

# IMERYS CSR REPORTING PRINCIPLES

2019



IMERYS

# CSR REPORTING PRINCIPLES 2019

## MATERIALITY COMPLETENESS

SustainAgility, the Group Corporate Social Responsibility (CSR) program, is articulated around three axes as outlined in the Group CSR Charter:

- **Empowering our people:** making sure employees and the people we work with stay healthy and safe, nurturing talent, promoting diversity & inclusion, fostering social dialogue and safeguarding human rights;
- **Caring for our planet:** protecting the environment, promoting non-energetic resources efficiency, 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.

Imerys CSR reporting complies with the French “*Déclaration de Performance Extra-Financière*” (DPEF) Law<sup>1</sup> and other applicable French reporting obligations. The Group CSR program is based on frameworks such as the GRI’s Sustainability Reporting Guidelines (“Core” option), the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the Organization for Economic Co-operation and Development Guidelines, the International Organization for Standardization (ISO) 26000 and the ILO Fundamental Conventions.

Imerys CSR reporting covers all of the activities over which the Group exerts operational control. Imerys has structured the processes for data consolidation and quality control to ensure the reliability and auditability of the reporting, including several layers of internal verifications.

### 1. MATERIALITY COMPLETENESS

A robust assessment of material CSR risks is fundamental to the definition of the Imerys CSR program. The objective is to identify the key issues, threats and opportunities for Imerys and its stakeholders that may negatively impact or have the capacity to create value.

The table 1 below shows the Imerys six CSR major pillars structured into 16 themes; each theme addressing several sub-themes. A materiality survey has been developed to understand Imerys internal and external stakeholders’ opinions and expectations regarding these 16 CSR themes. Each feedback gives the level of criticality of each theme from 1 (Minor) to 6 (Critical) in terms of creation of positive or mitigation of negative impacts associated with Imerys.

The resulting materiality map emerges the priority issues helping in the definition and the continuous improvement of the CSR program. The materiality map is available in the 2019 Universal Registration Document on [imerys.com](http://imerys.com).

**Table 1: Imerys CSR Themes and sub-themes**

| AXIS                  | PILLAR            | THEME                            | SUB-THEME (examples)  |
|-----------------------|-------------------|----------------------------------|---|
| EMPOWERING OUR PEOPLE | SAFETY AND HEALTH | Occupational Safety Management   | - Leadership & Accountability<br>- Compliance & Continuous Improvement<br>- Behavioral-Based Safety<br>- Integrated Approach                                    |
|                       |                   | Occupational Health Management   | - Health Leadership<br>- Health Organization<br>- Health Hazards and Exposure Control<br>- Health Exposure Monitoring<br>- Health and Business Performance      |
|                       | HUMAN CAPITAL     | Human Rights and Labor Practices | - Promotion and compliance with the Human Rights & ILO Fundamental Conventions<br>- Reorganization Management<br>- Working Conditions<br>- Workplace Well-being |
|                       |                   | Talents and Skills Management    | - Employment<br>- Career Development & Skills Management<br>- Attraction & Retention  |

<sup>1</sup> 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

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|   |                           |                                      |   |
|---|---------------------------|--------------------------------------|---|
|   |                           |                                      | - Learning & Training   |
|   |                           | Social Dialogue                      | - Social Dialogue Organization<br>- Employee Commitment   |
|   |                           | Diversity and Inclusion              | - Non-discrimination<br>- Diversity of Management Bodies<br>- Diversity & Inclusion Program   |
| CARING FOR OUR PLANET                                 | ENVIRONMENTAL STEWARDSHIP | Environmental Management             | - Environmental Management System<br>- Environmental Regulatory Compliance<br>- Wastewater Management<br>- Waste Management<br>- Hazardous Substances Management<br>- Noise & Vibration Management<br>- Air Emissions Management<br>- Transportation Management |
|   |                           | Non-energetic Resources Efficiency   | - Minerals Resources Optimization<br>- Water Use Efficiency<br>- Other Raw Materials Rational Use   |
|   |                           | Biodiversity and Land Rehabilitation | - Biodiversity Conservation<br>- Land Use   |
|   | CLIMATE CHANGE            | Climate Change Strategy              | - Global Approach to Climate Change<br>- Energy Efficiency<br>- Renewable Energy Sources<br>- Carbon Emissions Management   |
|   |                           | Climate Solutions                    | - Innovative Climate Solutions  |
|   | BUILDING FOR THE FUTURE   | BUSINESS CONDUCT                     | Corporate Governance  |
| Fair Operating Practices and Responsible Supply-Chain |                           |                                      | - Business Ethics<br>- Permitting & Property Rights<br>- Responsible Supply-Chain Management  |
| Community Engagement                                  |                           |                                      | - Territorial and Socio-Economic Impact Identification<br>- Support for socio-economic development  |
| PRODUCT MANAGEMENT                                    |                           | Product Sustainability               | - Product Market Sustainability<br>- Product Footprints   |
|   |                           | Sustainable Technologies             | - Process Efficiency Approach<br>- Technological upgrade  |

### 2. STAKEHOLDER INCLUSIVENESS

Imerys 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.

The different stakeholders that have been involved to identify material issues come from different representative areas and include:

- Internal stakeholders: Executive management, senior management of businesses and functions, employees and employee representatives;
- External stakeholders: Local community members, shareholders and investors, banks and brokers, government authorities, business partners, suppliers, subcontractors, customers, professional associations, NGOs, and other stakeholders.

### 3. DATA COLLECTION AND CONSOLIDATION

Data collection and consolidation follow reporting processes detailed in the reporting protocols published at Group level and are supported by different internal reporting systems.

The table 2 below is the list of the reporting items, as well as their frequency, scope and consolidation systems in 2019.

**Table 2: Imerys Reporting Items**

| Items                            | Frequency   | Scope          | System                      | Remarks  |
|----------------------------------|-------------|----------------|-----------------------------|--|
| Human Resources                  | Monthly     | All            | Internal reporting platform | Contractors not managed by Imerys and performing non-core business tasks are excluded; a monthly headcount report is published internally                  |
| Safety and Health                | Monthly     | All            | Internal reporting platform | Details of injury or illness are tracked with internal incident tool; a monthly safety report is published internally                                      |
| Energy, Emissions and Production | Monthly     | All            | Internal reporting platform | In accordance with the GHG Protocol with several minor exceptions (detailed in the next sections below); a quarterly energy report is published internally |
| Environment                      | Quarterly   | All            | Internal reporting platform | Commercial activities, sales and administrative offices, as well as projects on customers' sites are excluded  |
| Environmental Incidents          | When needed | All            | Internal reporting platform | Details and impacts of incident are tracked with internal incidents tool   |
| Land Use                         | Annually    | Western Europe | Internal reporting platform | Underground mines are excluded   |
| Mine Safety Incidents            | When needed | All            | Internal reporting platform | Details of incidents are tracked with internal incident tool; a monthly report is published internally   |
| Payments to governments          | Annually    | All mines      | Internal reporting platform | Following the financial data reporting process and published on the Group website  |

Generally, the CSR data reporting parameters include each of the legal entities in which Imerys directly or indirectly owns 50% or more interest, and the reporting structure generally mirrors the business and finance organizations as well as the Group's legal structure. Furthermore, legal entities are normally split into various sites for the relevant indicators.

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## STAKEHOLDER INCLUSIVENESS

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Modifications are occasionally made to this general framework to accommodate special circumstances in the operations.

The following is the detailed explanations of reporting perimeters and aspects adopted in Imerys:

- For **human resources**, For human resources, Imerys reports the data associated with permanent employees, expatriates, fixed-term employees, seasonal workers and apprentices as well as external employees (such as agency workers/contractors or vendors) for which Imerys has managerial authority, and/or can influence strongly and directly.
- For **health and safety**, Imerys reports on a monthly basis the data associated with Imerys employees (on Group company payroll) and non-Imerys employees (such as agency workers/contractors or vendors) for which Imerys has managerial authority, and/or can influence strongly and directly. The safety and health reporting obligation extends to operations, joint ventures, partnerships and other similar business arrangements in which Imerys owns a majority interest (>50% shares) and has operational control. Newly-acquired operations are normally included as of the date of acquisition. Newly built projects with turnkey contractors have been integrated when the responsibility for workplace safety is transferred to Imerys according to the legal and commercial terms and conditions. Newly built projects with a “turnkey” contract are included when the responsibility for workplace safety is transferred to Imerys according to the legal and commercial terms and conditions. Divested or discontinued operations have been excluded from reporting as of the date of discontinuation.
- For **environmental compliance, environmental management system, water and waste**, Imerys reports the data on all mining and production assets/facilities operated by Imerys on a quarterly basis. The term “assets operated by Imerys” excludes commercial activities, sales and administrative offices, and projects on customers’ sites. The following points clarify certain water and waste issues specific to Imerys:
  - Several Imerys sites are ISO-14001 and/or EMAS (EU Eco-Management and Audit Scheme) certified. This is reported by the sites if the certification has been given or is still valid during the reporting period;
  - Water withdrawal data are reported for analysis of water used in Imerys operations. Water moved from the ground to the surface merely to maintain mines in good operating condition is not considered by the Group to be “used” in the Imerys operations and is, therefore, excluded from the reporting of water;
  - Some Imerys operations reuse or recycle water. The “recycled water” indicator was established to promote using water in a sustainable way at Imerys operations. It refers to the water that is used on site more than one time before it returns to the natural hydrologic system. For example, many Imerys operations pump water from a surface impoundment, use the water in the process, and then pump the water back to the surface impoundment. The cooling water supplied by third-party facilities (e.g., a customer’s paper mill) and circulated back in a close loop is not counted as recycled water by Imerys operations;
  - Imerys mining operations remove overburden and separate minerals that are valuable from other materials. Such overburden and mineral solids (e.g., tailings, off-specification materials, etc.) are usually stored on or near production areas at the quarries since they may be useful in the future. In many cases, the overburden and mineral solids are used as backfilling or re-profiling materials in post-mining restoration work. For these reasons, they are not quantified and reported as “waste” by Imerys. Off-specification materials from the processing operations which are placed back in the Imerys quarries are counted as waste only when subject to regulatory requirements;
  - All countries in which Imerys operates have national environmental laws regulating waste. The national environmental laws of different countries apply different criteria to determine whether a waste will need special management because it is toxic, corrosive, explosive, flammable, reactive or otherwise dangerous to human health or the environment. Each operation follows the national environmental laws of the country in which it is operating to determine whether a specific waste is regulated as hazardous waste or non-hazardous waste. If some water-containing liquid is counted as waste (rather than wastewater) according to regulations, the reported quantity excludes the water content;
  - Fine is a direct penalty imposition. Fines do not include the costs payable to the regulatory authority bringing the action or the compensation claims arising from the outcome of the regular’s action. They are reported in the quarter and the year that the fines were imposed.
- For **energy and emissions**, Imerys reports the data on all mining and production assets/facilities operated by Imerys on a monthly basis for the same scope as the other environmental data reporting parameters. Imerys aligns with the GHG Protocol<sup>2</sup> for its energy and CO<sub>2</sub> data reporting and consolidation with the following exceptions:
  - The GHG Protocol requires that all facilities within an organizational boundary are to be included in the reporting

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<sup>2</sup> The Greenhouse Gas Protocol (GHG Protocol) is the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions. The GHG Protocol is managed in a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

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### DATA COLLECTION AND CONSOLIDATION

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perimeter. To fully comply with the GHG Protocol, Imerys would need to include not only emissions from mining and minerals processing facilities, but also emissions from offices and any other facility within its organizational boundary;

- The GHG Protocol requires reporting of fugitive emissions from owned and controlled sites and Imerys does not report on these fugitive emissions. Fugitive emissions result from intentional or unintentional releases (e.g., equipment leaks from joints, seals, packing and gaskets; hydro-fluorocarbon emissions during the use of refrigeration and air conditioning equipment in buildings and cars; and methane leakages from gas transport);
  - Scope 1 emissions from direct energy are automatically calculated in the reporting system with the aid of an emission factor database of specific energy resources, plus the process emissions; Scope 2 emissions of purchased electricity, heat, or steam are calculated in the reporting system with the emission factor by country supplied by the International Energy Agency (IEA) and the Emissions and Generation Resource Integrated Database (eGRID) provided by the United States Environmental Protection Agency (EPA) for the sites located in the United States; Scope 3 emissions for purchased goods and services, fuel-and-energy-related activities, waste generated in operations business travel of several headquarters, downstream transportation and distribution and employee commuting are estimated with the Scope 3 Evaluator tool and do not yet represent a full calculation of all Scope 3 emissions linked with Imerys operations;
  - The GHG protocol requires that companies make historic emission recalculation for structural changes. Imerys currently reports actual emissions and evaluates the tons of CO<sub>2</sub> emissions per million euros of revenue. The variance due to acquisition or divestiture is analyzed with the actually reported data when comparing the performance of current year and previous year. This is considered as one minor deviation to the GHG protocol requirements.
- **Production** data is related to the quantity of final products produced by the entity during the reporting period in dry metric tons (dmt).
  - **Energy efficiency** is analyzed and taking the following variables into account:
    - Perimeter (Group structure): the Group structure effect corresponds to the quantity of energy consumed by the sites acquired during the period, minus the consumption of closed or sold sites;
    - Volume (activity variation): this is the amount of variable energy that would have been consumed in year Y, with the same specific energy consumption as year Y-1 minus the energy consumed in year Y-1;
    - Reporting entity mix: this is the difference between the volume effect calculated overall for a set of plants or production units and the sum of the volume effects of each plant/unit in the set;
    - Product mix (for a given entity): this is the difference between the volume effect calculated globally for a given entity and the sum of volume effect for each product or family of products of this entity;
    - Efficiency: this is the sum of the efficiency effects of each plant's process blocks. The efficiency effect of a process block corresponds to the difference between total energy variance and all other variances;
    - Energy efficiency ratio: this is the ratio of (i) the efficiency variance, as calculated above, to (ii) the consumption of year Y-1.
  - Imerys also requires reporting of two **land use** indicators on an annual basis by all mining operations in Western Europe:
    - Disturbed areas (hectares): disturbed areas concern the land used for mining and infrastructures related to the operation and which are not currently rehabilitated;
    - Rehabilitated areas (hectares): rehabilitated areas concern the land used for mining and operation's infrastructures that have been rehabilitated.

#### 4. CONTROL AND ASSURANCE

Imerys works to continuously improve the quality and accuracy of its reporting. The reporting process with data contributors and validators, as well as the automatic checks and comparisons in our internal reporting platforms, enables the Group to check and verify the data quality on an ongoing basis. Processes for data consolidation and quality control ensure the reliability and auditability of the reporting, including several layers of internal verifications.

Under the regulatory obligations stemming from the "DPEF" Law, Imerys retains a third party to verify its sustainability reporting and compliance status. The report issued by the statutory auditors is available in section 3.9 of the [Universal Registration Document](#).

After the annual publication of the Universal Registration Document, some EHS (environmental, health and safety) data may still be updated the following year after internal or external verifications.