product portfolio (by revenue) by the end of 2022

For further details on the definition and reconciliation of alternative performance measures, see chapter 5, paragraph 5.5 of the Universal Registration Document.

(1) Medium-term objectives announced at the Investor Day on June 13, 2019.

(2) Including the disposal of Imerys Toiture (October 2018).

(3) Proposal made by the Board of Directors and submitted for approval at the Shareholders' General Meeting.

(4) Includes all accidents without lost time whenever a healthcare professional is involved in the treatment, even if only for first aid.

(5) Level 3 corresponds to 'Proactive' level on the Imerys Safety Culture Maturity Matrix where Imerys Safety System is fully implemented, employees are engaged and contribute actively.

(6) Scopes 1 & 2 – Greenhouse gas emissions.

(7) By expenditure.

## 1.1 IMERYS AND ITS BUSINESS ECOSYSTEM

### 1.1.1 SPECIALTY SOLUTIONS WITH A DIFFERENTIATED VALUE PROPOSITION

As the world's leading supplier of mineral-based specialty solutions for industry, Imerys delivers high value-added, functional solutions to a wide variety of industries, ranging from process manufacturing to consumer goods. The Group draws on its understanding of applications, technological knowledge and expertise in material science to deliver solutions by benefiting its mineral resources, synthetic minerals and formulations.

Imerys contributes essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, adsorption and water repellency.

Furthermore, the Group pursues a number of ambitious goals to achieve responsible growth, with respect to labor, the environment, business conduct and governance.

#### Specialty solutions for a variety of markets

Imerys offers value-added solutions that are designed to meet the technical requirements of each customer.

Imerys' solutions boost the performance of a very large number of applications, which can be split into three categories:

- **Functional additives:** added to the mineral formulation of customers' products, but account for only a minor share of the finished product's manufacturing cost (e.g. talc improves the rigidity of polymers used in the automotive industry, calcium carbonate makes plastic films breathable for use in food packaging, and calcium aluminates are used in self-leveling, quick drying cement floor screeds).
- **Mineral components:** essential constituents in the formulation of customers' products (e.g. zirconia oxygen sensors in combustion engine management systems and fused alumina in industrial abrasives).
- **Process enablers:** used in customers' manufacturing processes, but are not found in the end product (for example, diatomaceous earth, which is used to filter liquid foodstuffs and extract proteins from blood plasma by fractionation).

Imerys' mineral specialties are split into two market segments:

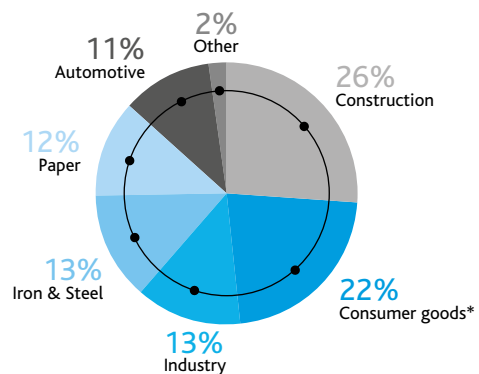
#### • Performance Minerals:

- Additives for paints and coatings
- Components for technical ceramics (porcelain insulators) and conventional ceramics (floor and wall tiles, sanitaryware and tableware)
- Additives for plastics and polymers, especially in the automotive industry
- Fillers and coatings for printing and writing paper, as well as board and packaging
- Filtration agents for liquid foodstuffs and blood plasma
- Specialty graphites for mobile energy and precision industries (lithium-ion batteries for electric vehicles, brake pads, etc.)

#### • High Temperature Solutions:

- Refractory minerals and solutions for high-temperature industrial processes (refractory linings and insulation materials to protect furnaces and boilers)
- Bentonite for foundry molds
- Corundum powders for abrasives (industrial cutting discs and grinding discs)
- High-performance binders for floor screeds in the construction industry

Imerys offers a wide range of products and solutions to serve many industries such as construction, mobile energy, steelmaking, agri-food, automotive and cosmetics.



\* Including food & beverages and health & cosmetics.

Source: Imerys estimates.

### 1.1.2 MAJOR TRENDS AND SOURCES OF OPPORTUNITIES

Imerys offers solutions that anticipate needs and support fast changing markets given the emergence of:

- new lifestyles (urbanization, population aging, health and well-being, mobility, recycling, etc.);
- new economic models (the collaborative economy, the sharing economy, automated manufacturing, etc.);
- technological progress (Internet of Things, renewable energy, 3D printing, etc.); and

- changing expectations from stakeholders (sustainable development, transparency, ethical conduct, etc.).

With solutions used in a number of industries, Imerys has a central role to play at the heart of the substantial shifts the future will bring. Confronted with changing lifestyles, new economic models, accelerating technological progress and responsible development, the Group is ready to tackle the major challenges that will shape tomorrow's world.

Challenges	Long-term trends	Examples of opportunities available for Imerys
<p><b>To deal with urbanization,</b> it is necessary to develop solutions that will stand up to the challenges of tomorrow, such as growing demand in the construction and renovation of infrastructure.</p>	 <p><b>URBANIZATION</b></p> <p>The world's population is expected to reach 10 billion by 2050, with the majority of people living in cities.</p>	<ul style="list-style-type: none"> <li>■ <b>Imerys produces high performance binders</b> for self-leveling or quick drying floor screeds used in advanced construction/renovation techniques.</li> <li>■ <b>Imerys develops additives</b> for cements that offer strong resistance to corrosion in wastewater infrastructure.</li> </ul>
<p><b>To deal with population growth and the increase in life expectancy,</b> it is necessary to develop more sustainable methods of farming and innovative solutions for the pharmaceutical industry.</p>	 <p><b>DEMOGRAPHICS AND EXTENDED LIFE EXPECTANCY</b></p> <p>Countries are confronted with the rapid aging of their population and the explosion of healthcare costs.</p>	<ul style="list-style-type: none"> <li>■ <b>Imerys develops filtration solutions</b> using diatomite for blood plasma fractionation to meet the growing needs of the pharmaceutical industry.</li> <li>■ <b>Imerys develops new ranges of products</b> using minerals for agriculture to deal with the challenges of a growing world population.</li> </ul>
<p><b>To deal with global warming,</b> it is necessary to exercise even tighter control over the environmental footprint and develop appropriate solutions.</p>	 <p><b>CLIMATE</b></p> <p>Climate change poses an urgent, global, systemic and irreversible risk.</p>	<ul style="list-style-type: none"> <li>■ <b>Imerys develops conductive additives</b> to extend autonomy and reduce charging time for lithium-ion batteries used in electric vehicles.</li> <li>■ <b>Imerys develops profitable solutions</b> to refine and purify biodiesel.</li> </ul>
<p><b>To deal with the rarefaction of resources,</b> it is necessary to advocate for the sustainable use of resources and bolster environmental and ethical standards.</p>	 <p><b>RAREFACTION OF RESOURCES</b></p> <p>Population growth places a strain on natural resources and disrupts traditional consumption models.</p>	<ul style="list-style-type: none"> <li>■ <b>Imerys develops sustainable solutions</b> that make vehicles lighter and strengthen plastics while reducing the total weight of components by up to 60%.</li> <li>■ <b>Imerys develops new abrasives</b> that reduce the consumption of energy and materials while enabling more cuts per unit of abrasive.</li> </ul>





## 1.2 GENERAL STRUCTURE

### 1.2.1 A STRUCTURE BUILT AROUND THE MAIN MARKETS

Following an in-depth strategic review, Imerys changed its management organization in 2019 to be more market-focused and further leverage its repositioning as a specialty minerals company.

The new organization provides the basis for the Group's segment reporting from 2019 onwards, is built around two segments, grouping five newly created business areas, which have been aligned to core markets.

- The **Performance Minerals** segment brings together three geographic business areas – Europe Middle East Africa (EMEA), Americas and Asia Pacific (APAC) – serving the plastics, paints & coatings, filtration, ceramics, renewable energy and paper & board markets. Performance Minerals includes the former Performance Additives, Filtration, Carbonates, Ceramics, Kaolin and Graphite & Carbon divisions as well as the Bentonite & Perlite Intermediate business unit (part of the former Metallurgy division).
- The **High Temperature Materials & Solutions** segment regroups two business areas – High Temperature Solutions, and Refractory, Abrasives & Construction – serving the refractory, foundry, metal flow, abrasives and building chemistry markets. High Temperature Materials & Solutions includes the former

Monolithic Refractories, Aluminates, Fused Minerals divisions as well as the Metalcasting & Absorbents and Steel Casting Fluxes business units (part of the former Metallurgy division).

This simplified organization with fewer management layers brings the Group closer to its customers and allows it to meet their needs in a more effective way. The Senior Vice Presidents of the five newly created business areas report directly to the Chief Executive Officer. Support functions (Finance, IT, HR, Communications, Legal and Strategy) are led at Group level and operate as business partners to the different business areas, while Innovation and Operations report to the business areas.

The Group's new organization, in which business areas are built around core markets and positioned closer to customers, will enable Imerys to achieve its full organic growth potential and further improve its competitive position to create value over the long term in a highly competitive environment, while also making savings on operating expenses.

To support the new structure, a new Executive Committee was appointed at the end of 2018 and a transformation plan was rolled out in 2019.

Alignment with market needs	The Group has been rebuilt around its markets, rather than its products, to better understand and meet customer needs.
Collaboration	The new organization makes it easier to share ideas and best practice relevant to each business area.
Efficiency	Grouping operations by business area avoids duplicate positions and encourages costs synergies.
Core skill orientation	A structure built around its expertise in each market and segment of customers facilitates revenue growth.



## 1.3 A FIRM COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

Imerys respects the world in which it operates. The Group is committed to playing a role in society, meeting its obligations to the countries and communities in which it does business, and implementing responsible and sustainable environment stewardship practices.

Its growth strategy takes into account its Corporate Social Responsibility (CSR), integrating the challenges and expectations of key stakeholders.

Imerys adheres to major international framework agreements such as the United Nations Sustainable Development Goals (UN SDGs), the United Nations Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the International Labour Organization (ILO) Fundamental Conventions. Furthermore, Imerys has undertaken two commitments that are

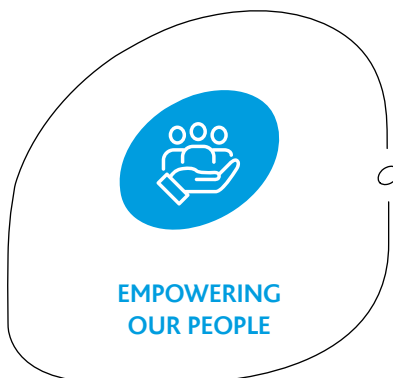
also supported by other major companies in France, signing the French Business Climate Pledge to combat climate change and act4nature to protect biodiversity.

The Group's CSR Steering Committee approves and sets the targets for the CSR policy, as well as manages and monitors the implementation of the related action plans.

The Steering Committee is chaired by the Chief Executive Officer and includes members from the Executive Committee (Group General Counsel, Chief Human Resources Officer, Chief Industrial Officer and three Senior Vice Presidents) as well as two senior managers from the Group's other corporate support and operational departments.

The Board of Directors reviews the performance and progress made by the Group against its CSR program every year.

In 2018, Imerys launched a new CSR strategy entitled "SustainAgility". It was developed to factor in contributions from a wide range of stakeholders from both within the Group and beyond, including panels of experts, professional bodies, local forums and customers. The medium- and long-term CSR targets strive for continuous improvement and can be sorted into three main areas:



Making sure employees stay healthy and safe, nurturing talent, promoting diversity and inclusion, fostering social dialogue and safeguarding human rights.



Protecting the environment, promoting non-energetic resources efficiency, respecting biodiversity and acting on climate change.



Behaving ethically, operating fairly, ensuring responsible purchasing, engaging with communities and promoting sustainable products and technologies.

The program is built around six pillars and 16 themes, which are in line with and contribute to the United Nations Sustainable Development Goals (SDG):

Pillars	Priority themes*	SDGs
<b>EMPOWERING OUR PEOPLE</b>		
	<b>Health &amp; Safety</b>	Occupational Safety Management Occupational Health Management
	<b>Human Capital</b>	Diversity and Inclusion
<b>CARING FOR OUR PLANET</b>		
	<b>Environmental Stewardship</b>	Environmental Management Biodiversity and Land Rehabilitation
	<b>Climate Change</b>	Climate Change Strategy
<b>BUILDING FOR THE FUTURE</b>		
	<b>Business Conduct</b>	Fair Operating Practice & Responsible Purchasing
	<b>Product Management</b>	Product Sustainability

\* This list only includes the themes that were identified as a priority following the Group materiality assessment.

The Group's firm commitment to sustainable development has been recognized by the leading CSR rating agencies. The following table presents a selection of the non-financial ratings most recently achieved by Imerys.

Indices/Assessment	Latest rating (year)
CDP	B (2019)
FTSE4Good Index (0 – 5.5)	3.0 (2019)
MSCI ESG Leaders Index	AA (2019)
Ecovadis (0 – 100)	Gold – 64 (2019)
ISS – oekom	C (2019)
Vigeo Eiris (0 – 100)	58 (2019)

## 1.4 A BUSINESS MODEL THAT CREATES VALUE

### 1.4.1 A BUSINESS MODEL THAT CREATES VALUE OVER THE LONG TERM

Bolstered by a new organization structured around its core markets, mining resources, high quality industrial assets, unrivaled technological and industrial processes, innovative solutions and leading positions in most of its markets, Imerys has many strengths to guarantee sustained value creation for its key stakeholders.

#### ASSETS

##### HUMAN RESOURCES

**16,305** employees in 50 countries

**76%** of employees have benefited from at least one training course

##### ENVIRONMENTAL RESOURCES

**Signatory of the French Business Climate Pledge** to combat climate change and emission reduction targets approved by the **Science Based Target initiative (SBTi)**

**Member of act4nature** and 3-year partnership with UMS *Patrimoine Naturel* for biodiversity

##### PEOPLE AND SOCIETY

**Signatory of the UN Global Compact** and alignment with the **Sustainable Development Goals (SDGs)**

##### FINANCIAL RESOURCES

**Equity:** €3,162 M

**Net debt:** €1,685 M  
(53% of equity and 2.2x of current EBITDA)

**Investment grade credit rating:**  
BBB- (S&P), Baa2 (Moody's)

##### INDUSTRIAL AND COMMERCIAL RESOURCES

224 industrial sites and 106 mines in 40 countries

**Investment** in maintenance and development: €292 M

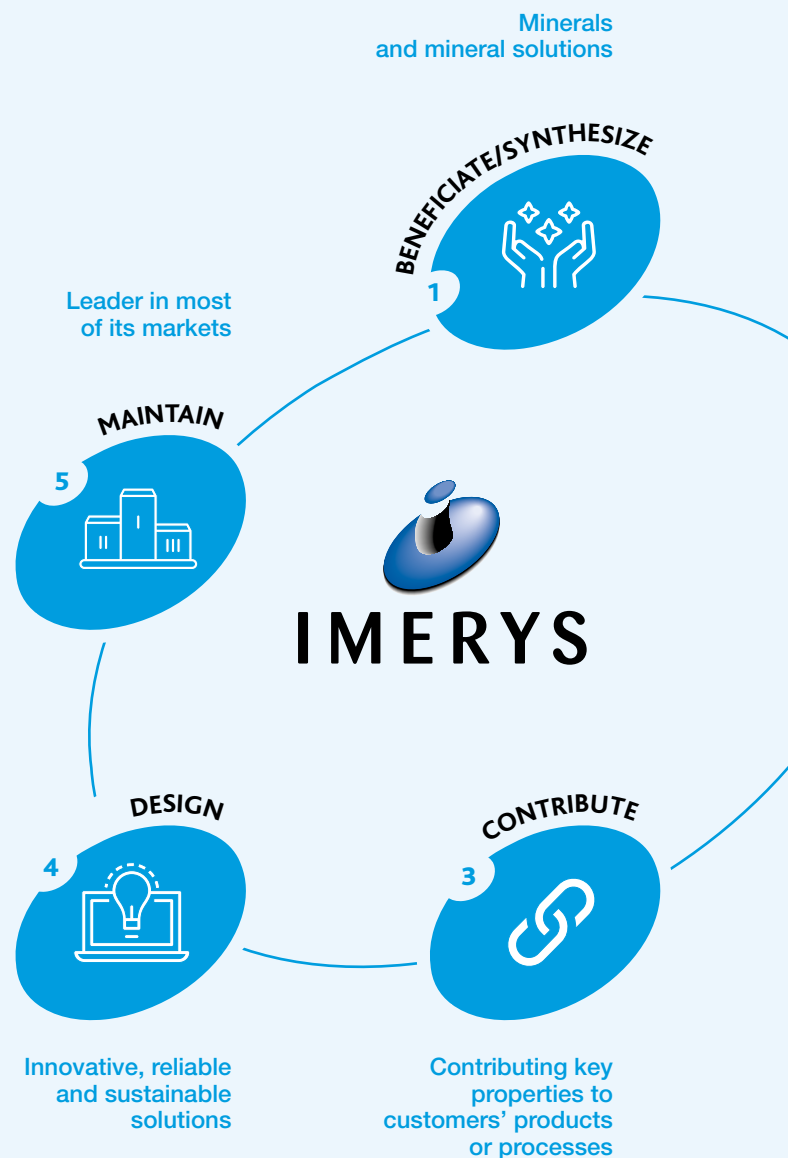
**I-Cube** industrial improvement program rolled out at 196 sites

##### INTELLECTUAL RESOURCES

Portfolio of 2,150 **patents**

350 people working in 8 **R&D centers**

#### BUSINESS MODEL



## IMPACT IN 2019

## HUMAN RESOURCES

**Safety:** 3.22 Total Recordable Injury Rate

**Equality and diversity:** 20% of women in the Group's senior management team

**91.3%** of employees hired on unlimited contracts

## ENVIRONMENTAL RESOURCES

**Fight against climate change:** 11% reduction in tons of CO<sub>2</sub> equivalent emitted per euro of revenue since 2018

**Optimization of non-energy resources:** 51% of water used at Group sites recycled

**Biodiversity and land rehabilitation:** 436 hectares of land rehabilitated in Western Europe

## PEOPLE AND SOCIETY

**Local community engagement:** 56 new local community relations projects

**Business conduct and responsible purchasing:** 228 suppliers assessed

**Sustainable, eco-friendly solutions:** implementation of a method to screen and assess the environmental sustainability of products

## LIFE CYCLE ANALYSIS (LCA)

**28 products** analysed

## FINANCIAL RESOURCES

**Current EBITDA:** €765 M (margin on revenue 17.6%)

**Net current free operating cash flow:** €348 M

**Dividend per share:** €2.15\*

## INDUSTRIAL AND COMMERCIAL RESOURCES

**15,000 customers** across 142 countries

**Market leader** in 75% of operations

## INTELLECTUAL RESOURCES

**Commercial development:** 112 new products

\* Proposal made by the Board of Directors and submitted for approval at the Shareholders' General Meeting.

## VALUE CREATED FOR STAKEHOLDERS

## IMERYS

€4,354 M  
Revenue

## EMPLOYEES

€947 M  
Salaries and social security contributions, bonuses and investments

## COMMUNITIES

€2 M  
Contribution to charitable projects, donations, sponsorship and community action (Imerys calculations)

## STATES

€107 M including €65 M paid throughout the world in income tax

## SHAREHOLDERS

€173 M  
Ordinary dividends  
€31 M in share buybacks

## BANKS

€23 M net interest

## SUPPLIERS

€2,614 M  
Purchases of raw materials, consumables and services

TRANSFORM

- Exclusive processes and technologies
- High quality industrial assets

## 2 VISION AND AMBITION

### 2.1 STRATEGY AND GOVERNANCE

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

To achieve the aforementioned ambitions, in 2018, the Group launched its new CSR program named SustainAgility. The program was developed to take 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, forums and dialogue with local communities, customer and market signals and reviews of global megatrends. In particular, the SustainAgility program was also developed duly considering the 2030 Agenda for Sustainable Development<sup>(1)</sup> and the international framework presented in [chapter 1](#).

The SustainAgility program is articulated around three axes as outlined in the Group CSR Charter:

- **empowering our people:** making sure employees and the people Imerys works with stay healthy and safe, nurturing talent, promoting diversity and inclusion, fostering social dialogue and safeguarding human rights;
- **caring for our planet:** protecting the environment, promoting non-energetic resources efficiency, preserving biodiversity, and acting on climate change;
- **building for the future:** behaving ethically, operating fairly, ensuring responsible purchasing, engaging with communities and promoting sustainable products and technologies.

The SustainAgility program is overseen by a CSR Steering Committee, chaired by the Group CEO, which meets quarterly and has the responsibility to establish Group CSR ambitions, validate key milestones 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 deployment of the Group CSR program in collaboration with Group functions and Business Areas, and also holds the mandate to develop and provide expert oversight and guidance on specific transversal disciplines.

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 sustainability 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 shared 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.

✓ For more information on SustainAgility, [see "Imerys Replay" at \[www.youtube.com/user/ImerysReplay\]\(https://www.youtube.com/user/ImerysReplay\)](#).

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(1) The 2030 Agenda for Sustainable Development with the Sustainable Development Goals (SDGs) at its core was adopted by member States of the United Nations in September 2015. The 2030 Agenda is a commitment to eradicate poverty and achieve sustainable development by 2030 world-wide.

## 2.2 UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS

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

### WE SUPPORT



Human Rights	<ul style="list-style-type: none"> <li>■ Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</li> <li>■ Principle 2: make sure that they are not complicit in human rights abuses.</li> </ul>
Labour	<ul style="list-style-type: none"> <li>■ Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</li> <li>■ Principle 4: the elimination of all forms of forced and compulsory labour;</li> <li>■ Principle 5: the effective abolition of child labour; and</li> <li>■ Principle 6: the elimination of discrimination in respect of employment and occupation.</li> </ul>
Environment	<ul style="list-style-type: none"> <li>■ Principle 7: Businesses should support a precautionary approach to environmental challenges;</li> <li>■ Principle 8: undertake initiatives to promote greater environmental responsibility; and</li> <li>■ Principle 9: encourage the development and diffusion of environmentally friendly technologies.</li> </ul>
Anti-Corruption	<ul style="list-style-type: none"> <li>■ Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</li> </ul>

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 policies and practices within its operations that directly or indirectly contribute to the SDGs.

The Group is specifically focusing on concretely contributing to nine of the SDGs listed below:



In accordance with the UNGC Principles, the Group is committed to publish its annual Communication on Progress (COP). The Group is committed to supporting Ten Principles of UNGC in the areas of Human Rights, Labor, Environment and Anti-Corruption and embed the UN Global Principles within the Group strategy, operations and corporate values. The Group CSR commitments, objectives and results against 2019 objectives, are presented in

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

✓ For more information on Imerys' contribution to the SDGs, [see the film "Fostering positive changes in the world of industrial minerals" on Imerys replay at \[www.youtube.com/user/ImerysReplay\]\(http://www.youtube.com/user/ImerysReplay\)](#).

### 3 STAKEHOLDER ENGAGEMENT

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

The list of stakeholders groups with whom Imerys engages in various capacities across the globe includes: banks & brokers, business partners, competitors 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 and in 2018, in the context of the definition and preparation of the launch of the Group's CSR program, Imerys conducted a **materiality assessment** in order to further integrate stakeholder expectations on environmental, social and governance (ESG) risks, threats and opportunities facing the Group, and define 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, the 2030 Agenda for Sustainable Development, inputs from the 2050 Roadmap of the Industrial Minerals Association (IMA) Europe<sup>(1)</sup> and other IMA forward-looking reports<sup>(2)</sup>, an assessment of selected international companies CSR programs, operational risk related to CSR themes as well as a review of selected climate change, biodiversity, responsible purchasing, 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 the

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.

A **second phase** of engagement with both external and internal stakeholders was then conducted. 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 gained in 2018 through face-to-face engagement meetings held at various locations across the world. Over 140 senior managers and experts across the Group business and functions, as well as employee representatives were consulted. Feedback was gained from 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 analysis and validation. Several interviews were conducted with Executive Committee members and senior management to structure the final results in 2018. The final assessment and the results were then presented and validated by CSR Steering Committee and Executive Committee.

The materiality assessment was not re-conducted in 2019, but rather the Group continued to focus on the priority CSR themes identified in 2017 and 2018 and the definition of improvement programs.

✓ For more information on the Group rating agency indices and assessments related to Group ESG performance, [see chapter 1](#).

### 4 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 shared 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 2 of the Universal Registration Document](#).

(1) IMA Europe published the "2050 Roadmap" for the industrial mineral sector in September 2014: <http://www.imaginefuture.eu/sites/default/files/imaginethefuture/IMA-Roadmap-2050-bleed-22092014-Web.pdf>. 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](https://www.ima-europe.eu/sites/ima-europe.eu/files/publications/IMA-Europe_Circular%20Economy%20Report_2018.pdf).



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 6.1 of the present report](#), 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's long-term strategy. The threats in this regard are related to potential violations of the Group Code of Business Conduct and 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 in the mid-term.

Imerys' extractive activities have the potential to modify natural habitats. Group operations may have adverse impacts on local ecosystems and biodiversity, or on water resources in the event of accidental environmental incidents, which may for example, cause the release of discolored water or the release of dust. The techniques used for processing industrial minerals are primarily physical (crushing, milling, and sorting) but also include thermal processes such as calcination and fusion, which result in water consumption, waste and air emission generation. Through sound **environmental stewardship**, the Group ensures to have full compliance with environmental obligations, duly identifying environmental risks and mitigating impacts. Group operations are required to have an effective Environmental Management System (EMS) to identify and control significant environmental risks, optimize the use of mineral resources and processing of mineral whereas finding a solutions to limit the consumption of other non-energetic resources such as water, and preserve biodiversity<sup>(1)</sup>.

Imerys is conscious of the urgent, global, systemic and irreversible risks associated with climate change and is aware of the global trend towards an economy that is low carbon or carbon neutral. Group operations generate greenhouse gas emissions directly through consumption of energy generated from fossil fuels or production of emissions linked to industrial processes. Indirectly emissions are generated through purchased energy as well as through various other activities within the value chain, in particular through transportation and purchase of materials. Imerys is committed to reducing the impacts of its activities on **climate change**. 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. While potential climate change impacts linked to Group operations 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 to focus on this pillar as a high priority in line with the long-term emission reduction targets that have been set and are described in [section 7.2 of this report](#). The Group risk mapping exercise presented in [chapter 2, section 2.1.2 of the Universal Registration Document](#) identified the potential long-term risk associated with climate change.

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 purchasing require continual adaptation of Group systems and processes. Respect of the Group Code of Business Conduct and Ethics ("the Code") has been an area of particular focus since 2017 and through the reinforcement of internal controls, this risk has been significantly reduced. Yet the risk of Group suppliers not identifying compliance risks and not preventing serious violations of human rights, fundamental freedoms, health & safety of people and environment in their organization and in their own purchasing is still considered material. Additional details on these risks and a focus on their identification is presented in [section 8.1.2 of this report](#). Imerys also faces both 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 through local employment and purchasing, it creates concrete socio-economic benefits to employees, to contractors and suppliers, thus, helping to fight poverty and contribute to sustainable development.

(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.

# 3 CORPORATE SOCIAL RESPONSIBILITY

## MATERIAL CSR RISKS

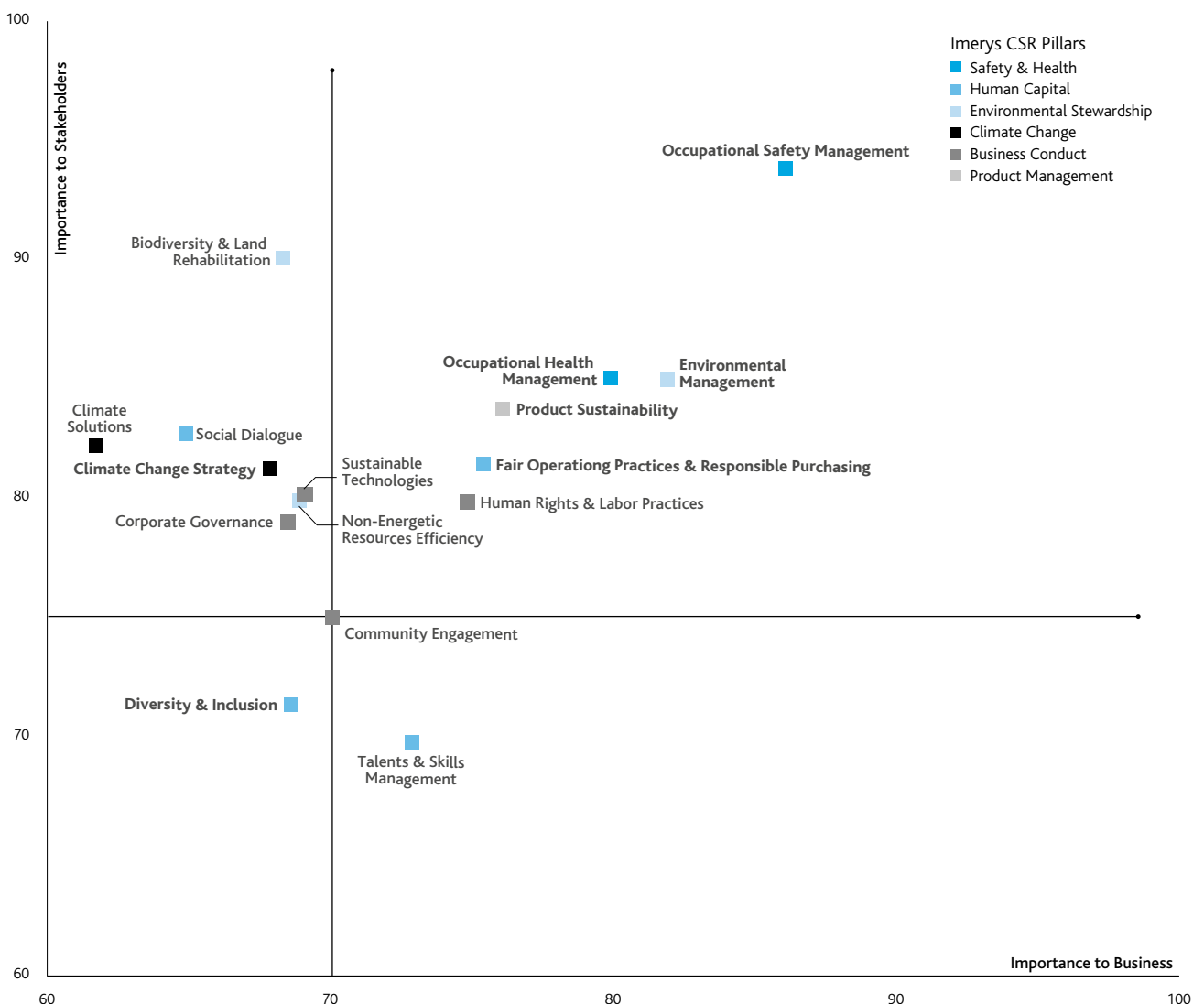
Imerys is fully aware of stakeholder expectations to reduce product environmental footprints while at the same time provide sustainable solutions aligned to global megatrends. **Product management** that incorporates environmental and societal criteria contributes to the development of sustainable business 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 new

product developments, duly considering sustainability drivers and stakeholders expectations.

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 in the figure below, with the eight most material issues and CSR priority themes identified in bold.

### Imerys materiality results



## 5 KEY OBJECTIVES AND PERFORMANCE

In the following sections of this report, the Group CSR commitments, objectives and performance in 2019<sup>(1)</sup> are presented in greater detail together with their alignment to UNGC Principles and the UN Sustainable Development Goals to which they contribute. In 2019, the Group defined mid-term objectives based on the materiality assessment process and results presented in [sections 3 and 4 of the present report](#). The specific objectives for each of the eight **CSR priority themes** as well as the performance indicator and timeline to achieve the objective are presented in the following sections.

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 9 of the present report](#). Any changes or evolution in the 2019 Group CSR objectives that occurred during the year are duly noted.

During 2019, the Group made a series of acquisitions and divestitures, which are described in [chapter 1, section 1.2.3 of the Universal 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 report.

In addition to the SustainAgility program, for the past 15 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 1000 projects have been submitted in the SD Challenge since it was launched. In 2019, 165 SD Challenge projects were submitted in the initial phase, with 140 projects qualifying to compete in the final phase. To be considered for the SD Challenge, a project must have concretely contributed to specific CSR themes and focused on creating shared value, contributing to sustainable innovation, and achieving long-term sustainable results together with local partners. Imerys is committed to ensuring that the Group SD Challenge continues to inspire greater awareness and understanding of material CSR themes 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](https://www.imerys.com).

## 6 EMPOWERING OUR PEOPLE

### 6.1 SAFETY AND HEALTH

Imerys' Commitment	2019 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"> <li>Occupational Safety Management                             <ul style="list-style-type: none"> <li>✓ Reduce the Group Total Injury Frequency Rate to <math>\leq 3.5^{(1)}</math></li> </ul> </li> <li>Occupational Health Management                             <ul style="list-style-type: none"> <li>● Improve global Occupational Health performance across Group sites based on a review of the current level</li> </ul> </li> </ul>		
	<b>Mid-term objectives</b> <ul style="list-style-type: none"> <li>Occupational Safety Management                             <ul style="list-style-type: none"> <li>□ Improve Group Safety Culture Maturity to Level 3<sup>(2)</sup> across all Business Areas by the end of 2022</li> </ul> </li> <li>Occupational Health Management                             <ul style="list-style-type: none"> <li>□ Improve Group occupational health performance by 30% against 2019 baseline assessments by the end of 2022</li> </ul> </li> </ul>	Principle 1	SDG 3 SDG 8

(1) The 2019 target was revised from 3.6 to 3.5 in April 2019 by the Executive Committee due to the exit of North American talc entities from the Group perimeter ([see Note 25, Main consolidated entities of the Universal Registration Document](#)).

(2) Level 3 corresponds to 'Proactive' level on the Safety Culture Maturity Matrix, where Imerys safety system is fully implemented, employees are engaged and contribute actively.

(1) 2019 objectives fully achieved are denoted with the symbol "✓". Objectives not fully achieved are denoted with the symbol "●". Details are provided in the corresponding sections.

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 amongst management, employees, contractors, suppliers, visitors and the communities in which it operates. The Group is likewise committed to a continuous improvement cycle of safety and health performance; setting objectives, 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.

### 6.1.1 OCCUPATIONAL SAFETY

Imerys requires each operation to have an effective Safety Management System (SMS). 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). The Group has developed a Safety Culture Maturity (SCM) matrix based on four key elements: leadership and accountability, compliance and continuous improvement, Behavior-Based Safety (BBS) and an integrated approach. The SCM matrix, built considering internationally recognized standards for safety management and aligned to the fundamentals of the Imerys safety protocols and procedures, helps operations to conduct gap analyses and drive their improvement plans in partnership with industrial teams and safety professionals. In 2018, the occupational safety maturity of all Group operations were categorized using the SCM matrix. As a result of the comprehensive assessment, sites have continued to develop specific site-level safety action plans. The mid-term target is for the Group Business Areas to achieve a Level 3 maturity by 2022, which corresponds to 'Proactive' level, where the Imerys Safety System is fully implemented, employees are engaged and contribute actively to safety.

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. The Group EHS Audit Team conducted over 51 comprehensive onsite EHS compliance audits across the Group in 2019. Corrective actions are tracked by Corporate and Business Area EHS teams through to completion using 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 2019, a total of 25 events were conducted. Since 2017, to support the alignment to Group safety culture expectations, every newly appointed senior operational manager has participated in a specific safety induction with a region EHS Director, followed by participation in a SCIT event. At year-end these 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. Training on EHS topics represents 55% of total training hours in 2019. A "Serious 7" training program was launched in 2018, which included detailed training and awareness raising on the highest risk areas: lock out, tag out, try out, electrical safety, machine guarding and conveyor safety, mobile equipment, working at heights, ground control and forklift safety. This training was made mandatory in 2019, and as of the end of year, combined in-class and on-line training related to the "Serious 7" was completed by 93% of the registered Group employees. The Group also launched a new Pedestrian Interface Tool (PIT) assessment in 2019. The main aim of the tool is to help sites in the identification of risks related to people and equipment interactions as well as equipment and environmental conditions. The tool can be used to identify good practices and make recommendations for potential improvements.

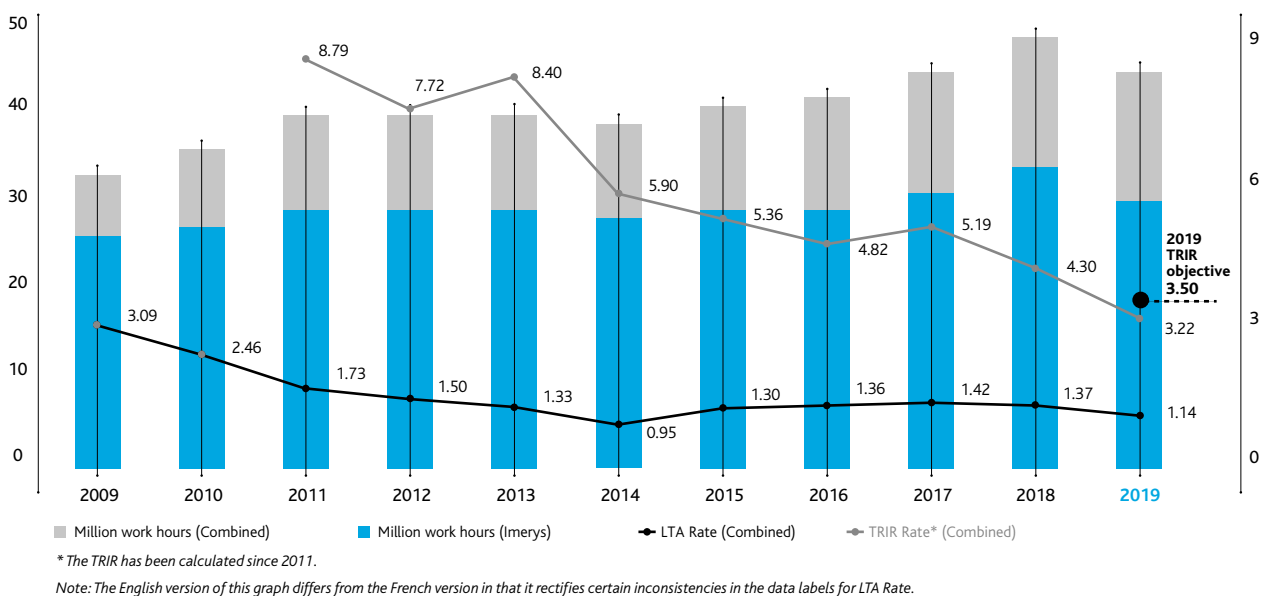
The Group recognizes the pivotal role that senior management plays within the Group safety culture. Their ability to effectively engage with all employees at site level on safety is fundamental to continually improve safety performance. The Group Safety Summits focus on strengthening Visible Felt Leadership (VFL) within the most senior leadership, while the Imerys Safety University focuses on a tailored approach to coach site managers on how to cascade Visible Felt Leadership within their supervisory teams. At the end of 2019, Group organized a total of ten ISU workshops and two Safety Summits. The events were organized across Europe, Asia Pacific, North America and South America, with over 340 employees taking part in the ISU training and 42 employees involved in the Safety summits.

The third annual Safety Connect Day, on the theme "Identifying and controlling workplace risks", urged all Imerys sites around the world to reconsider the risks encountered in their workplaces and how discussed together how to further mitigate them. In 2019, nearly 17,000 employees and 4,000 subcontractors participated in the various activities organized across the Group. All sites held a risk-assessment workshop on defined tasks. In addition, some sites decided to raise awareness on specific risks.

The Group has an internal safety and health incident reporting process. 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 by a Safety Steering Committee. In April 2019, the Group officially launched a new EHS tool, which allows the recording on health, safety and environment incidents, BBS and Safety Observations and Dialogues (SOD) in a single web-based platform. The platform facilitates the collection of details related to any incident, helps to identify the critical factors to prevent further accidents and strengthens the management of incidents across the Group. The platform is available Group wide and approximately 2,500 employees across businesses have already trained through IM-Pulse.

Incident investigations are conducted and corrective actions are implemented at site level with follow-up by Business Area teams. Safety alerts are issued whenever a Lost-Time Accident or a Significant Potential Incident (SPI) occurs to share root causes and lessons learned. An SPI is any reported incident, that had the potential to result in a fatality regardless of the actual severity. 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 2019, 57 safety alerts related to LTAs and 29 related to SPIs were shared across the Group.

## GROUP LOST TIME ACCIDENT RATE



As of December 2019, the combined LTA rate of the Group was 1.14 and the combined Total Recordable Injury Rate (TRIR)<sup>(1)</sup> was 3.22. While the 2019 target TRIR was set at 3.50 and was achieved, and despite the continued significant improvements observed across Group operations over the last ten years the Group is not satisfied with the results achieved. Tragically, in 2019 two fatal incidents occurred. On June 9, 2019, in Linjiang, China,

a contractor lost his life during the removal of a decommissioned kiln. On September 16, 2019 in Barcarena, Brazil, an employee was electrocuted during the repair of an electrical line. The Group shall continue its unyielding focus on continuously improving safety performance and work towards its goal to achieve an injury-free workplace.

(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.

### 6.1.2 OCCUPATIONAL HEALTH

For Imerys managing workplace health and wellbeing of Group's employees and contractors is a priority. Imerys occupational health protocols outline an internal framework for controlling and mitigating common occupational health risks. Imerys operations identify the range of occupational health risk scenarios, evaluate and risk assess them and develop 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 Occupational Health protocols are reviewed regularly through the Group EHS audit program.

Following the appointment of a Group Industrial Hygienist in 2018, a new occupational health strategy was defined starting with a comprehensive baseline assessment (gap analysis) launched in 2019. The baseline assessment focuses on industrial workplace health risk identification, assessment, control, monitoring and review processes. Once completed, the objective evaluation of practices and performance at a site level provides the information needed to generate an action plan to close out any gaps, focusing on short, medium and longer term actions. While the Group made considerable progress on the assessment of Group sites against the baseline criteria, not all of the Group 224 sites were assessed. To that effect the 2019 objective was not fully achieved and the work to achieve it will carry over into 2020.

The Group developed an Occupational Health Maturity Matrix which 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 in the coming years.

The Group occupational health programs implemented cover a range of health and hygiene aspects, with a particular emphasis placed on the management of airborne contaminants, vibration and noise. Across Group locations, health plans and programs are based on site occupational health risks, which integrate wellness initiatives. Wellness and occupational health campaigns are supported by Human Resources, external occupational health nurses/physicians and internal health and safety personnel as well as communication teams.

In 2019, three internal webinars were organized to inform personnel of the baseline assessment process and requirements for completion. The webinars covered managing occupational health, updates in Group Health Protocols (related to respirable protection equipment) and Industrial Hygiene, with a total of 441 participants attending the webinars. In addition to this, site visits were conducted in all geographic regions, in order to train regional personnel on the expectations and format of the assessment.

All Group 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)<sup>(1)</sup>. The NEPSI reporting campaigns are conducted every two years. Imerys will, as in previous campaigns, report in 2020, and will aim for a successive 100% rate of reporting.

#### Group Reported Occupational Illnesses

	2019	2018	2017
Occupational illnesses with lost time	1	2	2
Occupational illnesses without lost time	1	0	6
<b>Total</b>	<b>2</b>	<b>2</b>	<b>8</b>

In 2019, two occupational illnesses linked to repetitive actions were reported from one Imerys site located in Spain. Medical treatment and monitoring as well as corrective actions were implemented for each case.

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

## 6.2 HUMAN CAPITAL

Imerys' Commitment	2019 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"> <li>■ Human Rights and Labor Practices               <ul style="list-style-type: none"> <li>✓ Improve human rights awareness by training specific populations of employees in pilot countries</li> <li>● Ensure implementation of employee change management support throughout new organizational roll-out</li> </ul> </li> <li>■ Talent and Skills Management               <ul style="list-style-type: none"> <li>✓ Continue to invest in employees' development by adapting the Group learning offer in alignment with the Group strategy and transformation</li> </ul> </li> <li>■ Social Dialogue               <ul style="list-style-type: none"> <li>✓ Ensure constructive social dialogue by conducting regular pulse surveys with employees to gather continuous feedback</li> </ul> </li> <li>■ Diversity and Inclusion               <ul style="list-style-type: none"> <li>✓ Increase diversity and inclusion awareness within Group through the implementation of the new diversity and inclusion program</li> </ul> </li> </ul>	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6	SDG 4 SDG 5 SDG 8
<b>Mid-term objectives</b>			
	<ul style="list-style-type: none"> <li>■ Diversity and Inclusions               <ul style="list-style-type: none"> <li>□ Increase the number of women in Senior Management to 30% by the end of 2022</li> <li>□ Fully implement the Group Diversity and Inclusion 3-year program by the end of 2022</li> </ul> </li> </ul>		

Human capital is at the heart of Imerys' business success. Imerys seeks to create an environment that promotes employee's development as a key element of growth and transformation. 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 and 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

	2019	2018	2017
<b>Registered employees</b>	<b>16,305</b>	<b>17,769</b>	<b>18,359</b>
of which permanent employees	15,023	16,220	17,381
of which non-permanent employees (fixed term)	1,282	1,549	978
<b>External employees (Full-Time Equivalent)<sup>(1)(2)</sup></b>	<b>6,205</b>	<b>4,204</b>	-

(1) External employees refer to all non-Imerys companies or independent contractors who agree to perform services on Imerys facilities regardless of duration. Total worked hours done by external employees are converted by Full-Time Equivalent.

(2) External employees were not reported in 2017 due to data collection challenges associated with reporting definitions across the Group.



### 6.2.1 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 comply with local legislation in force in the countries where it operates and to respect and promote the International Bill of Human Rights and provisions of the fundamental conventions of the International Labour Organization (ILO), particularly in terms of non-discrimination, privacy, child labor, forced 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.

The Group Code of Business Conduct and Ethics 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 Group Code as well as within the Group Employee Engagement Policy. Approximately 68%<sup>(1)</sup> of Group employees are 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.

In 2019, the Group organized three training and awareness raising sessions on Human Rights based on UN Guiding Principles in strategic countries, including Brazil and China as well as one for the Europe Middle East Africa region. The purpose of these

workshops was to train groups of employees on human rights and the UN Guiding Principles and support the identification of any potential human rights risks in aforementioned countries or regions. Additional sessions will continue to be conducted to progressively cover more countries and key functions.

✓ For more information on the Code of Business Conduct and Ethics, [see section 8.1.2 of the present report](#).

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 currently covers 31 countries where the Group operates. Through the continued expansion of the program, the Group is advancing 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 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 businesses. The global response rate reached 75%, which provided 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. In 2020, the Group plans to conduct a second global employee engagement survey, which shall allow for the monitoring of progress against 2017 results.

(1) The survey on collective bargaining coverage was conducted in 2017.

## Employee moves

	2019	2018	2017
Net variation of permanent employees (excluding acquisitions and divestitures)	(828)	(438)	0
External recruitments	1,001	1,446	1,717
Mutual agreements <sup>(1)</sup>	(133)	-	-
Redundancies (economical & non-economical)	(753)	(557)	(523)
Retirements	(301)	(303)	(258)
Voluntary terminations & others	(928)	(1,024)	(936)
Turnover <sup>(2)</sup>	5.9%	6.1%	5.8%
Net variation of temporary employees (excluding acquisitions and divestitures)	(270)	569	186
Acquisitions – Divestitures	(361)	(721)	2,476
<b>Variation of Registered Headcount</b>	<b>(1464)</b>	<b>(590)</b>	<b>2,662</b>

(1) Mutual agreements is a new termination type tracking in 2019.

(2) 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.

Compared to December 2018, the Group's headcount decreased by 8.2%. Part of the observed decrease is due to changes in Imerys' scope associated with acquisitions and divestitures, as detailed in [note 25 of chapter 6 of the Universal Registration Document](#).

In November 2018, the Group announced a new organization structure to make Imerys more market-focused, customer-centric and efficient. The shift to the new simplified organizational structure in 2019, likewise contributed to the total Group headcount decreased and the redeployment of some employees. Imerys was conscious that the changes needed to optimize the organization model would impact its people. Additional information on Imerys new organization structure is presented in [chapter 1, section 1.1.2.1. of the Universal Registration Document](#).

In order to accompany employees through the changes associated with the future implementation of the new organization model, during the design of the project, the Group began to develop new tools to help clarify the changes to the operating model, including but not limited to standardized processes across businesses, clearly defined roles and responsibilities, and interdisciplinary workshops to define key enablers going forward. The program was not fully implemented and as such change management initiatives shall continue throughout 2020.

### 6.2.2 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.

Through the deployment of the new organizational model, the Group aims to create new opportunities for employees, empowering them within a simpler organization, helping them to develop deeper professional capabilities and benefit from more diverse and structured career paths. Supporting internal evolution and career moves across the Group is a priority. Imerys is committed to ensuring its employees' development and specialized committees meet regularly to discuss internal mobility and promotions.

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 as well as, development and succession plans. In order to develop leadership and managerial skills, annual reviews are 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 integration within Imerys, the Group applies a global recruitment policy. This policy addresses five key stages in the recruitment process: preparation, sourcing, selection, decision and onboarding.

The Group global onboarding program includes a clear process to follow as well as 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 provides 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 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's entire learning offer is proposed through the Imerys Learning Center for in-class training and through the digital learning platform "IM-Pulse" for the e-learning training offer. The digital platform is accessible to nearly 7,300 employees across the Group. In-class training and e-learning courses covers safety, geology, finance, management, project management, industrial marketing, and leadership among topics.

The Group likewise focuses on induction training for Imerys' new plant managers to help them understand the Group's "Raise the Bar" approach to continuous improvement, covering topics

such as safety, processes, finance, HR, CSR, as well as I-Cube. In 2019, within the context of the organizational transformation, the Group learning and development program evolved to align the management and leadership development offer to the needs of the new organization. In particular, leadership programs were adapted, with increasing focus on customer centricity, change management, communication, collaboration and inclusion.

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.

The Group compensation and benefits systems and policies aim at ensuring both market competitiveness and internal consistency, while being driven by a clear pay-for-performance objective. Fixed compensations are reviewed on a yearly basis under the close coordination of the Human Resources function, supported by regular local and/or sectorial surveys, and conducted with strict financial discipline. Short-term variable pay schemes include both individual and collective objectives, in order to reward both personal and financial collective performance, including objectives related to CSR. 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 Compensation, [see chapter 4, section 4.3 of the Universal Registration Document](#).

## Group training hours

	2019	2018	2017
Number of trained employees	15,958	13,636	13,166
Number of training hours by year	367,453	508,356	341,927
Number of hours by category of program			
Environment, Health & Safety	200,935	211,645	185,002
Technical skills	127,092	245,078	126,533
Management	39,426	51,633	30,393

In 2019, 60% of employees<sup>(1)</sup> in the Group have benefited from at least one training program in the year. The total number of training hours decreased during 2019, as various training courses were being redeveloped in the context of the organizational transformation.

The Group is committed to continuously invest in its workforce and provide opportunities for its employees to develop new skills. The Group SD Challenge serves as an effective channel to strengthen the focus on talent and skill development and share best practices: a total of 12 projects were entered into the 2019

SD Challenge in this category. For example, in Andersonville, in the United States, an apprenticeship scheme was developed to create opportunities for employees to earn a professional qualification and expand their skills into a new discipline. Since the creation of the training path, developed in partnership with a local Technical College, five employees have participated in and completed the program, qualifying them for available technical positions within the instrumentation and electrical department where there has been a longstanding shortage of available qualified workers.

(1) The training hour's percentage is based on the average registered headcount of Group employees in 2018 and 2019.

### 6.2.3 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.

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 help to strengthen the Group identity. Information is actively shared across the Group via various means, including through a collaborative digital platform "OnImerys", which supports daily communication and collaboration. This platform hosts essential information, documentation and protocols, but also social feeds and workspaces, tools and business applications. The intranet is optimized to enable employees to use tools and resources in an agile way – including smartphone access to Group level applications. The 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.

"Communicate and collaborate" are one of Imerys leadership behaviors, and as such the Group privileges regular managerial face-to-face dialogue to share key information within teams. To complement this form of dialogue, in 2019 the Group began hosting live interactive Webcasts with the Group CEO and conducted several town hall meetings led by Executive Committee members to facilitate open exchange with employees. During the course of the year, over 60 town hall meetings were held with the Executive Committee, reaching nearly 3800 employees directly.

As described in [section 6.2.1 of the present report](#), 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. In addition to the periodic Group-wide engagement survey, pulse surveys were also used to gather feedback from employees on

transformation processes. Over 1,300 employees took part in a series of four online interactive sessions, which aimed to collect anonymous feedback from across all of the Group geographic areas. Upwards of 10,000 messages were shared using the virtual platform, providing the Board and Executive Committee with a clear view on employee perceptions and expectations with regards to the organizational transformation.

Imerys is committed to engage in constructive dialogue with employee representatives. In Europe, 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 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. The EWC agreement was signed on May 31, 2018, covering 2018-2022. The term of office of elected representatives of the EWC is four years. The dialogue between Imerys management and the EWC was particularly important and frequent during the information-consultation processes with employee representatives about the target organization in 2019. The number of officers of the EWC was enlarged during the information-consultation processes, so as to have representatives of all the countries where significant changes were likely to occur as a result of the projected organizational change. The information-consultation processes included six extraordinary meetings as well as numerous control sessions between June and October 2019 to ensure that employee representatives had a clear description of the purpose as well as sufficient information to assess and understand the impact of the transformation project prior to rendering their opinion.

Notwithstanding efforts to engage in constructive social dialogue, labor strikes may still occur. In 2019, 3,127 hours were lost due to labor strikes (7,657 in 2017), of which 2,879 hours in France, 169 hours in Belgium, 64 hours in Greece and 15 hours in Spain.

### 6.2.4 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, religious status, educational background, sexual orientation, physical and mental abilities, marital and parental status, or political affiliation

or any other dimension of diversity. 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 Diversity and Inclusion Charter, signed by the Group Chief Executive Officer, has been translated into 23 languages and is posted across Group sites. The Charter clearly articulates the shared commitment to achieving greater diversity, as well as inclusion across the Group. Over the past year and a half, with broad participation from employees across functions and geographies, the Group has analyzed the key drivers and challenges and structured a new diversity and inclusion program, which was presented to and validated by the entire Executive Committee in 2019. The Group designated a Diversity and Inclusion Steering Committee, composed of four Executive Committee members as well as functional Senior Managers to ensure the program is successfully implemented and the objectives achieved. In addition, the Group nominated a new Diversity and Inclusion coordinator responsible for the planning, coordination and implementation of the new program in close collaboration with Business Areas and functions. The program shall address areas for improvement centered around: decisions process and governance, learning and development, culture and communication, human resources and offices and sites accessibility. The deployment of the 3-year program shall begin fully in 2020 and shall continue to be the focus of particular efforts at all levels of the organization for several years to come.

The Group is committed to develop all 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 Group HR policies and practices are a key element of the diversity and inclusion plan and are regularly updated to include specific diversity and inclusion principles and requirements at the appropriate steps within each process. Diversity and inclusion requirements are likewise a key component of the Group Leadership Behaviors, the behavioral model against which the Group formal performance appraisals are conducted.

To create a truly inclusive culture, the Group continues to work to eliminate barriers, to raise awareness on the effects of implicit and/or unconscious bias and to help employees develop effective strategies for ensuring that such bias do not undermine Group efforts to ensure a diverse and fulfilling workplace for all. In 2019, training and awareness raising sessions were held focusing on inclusion, conscious collaboration and unconscious bias. The Group leadership programs were likewise adapted to include

dedicated sessions focusing on unconscious bias and conscious inclusion. A dedicated section on diversity and inclusion within the IM-Pulse e-learning platform is periodically enriched to provide additional practical resources and tools for training and awareness campaigns related to inclusion.

With the introduction of the new Purchasing policy, and in keeping with the commitments outlined in the Group Diversity and Inclusion Charter the Group has also articulated its ambition to ensure inclusive sourcing. Inclusive sourcing is the proactive business process of sourcing products and services from previously under-used suppliers, including but not limited to, local Small Medium Enterprises (SMEs), suppliers that are certified as at least 51% owned, operated and controlled by one or more minority, woman, LGBTQ+, veteran, person with a disability, aboriginal-indigenous person, or a historically underutilized business defined by the local country. This process helps to create competitive intelligence and advantage whilst sustaining and progressively transforming part of the Group supplier panel to quantitatively reflect the demographics of the community in which it operates by recording transactions with diverse suppliers. The intent of inclusive sourcing is not to promote positive discrimination towards diverse suppliers, but to ensure potential suppliers are identified and given the opportunity to compete to win based on merit on a level playing field.

Within the context of the 2019 SD Challenge, diversity and inclusion commitments continue to be given greater visibility, encouraging employees across the Group to develop and submit projects linked to the ambitions expressed in the Imerys Diversity and Inclusion Charter. Numerous initiatives were carried out in France, Brazil, India, the United Kingdom, Denmark, Argentina, Chile and Italy covering a wide range of diversity dimensions, each essential to achieve a more diverse and inclusive mindsets in the workplace. As an example, the 2019 top three projects submitted in the SD Challenge Diversity and Inclusion category focused on the inclusion of women in operational roles in India, provision of job opportunities for employees with special needs in Denmark and the creation of a diversity committee in Brazil to develop local projects and share knowledge about various diversity dimensions.

✓ For more information on the Imerys Gender Equality Index, [see Imerys.com](https://www.imerys.com).

✓ For more information on the Imerys Purchasing policy, [see section 8.1.2 of the present report](#).

## Gender diversity

Percentage of permanent headcount by gender	2019	2018	2017
Percentage of female Board members	45%	42%	40%
Percentage of female Executive Committee members	9%	9%	-
Percentage of females in Senior Management roles	20%	17%	14.4%
Percentage of females in Manager/Expert/Professional roles	27%	26%	-
Percentage of females in Paraprofessional roles <sup>(1)</sup>	12%	-	-
Percentage of females in the Group	17%	18%	18%

(1) This management level is a new category introduced in the 2019 reporting cycle and thus not available for the previous years.

The number of female senior managers as a proportion of all senior managers increased in 2019, while the overall proportion of women in other roles within the Group have remained relatively stable over the past years.

## Disability

	2019	2018	2017
Number of employees with a disability	167	186	242
Percentage of registered headcount with a disability	1%	1%	1%

The percentage of the Group's registered headcount with a declared disability has remained constant over the past years. The Group remains committed to creating an environment where employees of all physical and mental abilities are accepted and valued and this shall remain a key element of the Group Diversity and Inclusion program for the years to come.

## Age and seniority

	2019	2018	2017
<b>Percentage of permanent headcount by age bracket</b>			
Less than 30 years	11%	11%	11%
From 30 to 39 years	25%	25%	25%
From 40 to 49 years	29%	29%	30%
From 50 to 54 years	15%	15%	15%
More than 55 years	21%	20%	19%
<b>Percentage of permanent headcount by seniority</b>			
Less than 10 years	50%	50%	50%
More than 10 years	50%	50%	50%
of which more than 20 years	21%	23%	24%

In addition to the dimensions of diversity that are summarized above, a total of over 90 different nationalities are represented within the Group permanent employee headcount.



## 7 CARING FOR OUR PLANET

### 7.1 ENVIRONMENTAL STEWARDSHIP

Imerys' Commitment	2019 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"> <li>■ Environmental Management               <ul style="list-style-type: none"> <li>● Improve monitoring of environmental regulatory compliance through the roll-out of regulatory watch and compliance tools covering 40% of operations</li> <li>✓ Reduce environmental impacts through the deployment of a continuous improvement program and conduct 25% of environmental audits using the environmental matrix</li> </ul> </li> <li>■ Non-Energetic Resources Efficiency               <ul style="list-style-type: none"> <li>✓ Analyze the environmental impacts of Group products by rolling out a product sustainability analysis process and tool</li> <li>● Monitor indicators on recycling and mineral deposit optimization</li> <li>● Improve monitoring and reduce water consumption by developing new indicators and dashboards for each site</li> </ul> </li> <li>■ Biodiversity &amp; Land Rehabilitation               <ul style="list-style-type: none"> <li>✓ Continue deployment of comprehensive biodiversity improvement program</li> </ul> </li> </ul>	Principle 7 Principle 8 Principle 9	SDG 6 SDG 12 SDG 15
	<b>Mid-term objectives</b> <ul style="list-style-type: none"> <li>■ Environmental Management               <ul style="list-style-type: none"> <li>□ Reduce environmental impacts through the deployment of a continuous improvement program and conduct 100% of environmental audits using the environmental maturity matrix by the end of 2022</li> </ul> </li> <li>■ Biodiversity and Land Rehabilitation               <ul style="list-style-type: none"> <li>□ Achieve all objectives defined within Group act4nature commitment and renew engagement for an additional midterm cycle by the end of 2021</li> </ul> </li> </ul>		

Imerys is committed to respecting 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 6 to ensure availability and sustainable management of water, 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.

#### 7.1.1 ENVIRONMENTAL MANAGEMENT

Imerys' Environmental Charter, signed by the Group CEO and to be reviewed annually, forms the basis of the approach taken to the monitoring and continuous improvement with regards to environment. Environmental stewardship rests upon the implementation of a robust Environmental Management System (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. The environmental protocols specify the internal requirements applicable to all operations. They define 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 2019, 99 of 224 (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, will be used to assess site level environmental performance and guide the development of action plans. In 2019, the Group piloted the use of the matrix on six Group sites with external auditors and an additional 20 sites used the environmental management maturity matrix to conduct self-assessments.

In 2018, the Group began the testing and pilot roll-out of a new integrated solution to manage environmental legal compliance and regulatory monitoring. 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. To date approximately 25% of Group sites, including France, China, Greece, Netherlands, Thailand, US and Brazil sites are covered by this new solution, which shall continue to be progressively deployed in additional countries to reinforce regulatory monitoring and site compliance management. In addition to the new solution developed at Group level, sites across Imerys use various other tools to support regulatory monitoring locally.

To confirm compliance and conformity with regulations and Group protocols, Imerys operations are audited at regular intervals as per the Group auditing protocol. In 2019, 51 Group EHS Audits were conducted, all of which included Environmental Management System audits.

	2019	2018	2017
Number of environmental incidents	14	6	11
Number of prosecutions	8	5	6
Amount of fines (€)	54,571	17,232	148,868

In 2019, 14 environmental incidents were reported within the Group: this increase in number of reported incidents is related to the introduction of the new reporting tool in 2019 as described above. The updated reporting protocol, aimed at capturing a broader classification of environmental incidents to encourage proactive actions to prevent reoccurrence, requires the reporting of any environmental incidents with minor, medium, serious, major or catastrophic consequences. Among the 14 environmental incidents reported in 2019, nine were categorized as minor (no permanent adverse impacts) and five as medium (impacts not going beyond the boundaries of the site and the incident affecting very little or not at all the surrounding areas) according to the Group reporting protocol.

Incident investigations were conducted and all corrective actions were completed and incident reports closed as per the Group protocol.

## ENVIRONMENTAL INCIDENTS, PROSECUTIONS AND FINES

The Group's ultimate aim is to have zero incidents, but when they do occur, each incident is thoroughly investigated as an opportunity to learn. The Group has a structured internal environmental incident reporting process. Since April 2019, the incident reporting process has been integrated within a new digital platform. This new tool and database support the continuous improvement approach by helping operational teams to gain additional knowledge and understanding of the typologies and causes of the environmental incidents when they do take place and facilitate greater sharing of improvement actions across the Group. The launch of the new tool was widely communicated across the Group, involved dedicated training workshops and created opportunities to focus on and create greater awareness on environmental incident management.

The Group's environmental incident reporting includes detailed information and investigation of the environmental incidents, including its classification related to any release of dust, air emissions, noise, vibration, water, waste, harm to biodiversity, ground and soil or any other type of environmental incidents identified through any internal control, external inspection, or complaint from surrounding communities.

The environment-related prosecutions that occurred in 2019 concerned three sites located in the United States. They were associated with environmental permitting obligations and agreements related to air emissions limits and the installation of a dust control system. 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 business areas 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 6.23.2 to the consolidated financial statements of the Universal Registration Document](#).

## WASTEWATER MANAGEMENT

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 reporting platform described above. Each wastewater discharge incident is investigated as per Group protocol, and corrective action plans are followed until closure.

### Wastewater discharge incidents

	2019	2018	2017
Number of environmental incidents related to wastewater discharge	3	2	6

Three wastewater discharge incidents occurred in 2019. They included a case of temporary exceed of pH threshold of an effluent and a higher water turbidity due to a leaking air valve at two operations in the United Kingdom. The third incident concerned high levels of suspended sediment at one operation in Bulgaria.

The Group continues to explore solutions to improve discharged water quality through the introduction of new technology. One such example is taken from the Refractories activity in Clérac, France, where a project was developed to identify, evaluate and implement 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 valorized 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

	2019	2018	2017
<b>Total industrial waste (tons) of which:</b>	<b>203,516</b>	<b>278,009</b>	<b>248,189</b>
Non-recycled hazardous industrial waste	2,131	4,017	1,908
Recycled hazardous industrial waste	1,636	2,374	1,763
Non-recycled non-hazardous industrial waste	90,727	155,402	92,712
Recycled non-hazardous industrial waste	109,022	116,215	151,806
<b>Industrial waste generation/revenue (kg/€)</b>	<b>0.05</b>	<b>0.06</b>	<b>0.05</b>

The Group's activities generated 204 kt of industrial waste in 2019, 98% of which was non-hazardous. The decrease in waste generation is mainly due to the divestiture of the Roofing activity in 2018, which produced more than 25% of the Group recycled non-hazardous waste.

The industrial waste generation rate per Euro of revenue was 0.05 kg/€ in 2019. The intensity of waste generation has remained steady at a relatively low level for several years. The small amount of hazardous waste generated by most Imerys operations is principally chemical additives, residual oils and associated packaging waste.

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 2,000 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 purchasing and as such these subjects are not reported on within this Universal Registration Document.

## AIR EMISSIONS MANAGEMENT

Several of the Group's mineral conversion processes use calcination, which can emit nitrogen oxide (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>). The Group emission estimation methodology is described within a dedicated energy, emissions & production reporting protocol. Since 2018, the Group has focused on continuously improving

the SO<sub>2</sub> estimation methodology by updating the emission factors used within the database in order to increase the accuracy of the estimation as well as calculating or conducting additional direct measurements where possible.

✓ For more information on Group CSR reporting methodologies, see [section 9 of the present report](#).

### Group SO<sub>2</sub> and NO<sub>x</sub> emissions

(tons)	2019	2018	2017
Sulfur dioxide (SO <sub>2</sub> )	3,767	4,572	4,621
Nitrogen oxide (NO <sub>x</sub> )	6,035	7,055	6,549

The Group SO<sub>2</sub> emissions decreased by 805 tons in 2019, partially related to operational shutdown periods as well as reduced energy consumption and divestitures of some Group operations.

NO<sub>x</sub> emissions reduced by 1,020 tons. This is partially related to the divestiture of the Roofing activity in 2018 and other top NO<sub>x</sub> emitters as well as the reduction of the energy consumption at some Group operations.

The Group continues its efforts to reduce both SO<sub>2</sub> and NO<sub>x</sub> emissions related to its operations through technological upgrades and investments. For example, the installation of Flue Gas Treatment

(FGT) systems installed in both the Tianjing and Zhengzhou plants in the Refractory, Abrasives & Construction Business Area in China have reduced NO<sub>x</sub> and SO<sub>2</sub> emissions. These installations are also equipped with continuous air monitoring systems to directly measure process emissions. The FGT systems permit the plants to reduce emissions well below local regulatory limits and thus not only reduce the environmental risks and impacts of the operational discharge but also reduce operational risks as well. Some of the Group SO<sub>2</sub> 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.

## 7.1.2 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 of its mineral resources. 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. The Group is continuously improving the production processes by analyzing the environmental impacts associated with Group operations. In 2019, the Group conducted 28 "cradle to gate" Life Cycle Assessment, which provide a detailed inventory of non-energetic resources consumed during each phase of production of the products.

✓ For more information on the product Life Cycle Assessments, see [section 8.2.1 of the present report](#).

## MINERAL RESOURCES OPTIMIZATION

Establishing and maintaining effective management of mineral resources is the core of what Imerys does. Mineral resources management is defined through a series of geology and mine planning policies, procedures and protocols, which are reviewed regularly. 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. In addition, in 2019, the Group defined a new tool that will be deployed in 2020 and will improve the monitoring of recycling and mineral deposit optimization across Group sites.

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 and used to drive continuous improvement and the development of action plans.

✓ For more information on the "I-Cube" program, see [chapter 1, section 1.1.1.1. of the Universal 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 a solid reduction project to increase ore recovery developed by the Performance Minerals Business Area in Brazil. The project consisted of a process change, integrating the use of centrifuges to considerably reduce losses of fine grade kaolin. Since the projects launch, more than 33,000 tons of kaolin have been recovered as a result of this innovation. 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<sup>(1)</sup>. 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. The Imerys ReMined™ products, for example, 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).

## Group water consumption

	2019	2018	2017
Total water withdrawals <sup>(1)</sup> (millions of liters)	40,524	47,128	45,187
Water withdrawn/revenue (liters/€)	9.3	10.3	9.9

(1) Additional water consumption related key performance indicators are included in the summary table in [section 9 of this report](#)

The top 10 water users in the Group account for approximately 60% 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. In 2019, the Group designed a new tool to improve monitoring and help reduce of water consumption. The project is planned to be launched and completed in 2020.

The Group has identified 19 operations located in areas of water scarcity using the World Business Council for Sustainable Development's Global Water Tool (GW)<sup>(2)</sup>. 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 2.1% of the Group's total 2019 withdrawal, representing a decrease of 7% from 2018 related to the closure

## WATER MANAGEMENT

Imerys aims to minimize the impact of its operations on the consumption of 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.

of a production line at one site in China. These operations have established water management plans and mitigation measures, including awareness of the operational water footprint.

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's water footprint. The Group is working towards the identification of innovative ways to reduce its water footprint. As an example, the Katni site in the High Temperature Solutions Business Area in India, has developed a comprehensive water management plan to fight against water scarcity, completely eliminating all ground water extraction. To achieve this, the site constructed a wastewater treatment plant to generate the water needed for the different industrial processes and developed a rainwater filtration system to supply drinking water to the employee facilities and factory in Katni.

(1) Recycling Industrial Minerals [https://www.ima-europe.eu/sites/ima-europe.eu/files/publications/IMA-Europe\\_Recycling%20Sheets\\_2018.pdf](https://www.ima-europe.eu/sites/ima-europe.eu/files/publications/IMA-Europe_Recycling%20Sheets_2018.pdf).

(2) 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.

## Group water recycling

	2019	2018	2017
Total water recycled <sup>(1)</sup> (millions of liters)	42,518	46,249	44,898
Number of sites reporting recycled water	57	62	62
Recycled water rate <sup>(2)</sup>	0.51	0.50	0.51

(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).

### 7.1.3 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, its rehabilitation or its post-rehabilitation land use. Imerys activities cause direct and indirect impacts on biodiversity. Imerys has a major responsibility to operate without net biodiversity loss. 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. 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.

Starting in 2017, the Group has carried out an assessment of the biodiversity issues associated with its operations, in collaboration with key stakeholders based on the EBEvie<sup>(1)</sup> approach, which resulted in a program designed to respond to the identified

challenges. To support the development and implementation of the program, Imerys entered into a three-year scientific partnership (2018-2021) with the UMS Patrimoine Naturel<sup>(2)</sup>, an umbrella organization bringing together the French National Museum of Natural History (FNMNH), the French Agency for Biodiversity and the National Center for Scientific Research (CNRS). In addition, Imerys has committed to act4nature<sup>(3)</sup> initiatives that have been launched by "Entreprises pour l'Environnement" (EpE)<sup>(4)</sup> and other partners with the aim of mobilizing businesses to protect biodiversity. In 2018, act4nature partners established ten common commitments to engage businesses to include biodiversity in their global development strategy. Imerys has since articulated the objectives of its program around four pillars, which are linked with the act4nature engagements. At the end of 2019, progress in the development of the program has enabled Imerys to improve technical and scientific knowledge on biodiversity around Group quarries and roll-out actions to address the identified challenges, as described below:

1. Design and deploy a global continuous improvement approach: the diversity of Imerys' activities and geographic location translate into very diverse ecological, regulatory and maturity contexts depending on the site. This is why Imerys designed a maturity matrix, which will be implemented in 2020, that aims to support sites in the assessment of their environmental performance. In addition to that in 2019 Imerys collected ecological data from all its sites in France to assess the challenges and their ecological quality, as well as their potential to promote local fauna and flora. This is accompanied by internal guidelines' co-developed between Imerys and the UMS Patrimoine Naturel<sup>(5)</sup>. These guidelines outline the actions to be implemented to ensure the protection of biodiversity throughout the life of Group quarries.

(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) act4nature is an initiative launched by EPE (Entreprises pour l'Environnement) and a number of partners with the aim of mobilizing companies to protect, promote and restore biodiversity.

(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) UMS Patrimoine Naturel. Nature Data and Expertise Center <http://www.patrinat.fr/fr/ums-patrimoine-naturel-346>.

2. Initiate and conduct studies and research on biodiversity knowledge and conservation: in 2019, the French National Museum of Natural History carried out "Évaluation de l'équivalence écologique" (ECOVAL) analysis on one Group sites, as well as three biodiversity diagnostics in quarries in France and Brazil, which helps to improve the quality of the Mitigation Hierarchy<sup>(1)</sup>. In addition a scientific article was published in *Espaces Naturels*<sup>(2)</sup> based on the rehabilitation efforts of Imerys in Milos, Greece. As a result of the studies undertaken, 1,205 data entries on biodiversity were published in The National Inventory of Natural Heritage<sup>(3)</sup>.
3. Develop pilot projects: Imerys deployed three pilot projects sites in Brazil, Greece, and France to improve rehabilitation techniques in different ecological contexts.
4. Raise awareness, train and involve internal and external stakeholders: in 2019, Imerys implemented various activities with internal and external stakeholders to create greater awareness on biodiversity. The Group organized educational sessions on biodiversity with employees in Clérac, France and training sessions on the mitigation hierarchy for all site managers in France. The Group likewise launched a pedagogical film on biodiversity for Group employees to share details on the program and raise awareness on biodiversity.

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. In 2019, six biodiversity projects were submitted in the SD Challenge competition. At the Refractory, Abrasives & Construction (RAC) site in Clérac, France, the site created a network with local Non-Governmental Organizations (NGOs) to help to reduce its global environmental footprint and improve biodiversity management. In 2018, the Group site management decided to have all permits that include any biodiversity aspects reviewed by NGOs. The partner NGOs measure the impact on biodiversity at all stages of the mine life; before opening, during exploitation, after reclamation and during the compensation; with a biodiversity indicator which allows to improve the environmental management of sites.

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 2019, the total disturbed surface area by these 36 quarries was 1,387 hectares, and the total rehabilitated area was 436 hectares.

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

## 7.2 CLIMATE CHANGE

Imerys' Commitment	2019 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	<ul style="list-style-type: none"> <li>■ Climate Change Strategy <ul style="list-style-type: none"> <li>✓ Reduce Group CO<sub>2</sub> emissions by 36%(1) relative to revenue (tCO<sub>2</sub>/€) by 2030</li> </ul> </li> <li>■ Climate Solutions <ul style="list-style-type: none"> <li>✓ Increase the carbon footprint analysis coverage of Group products to cover 35 new products</li> </ul> </li> </ul>	Principle 7 Principle 8 Principle 9	SDG 13
	<b>Mid-term objectives</b> <ul style="list-style-type: none"> <li>■ Climate Change Strategy <ul style="list-style-type: none"> <li>□ Reduce Group scope 1 &amp; 2 greenhouse gas emissions by 36% relative to revenue (tCO<sub>2</sub>/€) by 2030</li> <li>□ Engage 71% of suppliers by spend to have science based targets by 2023</li> </ul> </li> </ul>		

(1) In 2018, Group CO<sub>2</sub> emissions target was 41%. In 2019, the percentage was modified to 36% based on the year of the emission reduction targets by the approval of Science Based Target initiatives (2018).

(1) The mitigation hierarchy is a set of guidelines, established through the International Finance Corporation's Performance Standard 6 that aims to avoid a net loss of biodiversity, managing biodiversity impacts and averting risk.

(2) Academic Journal on biodiversity <http://www.espaces-naturels.info/ecosystemes-mediterraneens-mieux-connaître-pour-mieux-restaurer>

(3) The INPN is the reference information system for data related to Nature <https://inpn.mnhn.fr/accueil/donnees-referentiels>.



Imerys recognizes that climate change is a major global challenge. In 2017, on the occasion of the international One Planet Summit, the Group became a signatory of the French Business Climate Pledge<sup>(1)</sup>. In 2019, Imerys renewed its commitment during the Meeting of Entrepreneurs of France (LaREF) organized by MEDEF<sup>(2)</sup>. Through these Pledges, Imerys publicly affirms its engagement to contribute to the collective efforts, drawing up a roadmap compatible with the international commitments formulated in the Paris Agreement and work towards SDG 13 to take urgent

action to combat climate change and its impacts. Imerys signed up to the Science Based Targets initiative (SBTi)<sup>(3)</sup> in 2018 and in the following year set greenhouse gas (GHG) emissions reduction targets, which were subsequently approved by the SBTi. Imerys pledged to define its Climate Change strategy aligning its emission targets and trajectory to a 2° C scenario<sup>(4)</sup> through a 36% targeted reduction of Scopes 1 and 2 emissions relative to revenue by 2030 (from a baseline year 2018) and for Scope 3 indirect emissions by requiring its suppliers to commit to a low-carbon trajectory.

## 7.2.1 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 CO<sub>2</sub> footprint of the Group, and defined relevant KPI and targets. Imerys has likewise identified 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 all its Scope 1<sup>(5)</sup>, 2<sup>(6)</sup> and 3<sup>(7)</sup> emissions reduction targets, which have been approved by SBTi.

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 presented in [chapter 2, sections 2.1.2 of the Universal Registration Document](#). The principle climate-related risks identified are associated with transitional risks linked to current or emerging regulatory requirements, increases tax or carbon quotas, or costs of raw materials in the market, and shifting customer preference, which may lead to the substitution of existing products and services with lower emissions options. While the Group exposure to acute physical risk is presently considered not relevant given the geographic spread of the Group activities, it is nevertheless followed together with transitional risks. The type and level of each risk determines the management method including to mitigate, transfer, accept, or control.

For the past 13 years, Imerys has participated in the Carbon Disclosure Project (CDP)<sup>(8)</sup>. The Group 2019 CDP performance score ranked as Level B, which places the Group in the second highest band, corresponding to management of climate issues in a concrete and systematic way.

### ■ SCOPE 1 AND 2 STRATEGY

In 2019, the Group defined two separate GHG emissions targets to reduce its climate change impact. With the first target, the Group is committed to reduce its Scope 1 and 2 emissions by 36% relative to revenue (tCO<sub>2</sub>/Euro) by 2030 from a baseline year of 2018. The second target, defined for Scope 3, is described in [below in the present chapter](#). The Group's Scope 1 emissions considered as direct emissions are generated from energy-related emission such as fossil fuels, diesel and process related emissions, and the Scope 2 emission are related to electricity consumption. Combined Scope 1 and 2 emissions represent 44.6% of Groups total emissions. As such the strategy and action plans for both scopes are addressed principally through improving energy efficiency and increasing the use of renewable energy.

(1) Page 50: <https://www.medef.com/uploads/media/node/0001/13/61b2c23e6aa96457510930a6251b3ac2ea909213.pdf>.

(2) Page 54: <https://www.medef.com/uploads/media/node/0014/03/11744-les-entreprises-francaises-s-engagent-pour-le-climat-juillet-2019-en-v7.pdf>.

(3) The Science Based Targets initiative collaboration between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC) supports companies to set targets consistent with limiting global warming to well below 2°C.

(4) 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.

(5) Scope 1: emissions are direct emissions from sources owned or controlled by the Group.

(6) Scope 2: emissions are indirect emissions from the generation of purchased energy.

(7) 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.

(8) The CDP is a global environmental impact non-profit organization, providing a platform for all companies and cities to report information on their climate impacts.



## 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 as described in the next section.

The Group energy initiatives are driven collaboratively between the different operational and functional groups at Corporate, Business

Area 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 the necessary training to ensure consistency and reliability of the reported results. The Group Energy team is responsible for supporting plants with identified action of potentials savings and implementation of full assessment, definition of method and step-by-step approaches and provision of expertise on technical aspects. 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 internal energy efficiency KPIs.

### Total energy consumption and breakdown by energy source

	2019	2018	2017
<b>Total energy consumption<sup>(1)</sup> (Tera Joules, TJ)</b>	<b>33,063</b>	<b>39,301</b>	<b>37,039</b>
Electricity (net), steam, hot water	30.9%	29.4%	30.3%
Natural gas	39.1%	41.5%	45.7%
Other fossil fuels	27.2%	26.7%	21.6%
Biomass	2.8%	2.4%	2.3%
<b>Energy consumption/revenue (MJ/€)</b>	<b>7.59</b>	<b>8.56</b>	<b>8.05</b>

(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 2018 and 2019, the total energy consumption decreased by 16%. The overall change is linked in part to the divestiture of the Roofing activity and two other major energy consuming entities.

As Imerys has a product portfolio based upon a wide variety of different minerals, the energy consumption intensity of the Group can be measured in MJ per Euro of revenue. The rate was 7.59 in 2019, which represents an 11% decrease from 2018.

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.

In 2019, as a part of the transformation program, the Group has launched "I-Nergize" assessment methodology in cooperation with Business Area to evaluate the sites energy performance and improve process efficiency, with a particular focus on top energy consuming sites. Ten sites have already been assessed with the objective to evaluate 30 sites by 2021.

Energy workshops are organized to raise awareness and bring ideas related to various energy efficiency topics. In 2019, one of the workshops focused on best practice in crushing and grinding processes. The results of the workshop identified opportunities linked to the modification of grinding systems, which increase its capacity and reduce electrical consumption. Such improvements shall continue to be studied.

Numerous energy-related e-learning modules are available on IM-Pulse to provide an overview of Imerys energy strategy as well as knowledge and awareness on energy efficiency. In addition, internal knowledge databases have been created on Dryers, Rotary Kilns, Motors and Ball Mills to promote the best practice of industrial energy efficiency on key equipment used in Imerys. The Group has also conducted eight virtual classes with more than 800 attendees on various specific energy-related topics such as KPIs, loss analysis, motors, rotary dryers, dryers, fluid bed dryers, contract optimization and supplier relationships.

A dedicated energy community on the Group intranet serves as a platform to share knowledge, good practices and events related to energy. Since 2017, an Energy Challenge have been held to promote best practices development and sharing across the operations and energy communities of the Group.

### RENEWABLE ENERGY SOURCES

The Group continues to support the transition to renewable energy 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 19 renewable installations have been developed across Group sites: ten in the United Kingdom, four in France, one Belgium and Austria, two in Australia, and one in India, accounting in total for 52 MW (eight solar units, six wind turbines, four hydraulic systems and one district heating).

The greater integration of renewable energy across the Group has also been highlighted in SD Challenge projects. For example, in 2019, four solar water heaters were installed to replace the gas boiler to supply hot water in Linjiang Imerys Diatomite plant in China.

In 2019, the winner of SD Challenge in India introduced five different combined activities to take climate change actions and contribute to the Group's goal of reducing CO<sub>2</sub> emissions by 36% by 2030. The initiatives include generating energy from solar power installed in plants, improving the energy efficiency in thermal processes through a series of I-Cube projects, using processes rain and wastewater to discharge zero effluent water, utilizing recycled material in formulations and mass tree plantation with the engagement of internal and external stakeholders. These combined projects require close cooperation between the plant and local stakeholders, which have a positive societal impact, generated economic benefits and contributes to the Group's climate change objective. Another example is the Andersonville plant in the US using grounded peanuts shells as an alternative energy source which is expected to reduce around 4.9% of the Group's total CO<sub>2</sub> emissions per year.

### CARBON EMISSIONS MANAGEMENT

The majority of the Group greenhouse gas emissions are generated through the production of thermal energy from natural gas and fossil fuels. Alternatives to these, energy sources, such as biomass and steam are increasingly investigated and used. 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 CO<sub>2</sub> (e.g. de-carbonation of raw materials). Measures to monitor and reduce 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)	2019	2018	2017
Scope 1 CO <sub>2</sub> emissions	1,811	2,207	1,945
Scope 2 CO <sub>2</sub> emissions	1,086	1,214	1,165
<b>Total CO<sub>2</sub> emissions (Scope 1 and Scope 2)</b>	<b>2,897</b>	<b>3,421</b>	<b>3,110</b>
Energy	84.8%	84.1%	85.7%
Processes	15.2%	15.9%	14.3%
<b>CO<sub>2</sub> emission/revenue (ton CO<sub>2</sub>e/€M)</b>	<b>665.4</b>	<b>745.8</b>	<b>676.3</b>

For 2019 the Group Scope 1 and 2 CO<sub>2</sub> emissions equalled 665 tCO<sub>2</sub>e per million euros of revenue, which represents an 11% decrease since 2018. Between 2018 and 2019, the annual total Scope 1 and Scope 2 CO<sub>2</sub> emissions decreased by approximately 524 kt. This reduction is due to the divestiture of the Roofing activity and one major emitter, as well as the decrease of the emissions of the largest emitter within the Group.

### SCOPE 3 STRATEGY

Scope 3 is considered an indirect source of emissions, which represents about 55% of total Group emissions. Imerys is committed to address this challenge through science-based targets. The Group's main source of Scope 3 emissions is generated from the purchased of goods (63.9%). To mitigate this impact, Imerys proposed a supplier engagement target that will cover 71% of suppliers (800 suppliers) by spend within the Scope 3 categories

such as purchased goods and services, fuel and energy related activities (not included in Scope 1 or 2), upstream transportation and distribution, waste generated in operations and downstream transportation and distribution. These categories represent around 94.7% of the Group total Scope 3 emissions. Imerys engages to fulfill the target by 2023 (5 years from the submission in 2019). Suppliers will be required to set science-based emissions reduction targets.

## Group upstream value chain suppliers

Purchasing categories	Percentage of key purchases <sup>(1)</sup>	Upstream suppliers
Raw materials <sup>(2)</sup>	14%	Principally, but not exclusively, bauxite, zircon sand, soda ash, silica sand
Mining, industrial services and equipment	33%	Mining subcontractors, service vendors for maintenance and repair
Transportation	24%	Freight by rail, truck and ship, and business travel
Energy	12%	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 2018 data; the total spend of above-mentioned categories represents approximately 90% of Group purchases (€2,762 million).

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

## ■ SCOPE 3 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.

Source of Scope 3 emissions	Metric tons CO <sub>2</sub>	Percent of Scope 3 emissions	Emissions calculation methodology	Explanation
Purchased goods and services	2,717,692	63.9%	Emissions calculated with Scope 3 Evaluator	These emissions include upstream freight and distribution of purchased goods because they are included in the price of the goods. Financial data are used.
Capital goods	264,369	6.2%	Emissions calculated with Scope 3 Evaluator	This category has been calculated taking into account all capital investments and by applying the highest emission factor among the different capital goods to the whole category. Therefore, all the emissions from this category are accounted for.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	657,167	15.4%	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	61,745	1.5%	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	327,247	7.7%	Emissions calculated with Scope 3 Evaluator	Financial 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.
Investments	196,758	4.6%	Emissions calculated with Scope 3 Evaluator	This is based on the emissions of the Group's activity in two joint ventures and an associated company not accounted for in Scope 1 and 2 emissions.
<b>Total</b>	<b>4,254,737</b>			

Based on the above high level estimate, Scope 3 emissions equal approximately 4.3 million tons CO<sub>2</sub>e and represent 55% of the Group total emissions (Scopes 1, 2 and 3).

## 7.2.2 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 to 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 2019, the Group calculated 30 product carbon footprints, from cradle to gate, using either the Life Cycle Assessment (LCA) approach described in [section 8.2.1 of this report](#) or the “Bilan Carbone®” methodology and tool of the French Environment and Energy Agency<sup>(1)</sup>. Some of these study results were shared with customers to help encourage downstream efforts to calculate product impacts and differentiate Imerys solutions from other competitors’ higher carbon products.

✓ For more information on product Life Cycle Assessment, [see section 8.2.1 of the present report](#).

# 8 BUILDING FOR THE FUTURE

## 8.1 BUSINESS CONDUCT

Imerys' Commitment	2019 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 responsible purchasing and engaging with local community to create shared value in particular through education and skills development	<ul style="list-style-type: none"> <li>■ Corporate Governance <ul style="list-style-type: none"> <li>● Complete an assessment of the Board, Committees and individual member contributions by an independent third party</li> </ul> </li> <li>■ Fair Operating Practices &amp; Responsible Purchasing <ul style="list-style-type: none"> <li>✓ Improve awareness of updated Code of Business Conduct and Ethics through roll-out of e-learning and training sessions</li> <li>✓ Ensure Supplier compliance with Imerys Supplier Environmental Social and Governance Standards through the implementation of the supplier audit program</li> </ul> </li> <li>■ Community Engagement <ul style="list-style-type: none"> <li>✓ Reinforce Group Stakeholder Management and Community Relations Protocol to support local community engagement</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Principle 1</li> <li>Principle 6</li> <li>Principle 8</li> <li>Principle 9</li> </ul>	<ul style="list-style-type: none"> <li>SDG 3</li> <li>SDG 4</li> <li>SDG 5</li> <li>SDG 6</li> <li>SDG 8</li> <li>SDG 12</li> <li>SDG 13</li> <li>SDG 15</li> <li>SDG 16</li> </ul>
	<b>Mid-term objectives</b> <ul style="list-style-type: none"> <li>■ Fair Operating Practices &amp; Responsible Purchasing <ul style="list-style-type: none"> <li>□ Improve the external CSR rating of the Group</li> <li>□ Deploy a CSR rating scheme covering at least 50% of Group suppliers (by spend) by the end of 2022</li> </ul> </li> </ul>		

Ethical business conduct is the foundation upon which Imerys' business is built. At its core, Imerys is building the future together with stakeholders through ethical behavior and fair operating and responsible purchasing 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 society at large, as exemplary

conduct is proof of reliability and long-term sustainability. In addition to all the other SDGs referred to in this **report**, 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.

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

### 8.1.1 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<sup>(1)</sup> applicable to French-listed companies.

As a result of the changes in governance that occurred in 2019, the Group did not complete the assessment of the Board, Committees and individual member contributions via an independent third party. The assessment took the form of a

formal self-assessment based on a detailed questionnaire. The comprehensive questionnaire covered a range of governance questions in line with the AFEP-MEDEF Corporate Governance Code as well as specific questions related to CSR and climate change related topics in line with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD)<sup>(2)</sup>. The summary of the results is presented in [chapter 4, section 4.1.4.3 of the Universal Registration Document](#).

✓ For more information regarding Corporate Governance, see [chapter 4 of the Universal Registration Document](#).

### 8.1.2 FAIR OPERATING PRACTICES & RESPONSIBLE PURCHASING

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, avoid complicity in human rights abuses and provide access to remedy, in line with the UN Guiding Principles on Business and Human Rights.

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, occupational safety and health, diversity and inclusion, confidentiality, prevention of fraud, prevention of 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. This Code, introduced by the Group CEO, and translated into 23 languages, applies to all Imerys employees, Imerys controlled joint ventures, Imerys suppliers, agents and other long-term business partners. In 2019, the Group launched a new compulsory training (e-learning and in-class) on the Code for all employees to ensure the fundamental elements are well understood and respected by all. By the end of 2019, over 16,000 employees had completed the training course.

The Group works continuously to strengthen its compliance programs. The purpose of the Group compliance programs is to identify risks, implement preventive measures and detect non-compliance with local and international rules and regulations related to the fight against corruption and anti-competitive behaviors, the respect of international sanctions and embargoes, and to protect data privacy, human rights, health, safety and environment in Group operations around the world as well as within the Group purchasing activities.

In 2019 the Group created a dedicated Ethics Committee, chaired by the Group General Counsel and composed of Executive Committee members and functional Senior Managers of the Group. The Ethics Committee sets out ethics-related priorities, monitors the achievement of the related objectives, ensures the adequacy, effective dissemination of and training on ethics-related codes, policies and procedures and ensures the adequacy of the systems in place for confirming compliance. The Ethics Committee is likewise responsible for monitoring ethics-related misconducts, reported either via the alert system or other channels.

Within the 2019 action plan validated by the Ethics Committee, the Group strengthened several procedures linked with the Code of Business Conduct and Ethics, including an update of the Group Antibribery policy and the issuance of new Gifts and Entertainment, Conflict of Interest, and Sponsorship and Charitable Donations procedures. All the aforementioned policies and procedures were created under the supervision of the Antitrust & Compliance General Counsel together with functional experts and clearly outline the process, reporting and necessary levels of control to ensure compliance with the procedures (operational, Corporate, Internal Audit).

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.

Imerys fully supports the principal of open and accountable management of mineral resources. To this effect, and in accordance with the 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.

(1) [https://afep.com/wp-content/uploads/2020/01/Afep\\_Medef-Code-revision-2020-EN-.pdf](https://afep.com/wp-content/uploads/2020/01/Afep_Medef-Code-revision-2020-EN-.pdf)

(2) Task Force on Climate-related Financial Disclosures (TCFD) is a market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings.



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 into 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.

- ✓ For more information on the Group Code of Business Conduct and Ethics and Imerys Supplier ESG Standards, [see imerys.com](https://www.imerys.com).
- ✓ For more information regarding Imerys Report on payments to governments in 2019, [see imerys.com](https://www.imerys.com).

## ■ ESG RISK MAPPING PROCESS

The Group has established a detailed process defined for mapping corruption, human rights, health, safety and environmental risks within its internal and external operations in different geographical areas.

The risk mapping process began with the identification of key ESG risk categories divided between internal Group operations and external purchasing categories. A series of dedicated interviews with key representatives of both businesses and support functions were conducted in 2017 to design the initial version of compliance risk framework. These interviews were complemented by additional consultations with external agencies and non-governmental organizations to collect feedback on the framework and process. The consolidated risk framework was presented to the Executive Steering Committee and validated, and on this basis a first list of risk scenarios (21 corruption and 13 human rights, health, safety and environmental scenarios, respectively) was developed.

The initial Group risk assessments for two first pilot geographic areas were conducted in 2018. These workshops brought together experts representing diverse functions, including but not limited to legal, operations, sales, purchasing, logistics, human resources, CSR, and finance within the geographic area being assessed. 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. In 2019, two additional risk assessment workshops was conducted to continue to expand the geographic areas covered by

the expert reviews. The purpose of these workshops is to review and update, if needed, the list of risk scenarios, assess the criticality (inherent impact and probability) of each risk scenario, assess the effectiveness of current mitigation measures and, in addition, for human rights, health, safety and environmental scenarios, identify the highest risk per purchasing categories (criticality).

The risk assessment workshops systematically include a review and eventual update of the risk scenarios to ensure that the list is comprehensive. As a result of the review conducted in 2019, the corruption risk register was updated to include a total of 25 risk scenarios (compared to 19 in 2018). The additional scenarios are the result of a higher degree of granularity in the scenario description and the introduction of one new scenario. The human rights, health, safety and environmental risk scenarios were increased to 15 (compared to 13 in 2018) as two previous scenarios were subdivided.

In order to prioritize actions with regards to Imerys' suppliers, the criticality risk of each human rights, health, safety and environmental scenario was then ranked by taking into account a "composite country index" (based on the Corruption Perceptions Index<sup>(1)</sup>, Human Freedom Index<sup>(2)</sup> and Environmental Performance Index<sup>(3)</sup>) and the economic weight of purchases to assess risk impact and exposure.

## ■ EVALUATION OF ESG RISKS

The Group risk assessment workshops of human rights, health and safety and environmental risks described above are covered in two parts: first, the assessment of mitigation effectiveness of Group operations and second, an assessment of criticality of human rights, health, safety and environmental risks for each main purchasing category.

Evaluation of environmental, social and governance risks within Group operations, including identification, analysis and ranking processes are presented [in chapter 2, section 2.1. 2 of the Universal Registration Document](#). The results of the review of mitigation effectiveness are presented in the designated section below.

Based on the assessment of human rights, health, safety and environmental scenarios associated with suppliers, the Group has identified potential salient human risks within its value chain. The four salient risks identified include potential:

- impacts on health and safety of supplier workers;
- impacts on supplier workers related to labor practices, including wages, working time, general work conditions;
- increases in air or land pollution due to supplier operations; and
- impacts on supplier workers due to discriminatory practices.

(1) 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.

(2) 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.

(3) 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.

Following the assessment of each purchasing category, for all the human rights, health, safety and environmental scenarios assessed, the risks evaluated as being highest are those related to the raw material supplier category.

Based on the risk mapping process and results described above, suppliers in all the highest risk countries were assessed in greater detail in 2018 and 2019. Nearly 500 existing suppliers were assessed against “red flag” criteria linked to the human rights, health and 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.

## ■ 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. In 2019, the Group defined a new Purchasing policy, which clearly articulates roles and responsibilities, requirements, reporting and necessary approvals. The policy requirements in terms of Supplier Environmental Social and Governance performance is based on the following principles:

### 1. Supplier Environmental, Social and Governance Standards

All Suppliers must to be deleted, acknowledge and accept to comply with the Imerys Supplier ESG Standards, which were developed at the end of 2018. The progressive roll-out of these Standards is ongoing and shall be monitored over the next years within internal systems and tools currently being developed and piloted.

The Group is committed to build strong transparent relationships and mutual trust with its suppliers. To support this ambition, in 2019, the Group organized a series of supplier summits to share the new organization of the Group with its suppliers, which created an opportunity to reiterate the Groups ESG requirements. Eight summits were organized in different countries, including Brazil, USA, United Kingdom, Malaysia, China, India and Germany with a total of 308 suppliers participating in these events.

### 2. Supplier risk identification and assessment

The assessment of ESG performance of suppliers starts during supplier qualification and onboarding. In 2019, the Group designed a web-based supplier on-boarding platform to qualify, screen and monitor suppliers environmental, social and governance performance, amongst other functionalities. The platform will be rolled out progressively in 2020 and will require all new suppliers to pass through a series of validations and third-party screening prior to being accepted as suppliers for the Group. The new onboarding process has been designed to ensure that suppliers are aware of and commit to comply with the Group ESG Standards, but also to support suppliers development and continuous improvement in ESG performance.

### 3. Risk reduction and prioritization

Purchasing teams are responsible for carrying out reasonable controls before considering and accepting a supplier that has been classified as higher risk (due to a country or category-related risk classification) during the supplier onboarding process in order to make sure that suppliers are able to demonstrate compliance with the Supplier ESG Standards. Purchasing teams have the responsibility to contribute to the identification and prioritization of suppliers within the Group supplier audit program.

Awareness of and training on the requirements of the Group Code are provided to help managers and employees to understand and respect the Code. By the end of 2019, over 98% of employees have completed the training course via IM-Pulse as well as through in class training and internal expert presentations, which ensures the strong protection of all employees through the awareness of ethical issues.

In addition to the aforementioned dedicated e-learning, Imerys also conducted a series of training and workshops with the purchasing organization focused on the UN Guiding Principles on Business and Human Rights and their application within Imerys. In 2019, the Group organized dedicated purchasing workshops that included approximately 62% of purchasing teams from across the different geographic areas. The purpose of these workshop sessions was to train the purchasing teams on the fundamental elements of the Guiding Principles, helping them to recognize signs of potential violations and based on their knowledge of the supplier panel, prioritize the suppliers where additional risk reduction measures may be required.

### 4. Supplier ESG audits

While Imerys is fully committed to support supplier development and continuous improvement, suppliers must be able to demonstrate that they can meet the minimum ESG criteria and where any gaps are identified, through formal or informal assessments or audits, suppliers must be willing to develop a corrective action plan within an agreed timeframe.



Imerys verifies alignment to the Supplier ESG Standards through the use of supplier self-declaration, self-assessments, and assessments by Imerys teams and in designated high-risk countries third-party audits. The Group developed a new ESG supplier assessment checklist to monitor the existing supplier's operations and identify their performance according to the Group's ESG Standards.

In 2019, the Group screened 228 suppliers against ESG criteria. Together these suppliers, which included higher risk categories and countries, represented 16% of the Group spend.

In 2019, the Imerys supplier audits focused on two purchasing categories: raw materials and packaging.

In India, the focus has been on raw material suppliers. The Group has launched a Strategic Supplier Relationship (SSR) project aimed at improving operations of a set of strategic suppliers. The project started with a study to categorize the suppliers based on the needs and resources for the strategic relationship of the Group. Based on the categorization criteria, three critical suppliers have been selected to implement necessary strategic projects such as reducing the raw material consumption, increasing recycling, providing additional safety training and improving the work conditions of employees. The Group has likewise conducted a series of inspections and audits of other raw material suppliers in the country to verify compliance with the Group ESG Standards and develop improvements plans where gaps have been identified.

The Group likewise conducted five audits of packaging supplier facilities. The results of audits demonstrated alignment with the Group ESG requirements.

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 specific cases the Group may conduct additional due diligence or specialized external third-party audits prior to or after contract award.

In addition to the audit program described above, a number of SD Challenge projects have been launched to support the continuous improvement of supplier ESG performance. A High Temperature Solutions site in India is building the capacity of a toll manufacturer, to ensure the production of the bricks meet the quality, safety and other operational expectations of Imerys Group. In a partnership with this supplier, Imerys has improved the production, maintenance, quality and safety standards, and implemented continuous improvement processes.

## ■ 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<sup>(1)</sup>. 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 with the Antitrust & Compliance General Counsel acting as Secretary. 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

In 2019, 13 cases of violations of the Group Code were identified internally or reported using the Group alert mechanism. The reported incidents related to fraud suspicions, environmental, discrimination, and other human resources topics. One reported case was raised by an external stakeholder. Each of the reported cases was reviewed and investigated as per the Group policy (one is still under investigation).

When the reported cases are confirmed remedial actions are immediately implemented and are 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 and 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>.

During the risk assessment workshops conducted in both 2018 and 2019, the workshop participants reviewed the mitigation effectiveness of existing control measures for each of the human rights, health, safety and environmental risk scenarios. The consolidated review of internal mitigation effectiveness assessed the level of current control as “adequate” for nearly all scenarios and in some cases as “requires minor Improvements”. For scenarios where minor improvements are required, specific actions will be identified and implemented.

### 8.1.3 COMMUNITY ENGAGEMENT

Working around the world, Imerys' operations and employees are part of the local communities that surround Group sites and are seen as representatives of the Group. 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 stakeholders' needs and expectations, but also by actively contributing talents and skills and supporting initiatives that create shared value. Working in a collaborative and constructive manner with local partners, communities, associations and other stakeholders helps the Group contribute to numerous SDGs through its operations.

In 2019, the Group updated and enhanced its Stakeholder Management and Community Relations procedure supporting the relations with local stakeholders to generate value for the communities in connection with the Group activities. The procedure, through clear processes and by defining the roles and responsibilities of all parties involved, provides an efficient and dynamic set of rules to guide operations. In 2019, the procedure was piloted in five sites and its full deployment is targeted to be completed in 2020.

Furthermore, and in line with the CSR priorities, the Group has also introduced a Charity and Sponsorship procedure and set up appropriate reporting, accounting and approval processes to avoid the risks of improper conduct. The procedure is enforced across the whole Imerys Group.

In 2017, the Group launched a pilot community stakeholder engagement survey providing valuable insight into the local perception of the Group impact and its potential to create economic, societal, cultural, and environmental value through its activities.

Since its creation, the SD Challenge has helped develop and share best practices in stakeholder and local community engagement. In 2019, over 40% of the 140 SD Challenge initiatives launched were linked to community engagement projects directly developed by Imerys sites and Business Areas in 27 countries across the world.

Community engagement initiatives take many forms across the Group based on the local context. For example, in Katni, Imerys India developed a program called Saksham to connect with local communities where the majority target audience were women,

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 2, section 2.2 of the Universal Registration Document](#).

socially outcast people, victims of human trafficking and teenagers. To strengthen its initiatives, the program sought a partnership with the Supreme Court of India to deliver training on computer literacy, English language, tailoring and beautician techniques that can provide financial income and stability to people in vulnerable situations. Since its inception in 2016, the Saksham program has impacted the lives of more than 500 people.

✓ For more information on Imerys recent SD Challenge projects, see [“Imerys Replay” on YouTube: \[www.youtube.com/user/ImerysReplay\]\(https://www.youtube.com/user/ImerysReplay\)](#).

In 2019, the Group also confirmed its leadership in local community engagement and its continuous dedication to the UN Sustainable Development Goals by organizing site visits for local community members and local authorities on European Mineral Day. These ‘open doors’ days give insights into the mining industry and minerals to local children and adults and, at the same time, help spread knowledge on the Group biodiversity programs amongst employees.

In addition to the above, Imerys remains committed to supporting 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 constitutes a major factor impacting on their academic performance. This is why Imerys is continuously involved in local projects to improve school facilities such as in Katni and Nadiad (India), Linjiang (China), Limpopo (South Africa), Chaoyang and Guiyang (China), Luzenac and Montferrier (France), Karabiga (Turkey), Santiago (Chile) and Ipixuna (Brazil). To support secondary school education programs and help ensure students have sufficient skills and information to guide future decisions on their education, Imerys has created vocational orientation programs in Amal (Sweden), Carinthia (Austria), Capim (Brazil) as well as set up apprenticeships and first job experiences in Three Springs (Australia) and Devon and Cornwall (UK).

One of Imerys' key CSR objectives is to empower its people and build strong community relations. For this reason, Imerys' employees have volunteered in events providing essential support to people who need help the most. During 2019, employees devoted time to support education, young people, and people with disabilities across US and Mexico sites, they participated to an integration project with unaccompanied refugees in Höganäs (Sweden) and, through a charity platform, distributed food parcels and other essential goods to the local community in Vereeniging (South Africa). In addition to the direct efforts made locally through the Group operations, Imerys continues to sponsor and collaborate with education partners operating in France and internationally. At Group level, partnerships are established with United Way L'Alliance (UWA)<sup>(1)</sup> and Institute Télémaque<sup>(2)</sup>.

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

With Télémaque in 2019, 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.

## 8.2 PRODUCT MANAGEMENT

Imerys' Commitment	2019 objectives	UNGC	
		Principles	UN SDGS
Innovate through our product portfolio by assessing the sustainability of our products, processes and services to contribute solutions for society	<ul style="list-style-type: none"> <li>■ Product Sustainability               <ul style="list-style-type: none"> <li>✓ Assess Imerys product solutions according to additional sustainability criteria to support sustainable innovation and business development</li> </ul> </li> </ul>		
	<b>Mid-term objectives</b> <ul style="list-style-type: none"> <li>■ Product Sustainability               <ul style="list-style-type: none"> <li>□ Assess Imerys Products in Application Combinations (PAC) according to the SPM methodology to cover at least 40% of Imerys product portfolio (by revenue) by the end of 2022</li> <li>□ Ensure at least 50% of Group New Product Developments are scored as 'Sustainable Solutions' by the end of 2022</li> </ul> </li> </ul>	Principle 7 Principle 8 Principle 9	SDG 12 SDG 13

Imerys is committed to providing high-quality products to its customers, and indirectly, to end-users through sound, responsible and sustainable product management. By identifying and understanding the implications and opportunities linked to the global market trends presented in [section 1.1.2 of the present report](#), 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.

(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) Institute 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/>

## 8.2.1 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. In 2019, the Group reinforced the product stewardship team, appointing a Global Product Stewardship Director.

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 to ensure continuous improvement. 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 are refused. In all cases, tests are regularly performed on finished products.

As of the end of 2019, 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 programs and medical surveillance programs.

✓ For more information on Group ISO 9001 certifications, *see chapter 1 of the 2019 Universal Registration Document.*

The Group product stewardship policy and supporting protocols, define 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<sup>(1)</sup> 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 at the same time deliver sustainable 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 an interdisciplinary team consisting of experts in environment, innovation, strategy, marketing, and product stewardship worked to identify 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 completed the assessment of the various methodologies available and prepared for the launch of an assessment tool in line with the World Business Council for Sustainable Development (WBCSD)<sup>(2)</sup> framework for Portfolio Sustainability Assessments (PSA)<sup>(3)</sup>, so as to objectively measure the sustainability of Imerys products and identify their environmental and social impacts. Upon completion of the assessment, Imerys selected to progressively deploy the Sustainable Portfolio Management (SPM) methodology<sup>(4)</sup>. Throughout 2019, the Group reviewed case studies and piloted the application of the SPM methodology on target segments of the Group portfolio. This pilot phase led to the definition of priority markets for the progressive full application of the SPM methodology.

(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.wbcd.org/2017/10/Framework4Port\\_Sustainability.pdf](https://docs.wbcd.org/2017/10/Framework4Port_Sustainability.pdf)

(4) The Sustainable Portfolio Management methodology is a robust, fact-based tool developed by Solvay. Additional details on the methodology are publicly available at <https://www.solvay.com/en/sustainability/acting-sustainable-business/sustainable-portfolio-management-spm-tool>

In parallel with the definition of a larger framework to evaluate the Group products portfolio, Imerys has continued to calculate products' environmental impacts from "cradle-to-gate", using a LCA methodology. In 2019, the Group assessed 28 products following the requirements of ISO 14040 & ISO 14044<sup>(1)</sup>.

Part of the innovation goal is to push the boundaries of Group products so that they are more effective in solving customers' problems and providing over their lifetime more sustainable products in terms of their cost or environmental impact. Initiatives have accomplished both these goals through presenting U-Technology

project which was also selected as the project winner of SD Challenges in 2019. The Refractory, Abrasives & Construction (RAC) France has presented new innovation of an ultra-reactive cement which allows a very significant reduction in cement content in rapid setting concrete and mortars while keeping the same level of performance and reducing the overall cost of the product. Thanks to U-Technology, the Portland cement content can be substituted, which leads to a reduction of the carbon footprint of the final product by 30-70%.

## 9 REPORTING METHODOLOGIES

### 9.1 METHODOLOGIES AND PROTOCOLS

Imerys Group reporting complies with the French "*Déclaration de Performance Extra-Financière*" (DPEF) law<sup>(2)</sup> 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, Organisation for Economic Co-operation and Development (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 2019 reporting and issued the report *in section 10 of the present report*.

A correlation table with regards to the reporting requirements of the "DPEF" is presented in *chapter 9, section 9.5.5.1 of the 2019 Universal Registration Document*. A correlation table with regards to the requirements of the "Duty of Care" law<sup>(3)</sup> is presented in *chapter 9, section 9.5.5.2 of the 2019 Universal Registration Document*.

✓ For detailed information on the reporting items, frequency, scope and collection systems within the Group, *see CSR Reporting Principles 2019 on [www.imerys.com](http://www.imerys.com)*.

(1) 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.

(2) 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.

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

## 9.2 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 (2017-2019). The perimeter of each category is Group level unless explicitly indicated otherwise.

Category	KPIs	Unit	2019	2018	2017	GRI
<b>Empowering our people</b>						
<b>Safety and Health</b>						
Fatalities	Fatalities – Imerys Employees	#	1	1	0	403-2
	Fatalities – Contractor Employees <sup>(1)</sup>	#	1	0	1	403-2
Life-changing injuries <sup>(2)</sup>	Life-changing injuries – Imerys Employees	#	0	4	3	403-2
	Life-changing injuries – Contractor Employees	#	2	0	0	403-2
Lost-Time Accident rates <sup>(3)</sup>	Imerys employees	/	1.03	1.45	1.52	403-2
	Contractor employees	/	1.34	1.16	1.17	403-2
	Combined rate (Imerys employees and Contractor employees)	/	1.14	1.37	1.42	403-2
Total Recordable Incident rates <sup>(4)</sup>	Imerys employees	/	2.98	4.43	5.03	403-2
	Contractor employees	/	3.71	4.24	5.26	403-2
	Combined rate (Imerys employees and Contractor employees)	/	3.22	4.30	5.19	403-2
Severity rates <sup>(5)</sup>	Imerys employees	/	0.05	0.07	0.09	403-2
	Contractor employees	/	0.06	0.05	0.05	403-2
	Combined rate (Imerys employees and other employees)	/	0.05	0.07	0.08	403-2
Occupational illnesses	Occupational illnesses with lost time	#	1	2	2	403-2
	Occupational illnesses without lost time	#	1	0	6	403-2
<b>Human Capital</b>						
Employees	Year-to-end total headcount on payroll	#	16,305	17,769	17,359	
	Full-time employees	#	16,109	17,324	-	102-8
	Women employees	#	2,751	2,898	-	102-8
	Men employees	#	13,358	14,426	-	102-8
	Part-time employees	#	373	445	-	102-8
	Women employees	#	209	220	-	102-8
	Men employees	#	164	225	-	102-8
	Permanent employees	#	15,023	16,220	17,381	102-8
	Women employees	#	2,559	2,805	-	102-8
	Men employees	#	12,464	13,415	-	102-8
	Fixed-term contract	#	1,282	1,549	978	102-8
	Women employees	#	262	313	-	102-8
	Men employees	#	1,020	1,236	-	102-8
	External employees (Full-Time Equivalent)	#	6,205	4,204	-	102-8



## CORPORATE SOCIAL RESPONSIBILITY

### SUMMARY OF KEY PERFORMANCE INDICATORS

Category	KPIs	Unit	2019	2018	2017	GRI
Employees by region	Europe	#	7,781	8,455	9,421	102-8
	Permanent employees	#	7,272	7,815	-	102-8
	Fixed-term contract	#	209	640	-	102-8
	Of which France	#	2,080	2,242	-	102-8
	Permanent employees	#	1,980	2,082	-	102-8
	Fixed-term contract	#	100	160	-	102-8
	Americas	#	4,213	4,634	4,419	102-8
	Permanent employees	#	4,186	4,600	-	102-8
	Fixed-term contract	#	27	34	-	102-8
	Asia-Pacific	#	3,543	3,882	3,801	102-8
	Permanent employees	#	2,969	3,242	-	102-8
	Fixed-term contract	#	574	640	-	102-8
	Africa & Middle East	#	768	798	718	102-8
	Permanent employees	#	59	563	202	102-8
	Fixed-term contract	#	172	235	27	102-8
Employees by function <sup>(6)</sup>	Administration & Support	#	645	689	-	
	Finance	#	853	933	-	
	General Management	#	33	92	-	
	Human Resources	#	323	395	-	
	Innovation / S&T	#	350	488	-	
	IT & Business Process	#	269	263	-	
	Legal	#	71	80	-	
	Operations <sup>(7)</sup>	#	11,349	13,379	-	
	Sales & Marketing	#	1,372	1,416	-	
	Strategy / Business Development	#	18	34	-	
	Supply Chain <sup>(7)</sup>	#	1,022	-	-	
Employees by Business Segment <sup>(8)</sup>	Performance Minerals	#	7,696	9,276	-	
	Americas	#	3,081	3,675	-	
	Asia Pacific	#	1,504	1,817	-	
	Europe Middle East and Africa	#	3,111	3,784	-	
	High Temperature Materials and Solutions	#	6,764	7,858	-	
	High Temperature Solutions	#	2,633	3,100	-	
	Refractory, Abrasives & Construction	#	4,131	4,758	-	
	Ventures & Partnership	#	37	67	-	
	Group <sup>(9)</sup>	#	1,808	568	-	
Employee moves	Net variation of permanent employees (excluding acquisitions and divestitures)	#	(828)	(438)	0	401-1
	External recruitments	#	1,003	1,446	1,717	401-1
	Mutual agreements	#	(133)	-	-	401-1
	Redundancies (economical & non-economical)	#	(753)	(557)	(523)	401-1
	Retirements	#	(301)	(303)	(258)	401-1
	Voluntary terminations & others	#	(928)	1,024	(936)	401-1
	Turnover	(%)	5.9	6.1	5.8	401-1
	Net variation of temporary employees (excluding acquisitions and divestitures)	#	(207)	569	186	401-1
	Acquisitions – Divestiture	#	(361)	(721)	2,476	401-1



Category	KPIs	Unit	2019	2018	2017	GRI
Absenteeism	Total absenteeism rate	(%)	2.96	2.84	2.78	403-2
	Absenteeism rate by geographical region					
	Europe	(%)	4.44	4.37	4.46	403-2
	Americas	(%)	1.44	1.44	0.98	403-2
	Asia-Pacific	(%)	1.55	1.23	2.00	403-2
	Africa & Middle East	(%)	1.96	1.64	1.22	403-2
Human rights and Labor Practices	Percentage of employees under collective bargaining agreement	(%)	68 <sup>(10)</sup>	68	68	
Talent and Skills Management	Percentage of employees with regular performance and career development reviews	(%)	35	27	-	404-3
	Number of employees who received training at least once in the reporting year	#	15,958	13,636	13,166	
	Training hours	Hours	367,453	508,356	341,927	404-1
	Number of hours by category of program					
	Environment, Health & Safety	Hours	200,935	211,645	185,002	404-2
	Technical skills	Hours	127,092	245,078	126,533	404-2
	Management	Hours	39,426	51,633	30,393	404-2
Social Dialogue	Working hours lost due to strikes	Hours	3,127	7,657	12,828	
	Employee Engagement Survey Results					
	Loyalty Rate <sup>(11)</sup>	(%)	75	75	75	
Age	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	29	30	405-1
	From 50 to 54 years	(%)	15	15	15	405-1
	More than 55 years	(%)	21	20	19	405-1
New permanent hiring by age bracket	Less than 30	(%)	36	35	-	401-1
	More than 55	(%)	4	4	-	401-1
Seniority	Less than 10 years	(%)	50	50	50	405-1
	More than 10 years	(%)	50	50	50	405-1
	of which more than 20 years	(%)	21	23	24	405-1
Gender balance	Percentage of female Board members	(%)	46	41.7	40	405-1
	Percentage of female Executive Committee members	(%)	9	9.1	-	405-1
	Percentage of females in Senior management	(%)	20	17.2	14.4	405-1
	Percentage of females in Manager/Expert/Professional roles	(%)	27	25.6	-	405-1
	Percentage of females in Paraprofessional roles	(%)	12	-	-	405-1
	Total percentage of female employees	(%)	17	17.5	17.5	405-1
Disability	Number of employees with disability	#	167	186	242	405-1

# CORPORATE SOCIAL RESPONSIBILITY

## SUMMARY OF KEY PERFORMANCE INDICATORS

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Category	KPIs	Unit	2019	2018	2017	GRI
<b>Caring for our planet</b>						
<b>Environmental Stewardship</b>						
Environmental Management	ISO 14001 or EMAS <sup>(12)</sup> certified operations	#	99	101	114	103
	Operations with Imerys 8-pillar EMS	#	125	129	153	103
	Number of environmental incidents	#	14	6	11	307
	Number of prosecutions	#	8	5	6	307
	Amount of fines	€	54,571	17,232	148,868	307
Waste	Total industrial waste produced	Tons	203,516	278,009	248,189	306-1
	Hazardous industrial waste	Tons	2,131	4,017	1,908	306-2
	Recycled hazardous industrial waste	Tons	1,636	2,374	1,763	306-2
	Non-hazardous industrial waste	Tons	90,727	155,402	92,712	306-2
	Recycled non-hazardous industrial waste	Tons	109,022	116,215	151,806	306-2
	Industrial waste generation / Revenue	kg/euro	0.05	0.06	0.05	
Air emissions produced	Sulfur dioxide (SO <sub>2</sub> )	Tons	3,767	4,572	4,621	305-7
	Nitrogen oxide (NO <sub>x</sub> )	Tons	6,035	7,055	6,503	305-7
Water consumption	Total water withdrawals	M liters	40,524	47,128	47,187	303-1
	Water obtained from water groundwater	(%)	52.5	55.6	54.5	303-1
	Water withdrawn from suppliers	(%)	11.5	10.3	12.6	303-1
	Water withdrawn from surface water	(%)	28.7	27.8	28.4	303-1
	Water obtained from other sources <sup>(13)</sup>	(%)	7.3	6.3	4.6	303-1
	Number of sites located in a water-scarcity area	#	19	19	19	303-2
	Quantity of water consumed the sites located in a water-scarcity area	M liters	40,387	47,128	45,187	303
	Total water recycled	M liters	42,518	46,249	44,898	303-3
	Sites with recycled water reported	#	57	62	62	303-3
Biodiversity and Land Rehabilitation	Surfaces disturbed by the Group's mining activities <sup>(14)</sup>	Hectares	1,387	2,038	2,078	304-3
	Surfaces rehabilitated <sup>(14)</sup>	Hectares	436	396	1,173	304-3
<b>Climate Change</b>						
Energy	Total energy consumption	TJ	33,036	39,301	37,039	302-1
	Natural gas	%	39.1	41.5	47.5	302
	Other fossil fuels	%	27.2	26.7	21.6	302
	Biomass	%	2.8	2.4	2.3	302
	Electricity (net) and steam	%	30.9	29.4	30.3	302
	Energy consumption / Revenue	MJ/euro	7.59	8.56	8.05	302
CO <sub>2</sub> emissions	Total CO <sub>2</sub> emissions	kt CO <sub>2</sub> e	2,897	3,421	3,110	305
	Scope 1 CO <sub>2</sub> emissions	kt CO <sub>2</sub> e	1,811	2,207	1,945	305-1
	Scope 2 CO <sub>2</sub> emissions	kt CO <sub>2</sub> e	1,086	1,214	1,165	305-2
	Emissions by source					
	CO <sub>2</sub> emissions from Energy	%	84.8	84.1	87.5	305-1
	CO <sub>2</sub> emissions from Processes	%	15.2	15.9	14.3	305-1
	CO <sub>2</sub> emissions / Revenue	Ton CO <sub>2</sub> e/M euro	665.4	745.8	676.3	
	Scope 3 emission estimation	kt CO <sub>2</sub> e	4,254.7	4,254.7	379.7	305-3
	Number of product carbon footprints calculated	#	30	20	-	305-3

Category	KPIs	Unit	2019	2018	2017	GRI
<b>Building for the future</b>						
<b>Business Conduct</b>						
Corporate Governance	Percentage of independent Board members	(%)	54	50	46.7	405-1
Fair Operating practices	Number of reported violations of the Group Code of Business Conduct and Ethics	#	13	4	0	412-1
Supplier CSR engagement	Number of trainings on responsible purchasing	#	4	10	-	412-1
	Number of suppliers assessed	#	228	484	-	308-1 414-1
Community Engagement	Percentage of sites with a formal action plan managing the impacts of operations on communities	(%)	90	89	88	413-1
	Number of new community engagement initiatives launched	(%)	56	62	64	413-1
	Number of reported external grievances	#	1	0	-	413-2
<b>Product Management</b>						
Product Sustainability	Number of Life Cycle Assessments calculated for Group products	#	28	14	-	301-1

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

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

(3) Lost-Time Accident (LTA) rate: (number of lost time accidents x 1,000,000)/number of hours worked.

(4) Total Recordable Incident Rate (TRIR): (number of lost time accidents and non-lost time accidents x 1,000,000)/number of hours worked.

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

(6) A new job catalog was introduced in 2018

(7) The Supply Chain category was part of the Operations function in 2018.

(8) The new business organization was introduced in November 2018.

(9) Support functions (finance, HR, IT & purchasing) as part of the Group segment has been introduced in 2019.

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

(11) The loyalty score is the sum of trust, empowerment and development survey responses. Results refer to 2017 survey.

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

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

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

## 10 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

*This is a free translation into English of the Statutory Auditor's 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, 2019

To the 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](http://www.cofrac.fr)), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2019 (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 has been 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 the requirements of 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 the requirements of 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 nor on 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 and the description of the principal risks associated.
- We assessed the suitability of the Guidelines with respect to 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 provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code.
- We verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important <sup>(1)</sup>; concerning certain risks ("product management" or "safety and health of Group employees" for instance), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities.
- 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 obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.
- We carried out, for the key performance indicators and other quantitative outcomes <sup>(2)</sup> that in our judgment were of most significance:
  - 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 <sup>(3)</sup> and covered between 9 and 44% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- 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) *Qualitative information*: safety culture maturity matrix ; occupational health maturity matrix ; water management plans ; purchasing policy defined in 2019 ; "cradle to gate" life cycle assessment.

(2) *Environmental quantitative information*: total industrial waste generated (hazardous and non-hazardous); total industrial waste recycled (hazardous and non-hazardous); total water withdrawals; total energy consumption; total CO<sub>2</sub> emissions (scopes 1 and 2); total SO<sub>2</sub> emissions; total NO<sub>x</sub> emissions.

*Social quantitative information*: total headcount as of December 31, 2019; external recruitments; leavings (mutual agreements, redundancies, retirements, voluntary terminations and others); lost-time accident rate (Imerys and contractor employees); accident severity rate (Imerys and contractor employees); total number of occupational illnesses.

(3) *Selected entities*: Barcarena – Performance Minerals Americas (Brazil) ; Bodio – Performance Minerals APAC (Switzerland) ; Cockeysville – Performance Minerals Americas (United-States) ; Fos-sur-Mer – Refractory Abrasives & Construction (France) ; Laufenburg – Refractory Abrasives & Construction (Germany) ; Lompoc – Performance Minerals Americas (United-States) ; Luzenac – Performance Minerals EMEA (France) ; Metallurgy Bauxite – Refractory Abrasives & Construction (Switzerland) ; Salin de Giraud – Performance Minerals EMEA (France) ; Villach – Refractory Abrasives & Construction (Austria) ; Zhejiang – Refractory Abrasives & Construction (China) ; Zschornowitz – Refractory Abrasives & Construction (Germany).

## ■ MEANS AND RESOURCES

Our work engaged the skills of five people between November 2019 and March 2020.

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.

Paris-La Défense, March 19, 2020

One of the statutory auditors,

Deloitte & Associés

Frédéric Gourd  
Partner, Audit

Olivier Jan  
Partner, Sustainability Services





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French Limited Liability Company (Société Anonyme)  
with a share capital of 158,686,230 euros  
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**IMERYS**