

IMERYYS CSR REPORTING PRINCIPLES

2018



IMERYYS
TRANSFORM TO PERFORM

CSR REPORTING PRINCIPLES 2018

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 a responsible supply chain, engaging with communities and promoting sustainable products and technologies.

Imerys CSR reporting complies with the French “*Déclaration de Performance Extra-Financière*” (DPEF) Law¹ 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 2018 Registration Document.

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

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

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

Table 1: Imerys CSR Themes and sub-themes

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 2018.

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 logs; 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 logs	
Land Use	Annually	Mines in Western Europe	Internal reporting platform	Underground mines are excluded
Mine Safety Incidents	When needed	All	Internal reporting log	Details of incidents are tracked with internal incident logs; 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

Table 2: Imerys Reporting Items

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. 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**, Imerys reports the data associated with permanent employees (on company payroll), fixed-term contracts (on company payroll), interns and apprentices (on company payroll or not), third-party employees (not on payroll), and contractors (not on payroll) on a monthly basis. A contractor is defined as a non-Imerys company or

an independent contractor who agrees to perform services on-site;

- For **health and safety**, Imerys reports the data associated with Imerys employees and other employees working at each Imerys operation on a monthly basis. The term “Imerys operation” includes operations, joint ventures, partnerships and other similar business arrangements in which Imerys owns a majority interest and has operational control. Newly acquired operations are 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. Divested or discontinued operations have been excluded from reporting as of the date of discontinuation. Data related to employees and contractors working on projects on customers’ sites are also included when they are under Imerys’ direct operational control;
- For **environmental compliance, environmental management system, water and waste**, Imerys reports the data on all mining and mineral processing assets 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 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 mineral processing assets operated by Imerys on a monthly basis for the same scope as the other environmental data reporting parameters. Imerys aligns with the GHG Protocol² for its energy and CO₂ 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 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

² 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).

- 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 carbon intensity at constant perimeter. 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.

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