

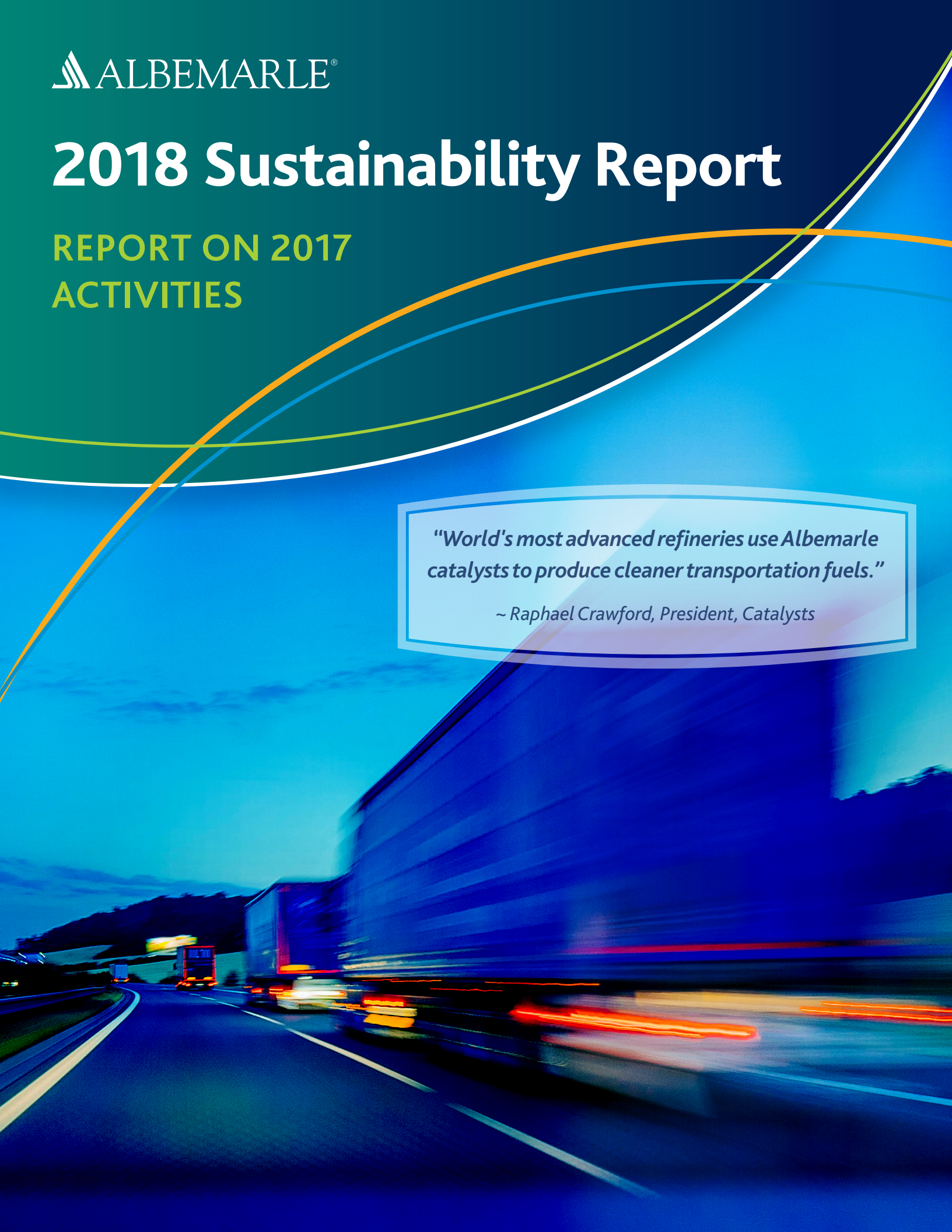


# 2018 Sustainability Report

REPORT ON 2017  
ACTIVITIES

*"World's most advanced refineries use Albemarle catalysts to produce cleaner transportation fuels."*

*~ Raphael Crawford, President, Catalysts*



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## 1.1 STATEMENT FROM MOST SENIOR DECISION MAKER OF THE ORGANIZATION

Dear Stakeholder,

Throughout 2017, our focus was clear - achieve our strategy in a manner consistent with the Albemarle Core Values:

- **Care:** We value safety and the well-being of each other. We help make our communities better. We are stewards of the environment.
- **Curiosity:** We encourage questions and wonder. We seek continuous learning, improvement and innovation.
- **Courage:** We are comfortable being vulnerable. We are willing to take informed and shared risks, but not shortcuts.
- **Collaboration:** We believe two are better than one when two act as one. We are empowered to perform our jobs and are accountable for the result.
- **Humility:** We share the credit and value the ideas of others - it's not about me. We value diversity of thoughts, experiences and cultures.
- **Integrity & Transparency:** We are our word. We do what we say. We communicate and act transparently. What you see is what you get.

Within this report, we are proud to showcase what we did in 2017 to execute our strategy in a way that was consistent with the Albemarle values to not only power Albemarle's potential, but to power the potential of the world around us.

### *Care - The Albemarle Foundation*

Our commitment to caring for the people and communities where we live and operate is a key element of our strategy. In 2017, The Albemarle Foundation celebrated its 10<sup>th</sup> anniversary as an endowed 501(c)3 dedicated to education, health and wellness and helping to break the cycle of poverty in our communities. Throughout the year, The Albemarle Foundation contributed over \$4,000,000 to nonprofit agencies in our communities. Also in 2017, our employees generously gave, of their own volition:

- More than \$720,000 in cash donations
- Over 10,000 volunteer hours to nonprofit organizations

We constantly seek ways to make a positive impact by enriching our communities and the lives of our neighbors, customers and employees.

### *Humility & Transparency*

We were humbled to be recognized for our initiatives across a number of notable categories including:

- A ranking on the *Corporate Responsibility Magazine's* 19<sup>th</sup> annual 100 Best Corporate Citizens List - where we were also recognized as the 3<sup>rd</sup> ranked global company for philanthropic efforts
- A LEED Gold certification award from the U.S. Green Building Council
- A Gold Recognition Level from EcoVadis based on our CSR rating in 2017

However, there are areas where we need more focus in order to improve our metrics going forward. Our intention is to develop a better, more comprehensive sustainability initiative and improve our standards.

### *Curiosity & Collaboration*

Water has become a critical resource globally. As a number of our production processes are dependent upon water, we must work internally and with partners to find ways to limit our use of this precious resource.

In La Negra, Chile, new technology will enable us to expand from 45,000 metric tons to 85,000 metric tons with no additional water volume required. Process water will be recycled, the need for solar evaporation ponds eliminated and waste solids stockpiled as dried salts for future recovery of the lithium contained therein. We know the importance and high impact of managing our water consumption globally. Albemarle's water consumption totaled 12.63 million cubic meters in 2017 compared to 11.85 million cubic meters in 2016, but the work continues. Our commitment will be to work tirelessly to improve water efficiencies in all of our processes.

The total direct and indirect greenhouse gas emissions for Albemarle in 2017 were 1.05 million metric tons, compared to 1.14 million metric tons in 2016, but we can do better with more focus. We will seek to continue making strides forward.

As an example, our Catalysts site in Amsterdam is in the middle of a multi-year program to reduce their energy usage by 8%. Our Lithium site in Silver Peak, Nevada, is optimizing energy usage

with installation of new heat exchangers to efficiently utilize steam and reduce propane consumption.

We are a company that continues to evolve and expand in conjunction with our global communities through a shared vision of development and respect for ecosystems and traditions, ultimately improving quality of life. I am looking forward to our continued journey in sustainability and sharing future results with you in our next Sustainability Report.

Sincerely,



Luke Kissam,  
Chairman, President & CEO





## 1.2 DESCRIPTION OF KEY IMPACTS, RISKS AND OPPORTUNITIES

See the 10-K Annual Report for the description of key impacts, risks and opportunities.

The 10-K Annual Report can be found via <https://investors.albemarle.com/financial-information/annual-reports>



# ORGANIZATIONAL PROFILE

### 2.1 NAME OF THE ORGANIZATION

Albemarle Corporation

Unless the context otherwise indicates, the term 'Albemarle', 'we', 'us' and 'our' mean Albemarle Corporation and our consolidated subsidiaries.


### 2.2 PRIMARY BRANDS, PRODUCTS AND/OR SERVICES

Albemarle Corporation was incorporated in Virginia in 1993. Our principal executive offices are located at 4350 Congress Street, Suite 700, Charlotte, North Carolina 28209. Unless the context otherwise indicates, the terms “Albemarle,” “we,” “us,” “our” or “the Company” mean Albemarle Corporation and its consolidated subsidiaries.

We are a leading global developer, manufacturer and marketer of highly-engineered specialty chemicals that are designed to meet our customers’ needs across a diverse range of end markets. The end markets we serve include energy storage, petroleum refining, consumer electronics, construction, automotive, lubricants, pharmaceuticals, crop protection and custom chemistry services. We believe that our commercial and geographic diversity, technical expertise, innovative capability, flexible, low-cost global manufacturing base, experienced management team and strategic focus on our core base technologies will enable us to maintain leading market positions in those areas of the specialty chemicals industry in which we operate.

As of December 31, 2017, we served approximately 2,500 customers, none of which individually represents more than 10% of net sales of the Company, in approximately 100 countries. More information on our GBU's can be found on page 3-7 of the 10-K Annual report. The 10-K Annual Report can be found via <https://investors.albemarle.com/financial-information/annual-reports>

## Our Global Business Units:



### LITHIUM

#### Lithium

- Inorganic salts
- Primary and Secondary metals
- Organometallics
- Specialties

#### Characteristics

- Strong growth story
- Performance products with high value-in-use
- Sophisticated technical and operational expertise
- Sustainable low cost position with scale

#### Performance Catalysts Solutions

- Organometallics
- Catalysts and component
- Curatives



### BROMINE SPECIALTIES

#### Characteristics


- Mineral extraction and processing
- Low-cost position on global cost curve
- Vertically integrated
- Stable and sustainable cash flow

#### Applications

- Flame retardants for electronics and construction materials
- Completion fluids for oilfield
- Industrial water treatment
- Plastic and synthetic rubber
- Ag and pharma synthesis

#### Business Environment

- Stable flame retardants demand across electronics, construction and automotive
- Current completion fluid weakness due to oil prices, with a favorable and long-term outlook
- Excess bromine capacity is limited to few suppliers



### CATALYSTS

#### Fluid Cracking Catalysts

##### FCC Catalyst

- Cracks oil feedstock
- Makes gasoline
- Makes propylene

#### Clean Fuels Technology

##### HPC Catalyst

- Removes sulfur and contaminants
- Makes clean diesel
- Makes clean oil-feedstock

#### Alkylation & Isomerization Catalyst

- Makes clean high-octane gasoline

#### Characteristics

- Leading positions in FCC and HPC catalysts
- Technology and applications knowledge
- Focused on value creation for refiners
- Long-term, collaborative customer relationships
- High barriers-to-entry
- Strong free cash flow<sup>1</sup> generation with growth

<sup>1</sup>NON-GAAP MEASURE. SEE APPENDIX FOR DEFINITION AND NON-GAAP RECONCILIATIONS OF HISTORICAL MEASURES.



### FINE CHEMISTRY SERVICES

#### Characteristics

- Safe handling of hazardous chemicals
- Accelerated scale-up and process development techniques
- Track performance relative to impurities
- Stable and sustainable cash flow

#### Applications

- Growing APIs
- Intermediates for Pharma/Ag Innovators
- Customer-focused During Entire Product Lifecycle
- Innovative Chemistry for New Markets

#### Business Environment

- World-leading process development and scale-up capabilities for both cGMP and non-GMP
- Demonstrated expertise in the development of multi-step complex syntheses
- Seamless tech transfer between sites for back integration of APIs and RSMs

### **2.3 OPERATIONAL STRUCTURE OF THE ORGANIZATION, OPERATING COMPANIES, SUBSIDIARIES AND JOINT VENTURES**

The authority to manage the business is delegated to the CEO by the Board of Directors. The role of the board is to effectively govern the affairs of the organization for the benefit of its stakeholders.

During 2017, we managed and reported our operations under three reportable segments: Lithium and Advanced Materials, Bromine Specialties and Refining Solutions. Each segment has a dedicated team of sales, research and development, process engineering, manufacturing and sourcing, and business strategy personnel and has full accountability for improving execution through greater asset and market focus, agility and responsiveness.

In November 2017, we announced that during the first quarter of 2018, the Performance Catalyst Solutions ("PCS") product category will merge with the Refining Solutions reportable segment to form a global business focused on catalysts. As a result, our three reportable segments will include: (1) Lithium, (2) Bromine Specialties and (3) Catalysts.

### **2.4 LOCATION OF ORGANIZATION'S HEADQUARTERS**

Albemarle's corporate headquarters are located at:

4350 Congress Street, Suite 700

Charlotte, North Carolina 28209

United States of America

### **2.5 NUMBER OF COUNTRIES WHERE THE ORGANIZATION OPERATES, AND NAMES OF THE COUNTRIES WHERE EITHER THE ORGANIZATION HAS SIGNIFICANT OPERATIONS OR THAT ARE SPECIFICALLY RELEVANT TO THE SUSTAINABILITY ISSUES IN THE REPORT / NATURE OF OWNERSHIP AND LEGAL FORM**

# Strong Global Footprint



-  Best-In-Class Resources
-  Global Headquarters
-  Manufacturing
-  Manufacturing/Sales/R&D
-  Sales/Administrative

## Albemarle at a Glance

- Global Specialty Chemicals Company
- Corporate Headquarters: Charlotte, NC
- Approximately 5,400 Employees Worldwide
- Customers in Approximately 100 Countries
- NYSE: ALB

For detailed information regarding our significant production facilities operated by us and our affiliates, see page 22 - 24 of 2017 10-K Annual report <https://investors.albemarle.com/financial-information/annual-reports>

## 2.6 MARKETS SERVED (INCLUDING GEOGRAPHIC BREAKDOWN, SECTORS SERVED, AND TYPES OF CUSTOMERS / BENEFICIARIES)

<b>2017 Sales Results</b> (In thousands, except percentages)		
2017 Net Sales	\$	3,071,976
<b>2017 Sales by Region</b>		
United States	\$ 840,589	27.36%
Foreign	\$ 2,231,387	72.64%
Total	\$ 3,071,976	100%
<b>2017 Sales by Business Unit</b>		
Lithium & Advanced Materials	\$ 1,308,153	42.58%
Bromine Specialties	\$ 855,143	27.84%
Refining Solutions	\$ 778,304	25.34%
Corporate Group <sup>1</sup>	\$ 1,462	0.05%
All Other <sup>2</sup>	\$ 128,914	4.2%
Total	\$ 3,071,976	100%

1. The **Corporate** category is not considered to be a segment and includes corporate-related items not allocated to the reportable segments.
2. The **All Other** category is comprised of three operating segments that did not fit into any of our core businesses.

## 2.7 SCALE OF REPORTING ORGANIZATION

See page 9 from 10-K Annual report <https://investors.albemarle.com/financial-information/annual-reports>

As of December 31, 2017, we had approximately 5,400 employees, including employees of our consolidated joint ventures, of whom 2,600, or 48%, are employed in the U.S. and Latin America; 1,400, or 26%, are employed in Europe; 1,000, or 19%, are employed in Asia and 400, or 7%, are employed in the Middle East.

We and our joint ventures currently operate 31 production and research and development (“R&D”) facilities, as well as a number of administrative and sales offices, around the world. As of December 31, 2016, we served approximately 3,000 customers in approximately 100 countries.

Financial Highlights (Year Ended Dec 31, 2017):

Net Sales	\$3,071 Billion
Total Assets	\$7,751 Billion
Total Long-Term Debt	\$1,837 Billion
Stockholders' Equity	\$3,675 Billion

Beneficial ownership information is found in the Albemarle Corporation 2018 Proxy Statement filed with the U.S. Securities and Exchange Commission on March 28, 2018. See <https://investors.albemarle.com/financial-information/annual-reports>

## 2.8 SIGNIFICANT CHANGES DURING THE REPORTING PERIOD REGARDING SIZE, STRUCTURE OR OWNERSHIP

Over the last three years, we have devoted resources to acquisitions and joint ventures, including the subsequent integration of acquired businesses. These acquisitions and joint ventures have expanded our base business, provided our customers with a wider array of products and presented new alternatives for discovery through additional chemistries. In addition, we have pursued opportunities to divest businesses which do not fit our high priority business growth profile. Following is a summary of our significant acquisitions, joint ventures and divestitures during recent years.

On December 14, 2017, we signed a definitive agreement to sell the polyolefin catalysts and components portion of our PCS business to W.R. Grace & Co. for proceeds of approximately \$416 million in cash. The transaction includes Albemarle's Product Development Center located in Baton Rouge, Louisiana, and operations at our Yeosu, South Korea site. The sale does not include the organometallics or curatives portion of the PCS business. The sale of the polyolefin catalysts business and components reflects our commitment to investing in the future growth of our high priority businesses and returning capital to shareholders. On April 3, 2018 Albemarle announced the successful completion of the sale.



See the 10-K Annual Report for more information of earlier significant changes regarding size, structure and ownership. The 10-K Annual Report can be found via <http://investors.albemarle.com/financial-information/annual-reports>



# REPORT PARAMETERS

**POLICIE**

ENTRY PROFITS  
EXIT PROFITS

### **3.1 REPORTING PERIOD FOR INFORMATION PROVIDED / REPORTING CYCLE**

The reporting period for this information is the calendar year 2017. This is the twelfth publicly released Sustainability Report for Albemarle Corporation.

This report is released in 2018, based upon fiscal year (and calendar year) 2017 information unless otherwise noted in specific sections. Commencing as to calendar year 2007, Albemarle Corporation produces a Sustainability Report annually. See <https://www.albemarle.com/sustainability/sustainability-reports/resources>

### **3.2 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT OR CONTENTS**

Tosca Langereis, Sustainability Reporting Specialist.  
E-mail: [tosca.langereis@albemarle.com](mailto:tosca.langereis@albemarle.com)

### **3.3 POLICY AND CURRENT PRACTICE WITH REGARD TO SEEKING EXTERNAL ASSURANCE FOR THE REPORT**

This Sustainability Report is not subjected to a comprehensive external assurance process. Financial, safety and environmental information are subject to both national regulatory requirements as well as internal and external audit such as ISO 14001 and similar systems. This Sustainability Report contains a consolidation of this information.

## 4.1 GOVERNANCE STRUCTURE OF THE ORGANIZATION, INCLUDING COMMITTEES UNDER THE HIGHEST GOVERNANCE BODY RESPONSIBLE FOR SPECIFIC TASKS, SUCH AS SETTING STRATEGY OR ORGANIZATIONAL OVERSIGHT

### *Board of Directors*

Members of Albemarle Corporation's Board of Directors (the "Board of Directors" or the "Board") are elected annually by its shareholders to oversee management and to act in the best interests of Albemarle and its shareholders.

### *Ethical Business Principles*

All Albemarle employees, officers and directors understand the importance of and our commitment to conducting business with integrity. Our Board members are expected to set the standard for following the highest ethical conduct and sound business practices. The Audit & Finance Committee periodically reviews our Code of Business Conduct, as well as other related guiding policies. Management regularly reports to the Committee about implementation of and adherence to these guiding policies.

### *Board Composition*

Albemarle's Corporate Governance Guidelines provide that given Albemarle's size and the nature of its business, a Board consisting of 7 to 12 members is appropriate. New York Stock Exchange and U.S. Securities and Exchange Commission rules as well as our Corporate Governance Guidelines concerning the Board's composition require a majority of the directors to be independent. As of the date of the issuance of this Sustainability Report, the Board had 11 members, all independent except for our CEO. Of those 11 members: (i) 100% were over 50 years old; (ii) 18% (two directors) were female; and (iii) 27% (three directors) represented an ethnic minority.

In order for the Board to consider a director as "independent," the director must: (i) be free of any relationship that, applying New York Stock Exchange rules, would preclude a finding of independence and (ii) not have any material relationship (either directly or as a partner, shareholder or officer of an organization) with Albemarle or any of its affiliates or any executive officer of Albemarle or any of its affiliates. In evaluating the materiality of any such relationship,

the Board of Directors takes into consideration whether disclosure of the relationship would be required by the proxy rules under the Securities Exchange Act of 1934. If such disclosure is required, the Board must make a determination that the relationship is not material as a prerequisite to finding that the director is independent.

### *Board Committees*

As of the date of the issuance of this Sustainability Report, the Board maintains the following five standing Committees: Audit & Finance, Capital Investment, Executive Compensation, Nominating & Governance, and Health Safety & Environment. In addition, the Board of Directors maintains an Executive Committee, composed of two directors (Messrs. Nokes and Kissam), which did not meet during 2017. The Board determined that each of the members of the standing Committees are: (i) “independent” within the meaning of New York Stock Exchange listing standards and the independence standards of our Corporate Governance Guidelines; (ii) “non-employee directors” (within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934); and (iii) “outside directors” (within the meaning of Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended).

### *Responsibilities of the Board of Directors and Committees*

Our Corporate Governance Guidelines lists responsibilities for the full Board and its committees. For more information on our corporate governance practices, see our Corporate Governance Guidelines located on our website at <http://albemarle.com/investors/corporate-governance/corporate-governance-guidelines-2591.html>.

### *Chief Executive Officer and Other Executive Officer Succession*

The Corporate Governance Guidelines provide for succession planning sessions to be held annually at a regular Board meeting, with the succession planning meeting to focus on the development and succession of not only the Chief Executive Officer (in both ordinary course and emergency scenarios) but also the other senior executives.

For more information on our Chief Executive Officer and other executive officer succession, see our Corporate Governance Guidelines located on our website at <http://albemarle.com/investors/corporate-governance/corporate-governance-guidelines-2591.html>.

#### **4.2 INDICATE WHETHER THE CHAIR OF THE HIGHEST GOVERNANCE BODY IS ALSO THE EXECUTIVE OFFICER**

As of the date of the issuance of this report, Luther C. Kissam IV was the Company's Chairman, President, and Chief Executive Officer, while J. Kent Masters was the Company's Lead Independent Director.

#### **4.3 FOR COMPANIES THAT HAVE A UNITARY BOARD STRUCTURE, STATE THE NUMBER OF MEMBERS OF THE HIGHEST GOVERNANCE BODY THAT ARE INDEPENDENT AND / OR NON-EXECUTIVE MEMBERS**

As of the date of the issuance of this report, ten of the Company's eleven Board members were independent.

#### **4.4 MECHANISMS FOR SHAREHOLDERS AND EMPLOYEES TO PROVIDE RECOMMENDATION AND DIRECTION TO THE HIGHEST GOVERNANCE BODY**

Shareholders and employees may communicate with the Board by sending written correspondence to the Chair of the Nominating & Governance Committee c/o Albemarle Corporation, 4350 Congress Street, Suite 700, Charlotte, North Carolina 28209 or by email at [governance@albemarle.com](mailto:governance@albemarle.com). Communications regarding financial and accounting matters may also be sent directly to the Audit & Finance Committee at [audit\\_chair@albemarle.com](mailto:audit_chair@albemarle.com).

#### **4.5 LINKAGE BETWEEN COMPENSATION FOR MEMBERS OF THE HIGHEST GOVERNANCE BODY SENIOR MANAGERS, AND EXECUTIVES (INCLUDING DEPARTURE ARRANGEMENTS), AND THE ORGANIZATION'S PERFORMANCE (INCLUDING SOCIAL AND ENVIRONMENTAL PERFORMANCE)**

Approximately 50% of Board compensation and approximately 32% to 65% (depending upon the executive in question and the assumptions made) of senior executive total compensation is linked to the performance of Albemarle stock, which reflects company financial and non-financial performance over the long-term. Given that we are a specialty chemical company that must comply with or exceed certain environmental and safety standards to be able to operate and grow, we believe share price for companies like ours reflects non-financial factors such as our long-term track record around environmental stewardship and safety performance. Additionally, the annual cash incentive plan for our senior executives (comprising approximately 18% to 22% of their total compensation depending upon the executive in question and the assumptions made) is also performance-based, with environmental and safety performance included in the set of performance measures set each year by the Board.

#### **4.6 PROCESS FOR DETERMINING THE QUALIFICATIONS AND EXPERTISE OF THE MEMBERS OF THE HIGHEST GOVERNANCE BODY FOR GUIDING THE ORGANIZATION'S STRATEGY ON ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS**

The Nominating & Governance Committee assists the Board on all matters relating to the selection, qualification (including determinations of “independence”) and compensation of members of the Board, as well as matters relating to the duties of the members of the Board and the annual evaluation of the Board’s performance and processes. The Nominating & Governance Committee also assists the Board with oversight of corporate governance. Succession planning for the CEO and other senior executives is done by the full Board.

The Nominating & Governance Committee identifies Director candidates through recommendations made by members of the Board, management, shareholders and others, including professional search firms. The Board of Directors as a whole is constituted to be strong in its diversity and collective knowledge of a wide range of issues, including but not limited to

accounting and finance, management and leadership, vision and strategy, business operations, business judgment, crisis management, risk assessment, industry knowledge, corporate governance and global markets. The Nominating & Governance Committee reviews its effectiveness in balancing these considerations through ongoing consideration of Directors and nominees, as well as the Nominating & Governance Committee's annual self-evaluation process.

The Nominating & Governance Committee evaluates a candidate's qualifications to serve as a member of the Board based on the background and expertise of individual members as well as the background and expertise of the Board as a whole. The Nominating & Governance Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent Directors, the need for Audit & Finance Committee expertise and the evaluation of other prospective nominees.

### **4.7 PROCEDURES OF THE HIGHEST GOVERNANCE BODY FOR OVERSEEING THE ORGANIZATION'S IDENTIFICATION AND MANAGEMENT OF ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE, INCLUDING RELEVANT RISKS AND OPPORTUNITIES, AND ADHERENCE OR COMPLIANCE WITH INTERNATIONALLY AGREED STANDARDS, CODES OF CONDUCT AND PRINCIPLES**

To assist in its oversight responsibilities, the Board of Directors maintains the following five Committees comprised entirely of independent directors: Audit & Finance, Capital Investment, Executive Compensation, Nominating & Governance and Health Safety & Environment.

Additionally, management designed an Enterprise Risk Management ("ERM") process led by the Company's Chief Risk Officer, and managed by an ERM Committee with cross-functional representation by senior Company leaders worldwide. The ERM Committee identifies and assesses enterprise level risks and ensures there are processes in place to properly manage and/or mitigate those risks with the largest potential financial, reputational and/or health, safety or environmental impacts. The Chief Risk Officer (or other ERM Committee members) regularly reports to the Audit & Finance Committee, generally highlighting those risks identified as the most significant, reviewing the Company's methods of risk assessment and risk mitigation strategies and updating the Audit & Finance Committee on issues the ERM Committee identified



as possible emerging risks. The Audit & Finance Committee engages in regular periodic discussions with the Chief Risk Officer and other members of the ERM Committee, as appropriate.

The Audit & Finance Committee reports to the Board of Directors on, among other matters, risk oversight. The Board also engages in periodic discussions with the Chief Risk Officer and other members of the ERM Committee, as appropriate.

While the Audit & Finance Committee is responsible for, among other matters, general ERM, the full Board and each of the other standing Board Committees considers risks within its area of responsibility. The Board oversees corporate strategy, business development, capital structure, market exposure and country-specific risks. The Executive Compensation Committee considers human resource risks and potential risks relating to our employee (including executive) compensation programs. The Nominating & Governance Committee considers governance risks. The Health, Safety & Environment Committee considers the effectiveness of our health, safety and environmental protection programs and initiatives. The Health, Safety & Environment Committee also assists the Board with oversight of matters related to the enhancement of our global reputation, our corporate social responsibility and the stewardship and sustainability of our products. Each of the Committees regularly reports to the Board.

### **4.8 PROCESS FOR EVALUATING THE HIGHEST GOVERNANCE BODY'S OWN PERFORMANCE, PARTICULARLY WITH RESPECT TO ECONOMIC, ENVIRONMENTAL, AND SOCIAL PERFORMANCE**

The Nominating & Governance Committee coordinates an annual evaluation process by the directors of the Board's performance and procedures. This self-evaluation leads to a full Board discussion of the results.

The Lead Independent Director consults with each of the directors as part of the evaluation. The qualifications and performance of all Board members are reviewed in connection with their re-nomination to the Board.

The Nominating & Governance Committee, the Audit & Finance Committee, the Health, Safety & Environment Committee and the Executive Compensation Committee each conduct an annual self-evaluation of their performance and procedures, including the adequacy of their charters

and make recommendations, if any, to the Board as to proposed changes to their charter resulting from such review

### **4.9 EXPLANATION OF WHETHER AND HOW THE PRECAUTIONARY APPROACH OR PRINCIPLE IS ADDRESSED BY THE ORGANIZATION**

Albemarle actively implements numerous procedures and programs, which use the precautionary approach or principle. Through the careful and scientific testing and development of our products we strive to ensure our products are safe for both humans and the wider environment. We spend considerable resources in ensuring our compliance with both the letter and spirit of chemicals management and other relevant legislation/regulation, many of which are based upon the precautionary principle. Examples of such procedures and programs include:

- Whistleblower policy
- Code of Conduct
- Responsible Care® 14001 ( RC14001®)
- Sustainable Development policy
- Community involvement (Natural disaster relief as an example)
- VECAP™ (Voluntary Emissions Control Action Program), see for more details section EN-12.

### **4.10 LIST OF EXTERNALLY DEVELOPED ECONOMIC, ENVIRONMENTAL AND SOCIAL CHARTERS, PRINCIPLES OR OTHER INITIATIVES TO WHICH THE ORGANIZATION SUBSCRIBES OR WHICH IT ENDORSES**

Albemarle has adopted a Health, Safety & Environmental Policy (the “HSE Policy”). The HSE Policy covers topics such as governance, safety stewardship, social responsibility, green chemistry principles, product safety and environmental obligations, people, and financial performance. The HSE Policy states that Albemarle aims to share information and implement best practices through collaboration across our organization, and to encourage its employees to perform at their highest potential, empowering them to prevent accidents or incidents before they happen through the creation of a safety-first culture. The HSE Policy provides that Albemarle will

strive for continuous improvement in environmental performance and will measure its performance against its top performing peers. It endeavors that all of its employees (from business development to line management) will reduce emissions caused by company operations by optimizing raw material, energy and water usage. Albemarle considers product safety and the environmental impact of its products throughout the entire life cycle, including inception, design, development, manufacture, storage, transportation, distribution, marketing, use and disposal. The HSE Policy empowers employees to elevate issues to the appropriate level to ensure proper focus and resources are provided in the event they anticipate or must respond to any issue and (if necessary) to discontinue operations in order to take corrective actions and improve conditions before they lead to incidents. The goal is for no-one to undertake a task unless it can be done in a safe and environmentally responsible manner. Albemarle has posted the HSE Policy to its website at <https://www.albemarle.com/sustainability/safety>

Following is a list of principles and initiatives that Albemarle has endorsed or adopted:

Principle / Initiative	Date of adoption	Countries	Stakeholders involved in development and governance	Voluntary/ Mandatory
ACC and Responsible Care®	1988	United States	American Chemistry Council and member companies	Voluntary
VECAP™	2006	EU, U.S., Japan, China, South Korea	Albemarle Corporation and other brominated flame retardant companies	Voluntary
ISO 9001, ISO 9002 and ISO 14001	Varies by facility	U.S., UK, Jordan, China, Austria, Germany, Netherlands	International Organization for Standardization and is administered by accreditation and certification bodies	Voluntary
Responsible Care® 14001 (RC14001®)	2005	United States	American Chemistry Council and member companies	Voluntary
Energy Star® Partner	2014	United States	U.S. Environmental Protection Agency (EPA)	Voluntary

**4.11 MEMBERSHIPS IN ASSOCIATIONS (SUCH AS INDUSTRY ASSOCIATIONS) AND/OR NATIONAL/INTERNATIONAL ADVOCACY ORGANIZATIONS IN WHICH THE ORGANIZATION: \* HAS POSITIONS IN GOVERNANCE BODIES; \* PARTICIPATES IN PROJECTS OR COMMITTEES; \* PROVIDES SUBSTANTIVE FUNDING BEYOND ROUTINE MEMBERSHIP DUES; OR \* VIEWS MEMBERSHIP AS STRATEGIC**

Active Pharmaceutical Ingredients Committee (APIC)	Aluminum Association
the Advanced Rechargeable & Lithium Batteries Organization (Recharge)	American Board of Industrial Hygiene (ABIH)
the American Chamber of Commerce to Asia (AmCham Asia)	American Chamber of Commerce in Belgium (AmCham Belgium)
American-China Chamber of Commerce (AmCham China)	the American Chamber of Commerce to the European Union (AmCham EU)
American Chemistry Council (ACC)	American Chemical Society (ACS)
American Fuel and Petrochemical Manufacturers (AFPM)	American Industrial Hygiene Association (AIHA)
Amsterdam, Netherlands Region Business Association (ORAM)	Arbeitgeberverband Chemie-Nord
Arkansas Environmental Federation	Arkansas State Chamber Of Commerce and AIA (Associated Industries Of Arkansas)
Association of Chemical Industry of Texas (ACIT)	Association Connecting Electronics Industries (IPC)
Association of the Dutch Chemical Industry (VNCI)	Association of the German Chemical Industry (VCI)
Belgian federation for the chemical industry and life sciences (ESSENSCIA)	Blair Chamber of Commerce Safety Committee
Blair County Local Emergency Planning Committee (LEPC)	Board of Certified Safety Professionals (BCSP)
Bulk Pharmaceutical Task Force (BPTF)	Bromaid China
Bromaid Europe	European Chemical Industry Council (CEFIC)
Bromine Science and Environmental Forum (BSEF)	Berufsgenossenschaft Rohstoffe und chemische Industrie ( BG RCI )
Center for Chemical Process Safety	Channel Industries Mutual Aid (CIMA)

China Flame Retardant Society (CFRS)	China Plastics Processing Industry Association (CPPIA)
China RoHS Working Group	Comité électronique Belge
Corporate Responsibility Association (CRA) - now 3BL Association	the Confederation of Netherlands Industry and Employers (VNO-NCW)
Drug, Chemical and Associated Technologies (DCAT)	Dutch Association for Energy, Environment and Water (VEMW)
E4 Carolinas	European Catalyst Manufacturers Association (ECMA)
European Centre for Ecotoxicology and Toxicology of Chemicals (ECETOC)	European Flame Retardants Association (EFRA)
the European non-ferrous metals industry trade association (Eurometaux )	East Harris County Manufacturers Association (EHCMA)
Explosion Research Cooperative	Flame Retardant Chemical Association of Japan
Forum Elektromobilität	General employers' association (AWVN)
Greater Baton Rouge Industrial Alliance (GBRIA)	Groupement Technique Français contre l'Incendie (GTFI)
Hungarian Chemicals trade association (MAVESZ)	Houston Regional Monitoring
Institute for Clean Air Companies (ICAC)	International Antimony Association (I2A)
International Molybdenum Association	International Society of Pharmaceutical Engineers
La Porte Citizens Advisory Council	La Porte Local Emergency Planning Committee (LEPC)
Louisiana Chemical Association (LCA)	Magnolia Economic Development Commission
Manufacturers Alliance for Productivity and Innovation (MAPI)	North American Flame Retardant Alliance (NAFRA)
North Carolina Sustainable Energy Association	Pennsylvania Chemical Industry Council (PCIC)
Portable Battery Recycle Association (PBRA)	Texas Chemical Council
Texas Industry project	Wildlife Habitat Council

## 4.12 LIST OF STAKEHOLDER GROUPS ENGAGED BY THE ORGANIZATION

As with any large and growing corporation, Albemarle has a range of stakeholder groups with which it engages and a range of issues. Stakeholder groups identified and engaged by Albemarle:

- Customers
- Shareholders
- Employees
- Retirees
- Communities in which we operate - e.g. via the Albemarle Foundation and the Albemarle Care Fund. <https://www.albemarle.com/about/philanthropy/albemarle-care-fund>
- Consumers
- Suppliers
- NGO's - Albemarle seeks to engage with global, regional and national NGO's on a range of environmental, health and social issues. We try to explain the benefits of our products and show how we seek to reduce any negative impacts from our production processes. NGO's can also play a role in a number of legislative and regulatory processes in which we engage.
- Industry & Trade Associations - Albemarle is a member of over 120 Trade Associations across the Globe. We join these Associations for a number of reasons from information purposes to active advocacy through the Association. We have identified a limited number of 'key' advocacy Associations where we spend most our energies. We typically serve on the Board of these bodies and use them to influence legislation or regulation of interest to Albemarle.
- Media
- Investment groups
- Governments and regulators - Albemarle engages with Governments and Regulators to defend our interests and promote those policies which are socially responsible and beneficial to the company.

#### 4.13 BASIS FOR IDENTIFICATION AND SELECTION OF STAKEHOLDERS WITH WHOM TO ENGAGE

Engagement with identified stakeholders is imperative to business success. We work to select stakeholders that:

- Are impacted by the decisions that Albemarle makes
- Impact Albemarle by decisions that they make

By using this focus for engagement, the involved parties are:

- Users of our products and their supply chain (customers and suppliers)
- Those who are impacted directly and indirectly by our choices (employees, retirees, communities in which we operate, etc.)
- Those who choose to invest in our company (shareholders, investment groups, etc.)
- Experts and stakeholders in the areas we operate (Industry and Trade Associations, Governments and regulators, NGO's)
- Downstream users and spokespersons (consumers, media.)

#### 4.14 APPROACHES TO STAKEHOLDER ENGAGEMENT, INCLUDING FREQUENCY OF ENGAGEMENT BY TYPE AND STAKEHOLDER GROUP

Albemarle regularly engages each of our stakeholders in order to maintain strong relationships with them, share information and gather feedback. Depending on the stakeholder group, the method and frequency of engagement varies.

##### *Employees*

Albemarle regularly communicates company initiatives, news, goals and performance to employees through our Intranet, our website, quarterly employee townhall meetings, written memos and face-to-face meetings. The Intranet and website are maintained daily. Written memos are sent as needed, but at least quarterly. Performance updates and townhall meetings with managers are made at least quarterly. In addition, in 2007 Albemarle formed the Albemarle Foundation, a 501(c) (3) nonprofit organization aimed at energizing employee donations of time,

resources and money to community-based initiatives. Employees serve on an advisory board in each location where they oversee the Foundation's activities in that region, and employees vote on where monies are to be distributed. The Albemarle Care Fund is a global non-profit organization designed to enable employees and retirees around the world to directly help one another. The Care Fund provides funds to assist those who experience financial hardship due to a natural disaster, life-threatening illness or injury, death or other catastrophic circumstance beyond the employee's control.

### *Communities in which we operate*

Each site continues to develop strong relationships by donating funds and time toward community initiatives focused on the areas of education, environmental sustainability and charitable contributions. The Albemarle Foundation direct these employee efforts. Since its inception, donations of time and money have increased each year, and the footprint of the Foundation now covers each community in the U.S. where we operate. Albemarle provides both paid and unpaid employee volunteer services, as well as retiree employee volunteer services. We open our gates at times to give area citizens insight into our facilities and operations. We provide technical assistance by joining forces to protect communities and loan talent by mentoring with real-life role models to a variety of community organizations. Albemarle provides in-kind gifts in a variety of ways, such as donating 100% of materials for different Habitat for Humanity projects.

In addition, many of our US sites conduct Community Advisory Panels (CAPs) under the Responsible Care Management System, where site leaders and employees meet regularly with members of the community. The meetings are geared toward keeping the community informed of our operations, our performance and important initiatives as well as gathering feedback and suggestions from the local community members.





*The Pasadena plant is involved in Mentoring “at-risk” 7<sup>th</sup> and 8<sup>th</sup> graders at a local middle school (Jackson Intermediate). This involves routine mentoring and various presentations exposing the students career options, life skills and educational topics at the school, held over lunch with pizza and snacks. Employees at all levels (craftsman, operators, engineers, HR, finance and others) volunteer their time to support the monthly activities during the school year and mentor the students. The relationship between Albemarle Pasadena Plant and Jackson Intermediate School dates back over 20 years.*

### *Shareholders and Investment Groups*

The company holds quarterly earnings calls that are open to the public. Main participants are employees, shareholders, investment groups and analysts. During the calls, senior leaders report on the company’s financial performance and major strategic initiatives. The calls further increase our visibility and transparency.

### *Media Regulators, Customers and Suppliers*

In addition to quarterly earnings calls that are open to all groups, Albemarle staff host regular communications via phone, email or meetings with government and regulators worldwide to help ensure that Albemarle is focusing on the most significant regulatory concerns and the compliance of its products.

Monthly interaction happens via phone or meetings with customers and suppliers to discuss issues of concern (supply/demand issues, methods to reduce product emissions, regulatory

issues, etc.). We work with Industry and Trade Associations on a regular basis (at least every month) to understand the needs and issues of their membership. Albemarle interacts with NGO's at various meetings on a regularly basis to try to better understand their areas of concern and focus.

In addition, Albemarle routinely distributes press releases that are geared toward trade media, customers, regulators and/or suppliers. These news releases report on strategic initiatives, pricing and significant news within the company.

We work to select particular groups to interact with that have specific needs, concerns, and solutions. Ongoing dialog and communication with these groups provide insight into what we can do to enhance our focus and improve our processes throughout the organization.

### **4.15 KEY TOPICS AND CONCERNS THAT HAVE BEEN RAISED THROUGH STAKEHOLDER ENGAGEMENT, AND HOW THE ORGANIZATION HAS RESPONDED TO THOSE KEY TOPICS AND CONCERNS, INCLUDING THROUGH ITS REPORTING**

Our advocacy efforts are focused on building, sustaining and defending our processes, products and the communities in which we operate. A primary focus is towards defending the science upon which our chemistry solutions are based as well as promoting sustainable solutions to global challenges. In addition, we are also protecting our customers' businesses and advocating for clean energy sources for the world and communities in which we operate. Examples of some of our primary areas of focus in 2017 are:

Continuing the development and promotion of advanced solutions for industries with mercury control challenges: Through developing and promoting the use of our mercury control technologies, we not only help customers solve challenges with regulatory compliance, we also promote environmentally friendly solutions in response to concerns from our community members and global stakeholders.

Support of increased fire safety standards with industry organizations and national regulatory bodies. Advocacy and support of our bromine-based flame retardants

Implementation of the Lautenberg Chemical Safety Act (LCSA) a new chemical regulatory framework to replace Toxic Substances Control Act (TSCA) in the United States.

Albemarle advocates the use of science-based chemical legislative and regulatory processes in preference to product specific legislation. Through our advocacy efforts and our community relations efforts, we seek to not only gather feedback from multiple stakeholder groups, but we also seek to educate these stakeholders (government agencies, regulators, community members) on the merits of our science-based solutions and the positive impacts they have on the world in which we live and operate.

However, societal concerns raised by multiple stakeholders about certain chemicals is of particular concern to Albemarle. We have phased-out and replaced the flame retardants HBCD and DECA-BDE with new and safer alternatives. We continue to develop new flame retardant chemistries that, in addition to meeting economic and performance requirements, seek to be non-toxic, non-bioaccumulative, and facilitate recycling.

Albemarle is dedicated to the principles of Green Chemistry and Green Engineering, which is in line with discussions with multiple stakeholders (customers, consumers, NGO's, Government and Regulators, and media). We collaborate with the Green Chemistry Institute of the American Chemical Society and work to implement green metrics in our R&D organization, participate in chemical industry roundtable discussions and have experts in Green Chemistry speak at various internal meetings and workshops.

#### **4.16 ORGANIZATION'S VALUES, PRICIPLES, STANDARDS AND NORMS OF BEHAVIOR SUCH AS CODES OF CONDUCT AND CODES OF ETHICS / INTERNAL AND EXTERNAL MECHANISMS FOR SEEKING ADVICE ON ETHICAL AND LAWFUL BEHAVIOR, AND MATTERS RELATED TO ORGANIZATIONAL INTEGRITY, SUCH AS HELP- OR ADVICE LINES / INTERNAL OR EXTERNAL MECHANISMS FOR REPORTING CONCERNS ABOUT UNETHICAL OR UNLAWFUL BEHAVIOR AND MATTERS OF INTEGRITY**

##### *Our Approach*

Albemarle is committed to doing what is right. By conducting business with integrity, Albemarle fosters and sustains a culture where ethical business practices and compliance with applicable

laws, regulations and company policies are the expected and normal course of conduct for Albemarle personnel.

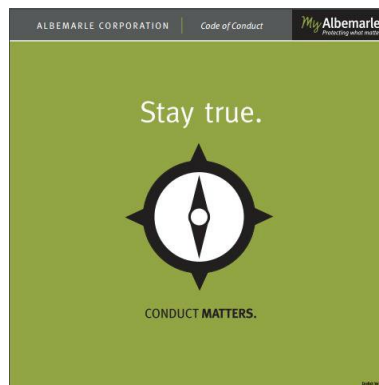
### *Core Values*

In 2017, Albemarle leadership began drafting its Core Values, which further frame how Albemarle conducts business. The Core Values were released in February 2018 and are:

- 1) Care: We value safety and the well-being of each other. We help make our communities better. We are stewards of the environment.
- 2) Curiosity: We encourage questions and wonder. We seek continuous learning, improvement and innovation.
- 3) Courage: We are comfortable being vulnerable. We are willing to take informed and shared risks, but not shortcuts.
- 4) Collaboration: We believe two are better than one when two act as one. We are empowered to perform our jobs and are accountable for the result.
- 5) Humility: We share the credit and value the ideas of others - it's not about me. We value diversity of thoughts, experiences and cultures.
- 6) Integrity and Transparency: We are our word. We do what we say. We communicate and act transparently. What you see is what you get.

Through a series of communications, and leader-led events, the Core Values will be socialized throughout the corporation during 2018, and further embedded within our policies, procedures and systems into 2019.

### *Code of Conduct*



The Albemarle Corporation Code of Conduct (the “Code”), supporting our Core Value of Integrity, provides an overview of our expectations and standards for ethical behavior and compliance. Acting in accordance with the Code is a condition of employment and all Albemarle personnel are required to complete annual Code training.

The Code is managed by the Chief Compliance Officer, and is approved by the Board of Directors. The latest version of the Code was approved by the Board in May 2018. The Audit & Finance Committee is responsible for overseeing the adequacy of the Code of Conduct and obtaining confirmation from our senior management that the Code of Conduct and related policies are understood and implemented.

### *Reporting Suspected Violations of the Code of Conduct*

Employees, and third parties, are encouraged to speak up when they see activity that is contrary to our Core Values or local laws. Albemarle Corporation provides several channels by which employees and third parties can report suspected violations of the Code:

- (1) to an employee’s manager;
- (2) to HR, Legal or Compliance;
- (3) to the Chief Compliance Officer directly;
- (4) via the Integrity Helpline, a global toll-free telephone call hotline and internet site, managed by an independent third-party provider in multiple languages.

Albemarle does not tolerate any form of retaliation against anyone who raises a concern or participates in an investigation.

An alert for each Helpline notice goes directly to the Chief Compliance Officer and the General Counsel. Promptly after receiving a Helpline report, the Chief Compliance Officer, in consultation as appropriate with the General Counsel, determines the steps to be taken. If an investigation is appropriate, the investigation will be conducted using the procedure outlined in the Incident Reporting and Investigation Procedures (the “Procedures”). The Procedures provide guidelines for each step of the reporting and investigation process, including classification of the issue(s); assignment of a case number; selection of the investigation team; hiring of external resources; notification, investigation timing, reporting and investigation report content; and corrective actions. Helpline activity is monitored by and regularly reported to the Audit & Finance Committee of the Board of Directors.

### *Anti-Corruption Compliance*

Albemarle is committed to playing a significant role in the global fight against corruption. The Code requires strict adherence to global anti-corruption and anti-bribery laws in jurisdictions in which Albemarle operates. Additionally, Albemarle has an Anti-Corruption and Anti-Bribery Policy that details what is required of its personnel and representatives. Any Albemarle personnel that fail to comply with relevant anti-corruption and anti-bribery laws may face civil and criminal penalties as well as disciplinary action, up to and including termination.

### *Other Compliance Policies*

In addition to the processes described above, Albemarle maintains policies relating to antitrust, charitable donations, data privacy, insider trading, political donations and travel, gifts & entertainment.

### *Related Person Transaction Policy*

The Board of Directors has adopted a written Related Person Transaction Policy (the “RPT Policy”) that governs the review and approval of covered Related Person Transactions. The Audit & Finance Committee of the Board of Directors manages the RPT Policy. The RPT Policy general provides that we may enter into a Related Person Transaction only if the Audit & Finance Committee or the disinterested members of the Board of Directors approve the transaction in advance, such approval to include a determination in good faith that the transaction is in, or not inconsistent with, the best interests of the Company and its shareholders in accordance with the guidelines set forth in the RPT Policy and that the transaction is on terms at least as favorable to Albemarle as those that could be obtained in arm’s length dealings with an unrelated third party.

The Board of Directors has determined that the Audit & Finance Committee is best suited to review and approve Related Person Transactions. Accordingly, in the event Albemarle determines to enter into a Related Person Transaction, such transaction shall be presented to the Audit & Finance Committee for approval consistent with the standard set forth in the RPT Policy. Alternatively, the disinterested members of the Board of Directors may elect to determine whether to approve the transaction consistent with the same standard.

Any potential Related Person Transactions brought to the Company's attention will be reviewed by the Company's Law Department, in consultation with management, to determine whether the transaction or relationship does, in fact, constitute a transaction requiring compliance with this policy.

After review, the Audit & Finance Committee shall approve or disapprove each Related Person Transaction and at each subsequently scheduled meeting of the Audit & Finance Committee, management shall update the Audit & Finance Committee as to any material change to all approved Transactions. In those instances in which the General Counsel, in consultation with the Chief Executive Officer or the Chief Financial Officer, determines that it is not practicable or desirable for the Company to wait until the next Audit & Finance Committee meeting, the Chair of the Audit & Finance Committee will possess delegated authority to act on behalf of the Audit & Finance Committee. The Audit & Finance Committee (or its Chair) shall report all reviewed Related Person Transactions and its (or his) determination with respect to such Related Person Transactions to the Board of Directors at its next regularly scheduled meeting.

The Audit & Finance Committee has reviewed the types of Related Person Transactions described below and determined that each shall be deemed to be pre-approved by the Committee:

1. Employment and compensation of executive officers. Any employment by the Company of an executive officer of the Company if:
  - a. the related compensation is required to be reported in the Company's proxy statement under Item 402 of the Securities and Exchange Commission's (the "SEC's") compensation disclosure requirements (generally applicable to "named executive officers"); or
  - b. the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements if the executive officer was a "named executive officer", and the Executive Compensation Committee approved (or recommended that the Board approve) such compensation.
2. Director compensation. Any compensation paid to a director if the compensation is required to be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements and is approved by the Company's Nominating and Governance Committee;

3. Transactions where all shareholders receive proportional benefits. Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g. dividends).

For the purposes of the RPT Policy, a "Related Person Transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$120,000 and in which any Related Person had, has or will have a direct or indirect interest. For purposes of determining whether a transaction is a Related Person Transaction, the Company, the Board of Directors and the Audit & Finance Committee may rely upon Item 404 of Regulation S-K, promulgated under the Securities Exchange Act of 1934, as amended.

A "related person" is any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company; any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities; any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

The Audit & Finance Committee was not presented with, and Albemarle did not participate in, any Related Person Transactions in 2017.

### *Corporate Governance Guidelines*

The Board of Directors has adopted the Albemarle Corporation Corporate Governance Guidelines (the "Guidelines"), which provide for the review by the Nomination & Governance Committee (and approval by the Board of Directors) of any requests by the CEO to serve as a director on another public company's board. In no event shall the CEO serve on more than three public company boards of directors including serving as a director of Albemarle. The Nominating &



Governance Committee must be notified of the intention of directors, the CEO and other executive officers to serve on another public company board of directors, following which the Nominating & Governance Committee must review the possibility for conflicts of interest and time constraints and the Board will approve the request to serve on another public company board of directors. The Guidelines also provide that no director of Albemarle may serve as a director of more than four other public companies, and any Albemarle director who is employed as chief executive officer of a publicly traded company may not serve as a director of more than three other public companies (including serving as a director of Albemarle and on his or her own board of the company and on his or her own board of directors). The Guidelines provide that current positions in excess of these limits may be maintained unless the Board determines that doing so would impair the director's service on the Board. The Guidelines state that a member of the Audit & Finance Committee should serve on no more than three public company audit committees unless the Board has determined that such simultaneous service will not impair such member's ability to effectively serve on such committee. The Guidelines also require each director to notify the Chair of the Nominating & Governance Committee of any conflicts or potential conflicts of interest.

## Business Report

# ECONOMIC



- Factory 1
- Factory 2
- Factory 3
- Factory 4

## DISCLOSURE OF MANAGEMENT APPROACH (DMA) - ECONOMIC

Albemarle is a leading global developer, manufacturer and marketer of highly-engineered specialty chemicals that are designed to meet our customers' needs across a diverse range of end markets. The end markets we serve include energy storage, petroleum refining, consumer electronics, construction, automotive, lubricants, pharmaceuticals, crop protection and custom chemistry services. We believe that our commercial and geographic diversity, technical expertise, innovative capability, flexible, low-cost global manufacturing base, experienced management team and strategic focus on our core base technologies will enable us to maintain leading market positions in those areas of the specialty chemicals industry in which we operate.

Secular trends favorably impacting demand within the end markets that we serve combined with our diverse product portfolio, broad geographic presence and customer-focused solutions will continue to be key drivers of our future growth. We continue to build upon our existing green solutions portfolio and our ongoing mission to provide innovative, yet commercially viable, clean energy products and services to the marketplace. We believe our disciplined cost reduction efforts and ongoing productivity improvements, among other factors, position us well to take advantage of strengthening economic conditions as they occur, while softening the negative impact of the current challenging global economic environment.



Scott Tozier, Executive Vice President & Chief Financial Officer

## EC-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

## CONSOLIDATED BALANCE SHEET

(In Thousands)	
December 31,	<b>2017</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,137,303
Trade accounts receivable, less allowance for doubtful accounts	534,326
Other accounts receivable	37,937
Inventories	592,781
Other current assets	136,064
Assets held for sale	39,152
Total current assets	2,477,563
Property, plant and equipment, at cost	4,124,335
Less accumulated depreciation and amortization	1,631,025
Net property, plant and equipment	2,493,310
Investments	534,064
Noncurrent assets held for sale	139,813
Other assets	74,164
Goodwill	1,610,355
Other intangibles, net of amortization	421,503
Total assets	\$ 7,750,772
<b>Liabilities and Equity</b>	
Current liabilities:	
Accounts payable	\$ 418,537
Accrued expenses	268,336
Current portion of long-term debt	422,012
Dividends payable	35,165
Liabilities held for sale	1,938
Income taxes payable	54,937
Total current liabilities	1,200,925
Long-term debt	1,415,360
Post retirement benefits	52,003
Pension benefits	294,611
Noncurrent liabilities held for sale	614
Other noncurrent liabilities	599,174
Deferred income taxes	370,389

<b>Equity:</b>	
Albemarle Corporation shareholders' equity:	
Common stock, \$.01 par value	1,105
Additional paid-in capital	1,863,949
Accumulated other comprehensive loss	(225,668)
Retained earnings	2,035,163
Total Albemarle Corporation shareholders' equity	3,674,549
Non controlling interests	143,147
Total equity	3,817,696
Total liabilities and equity	\$ 7,750,772

The accompanying notes to the consolidated financial statements, can be found in our Annual report on Form 10-K for the fiscal year ended December 31, 2017, filed with the U.S. Securities and Exchange Commission on February 27, 2018; this report may be found via <http://investors.albemarle.com/financial-information/annual-reports>

## EC-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES FOR THE ORGANIZATION'S ACTIVITIES DUE TO CLIMATE CHANGE

Growing concerns about climate change may result in the imposition of additional regulations or restrictions to which we may become subject. Climate changes include changes in rainfall and in storm patterns and intensities, water shortages, significantly changing sea levels and increasing atmospheric and water temperatures, among others. For example, there have been concerns regarding the declining water level of the Dead Sea, from which our joint venture, JBC, produces bromine. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to climate change, including regulating greenhouse gas emissions. Potentially, additional U.S. federal regulation will be forthcoming with respect to greenhouse gas emissions (including carbon dioxide) and/or "cap and trade" legislation that could impact our operations. In addition, we have operations in the European Union, Brazil, China, Japan, Jordan, Saudi Arabia, Singapore and the United Arab Emirates, which have implemented measures to achieve objectives under the Kyoto Protocol, an international agreement linked to

the United Nations Framework Convention on Climate Change (“UNFCCC”), which set binding targets for reducing greenhouse gas emissions.

The outcome of new legislation or regulation in the U.S. and other jurisdictions in which we operate may result in new or additional requirements, additional charges to fund energy efficiency activities, and fees or restrictions on certain activities. While certain climate change initiatives may result in new business opportunities for us in the area of alternative fuel technologies and emissions control, compliance with these initiatives may also result in additional costs to us, including, among other things, increased production costs, additional taxes, reduced emission allowances or additional restrictions on production or operations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Even without such regulation, increased public awareness and adverse publicity about potential impacts on climate change emanating from us or our industry could harm us. We may not be able to recover the cost of compliance with new or more stringent laws and regulations, which could adversely affect our business and negatively impact our growth. Furthermore, the potential impact of climate change and related regulation on our customers is highly uncertain and there can be no assurance that it will not have an adverse effect on our financial condition and results of operations.

### **EC-3 COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS**

The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans, as well as a summary of significant assumptions for our pension benefit plans:

In thousands unless otherwise noted:

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	U.S. Plans	Foreign Plans	Aggregate	U.S. Plans	Foreign Plans	Aggregate
<b>Change in benefit obligations:</b>						
Benefit obligation at January 1	\$ 665,688	\$ 246,280	\$ 911,968	\$ 682,839	\$ 245,747	\$ 928,586
Service cost	985	2,547	3,532	1,028	3,133	4,161
Interest cost	28,614	5,128	33,742	30,514	6,570	37,084
Actuarial loss	30,539	2,783	33,322	7,357	28,083	35,440
Benefits paid	(39,863)	(9,524)	(49,387)	(56,050)	(9,793)	(65,843)
Divestitures			—	—	(6,372)	(6,372)
Employee contributions		215	215	—	245	245
Foreign exchange loss (gain)		30,711	30,711	—	(21,724)	(21,724)
Settlements/ curtailments		(3,065)	(3,065)	—	(427)	(427)
Other		(69)	(69)	—	818	818
Benefit obligation at December 31	\$ 685,963	\$ 275,006	\$ 960,969	\$ 665,688	\$ 246,280	\$ 911,968

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	U.S. Plans	Foreign Plans	Aggregate	U.S. Plans	Foreign Plans	Aggregate
<b>Change in plan assets:</b>						
Fair value of plan assets at January 1	\$ 538,082	\$ 68,875	\$ 606,957	\$ 555,084	\$ 64,911	\$ 619,995
Actual return on plan assets	80,613	6,260	86,873	37,725	12,534	50,259
Employer contributions	1,564	9,316	10,880	1,323	10,911	12,234
Benefits paid	\$ (39,863)	\$ (9,524)	\$ (49,387)	\$ (56,050)	\$ (9,793)	\$ (65,843)
Employee contributions		215	215	—	245	245
Foreign exchange gain (loss)		7,470	7,470	—	(10,492)	(10,492)
Settlements/ curtailments		(3,065)	(3,065)	—	—	—
Other		(69)	(69)	—	559	559
Fair value of plan assets at December 31	\$ 580,396	\$ 79,478	\$ 659,874	\$ 538,082	\$ 68,875	\$ 606,957
Funded status at December 31	\$ (105,567)	\$ (195,528)	\$ (301,095)	\$ (127,606)	\$ (177,405)	\$ (305,011)
Actual return on plan assets %	14.98%	9.09%	14.31%	6.8%	19.31%	8.11%

**EC-4 SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT**

<b>Program- /Project name</b>	<b>Funding received from</b>	<b>Funding for Albemarle</b>
WBSO (tax incentive for R&D hours and R&D investments)	Netherlands Government	\$807,663
Subsidy Indirect emission costs ETS	Netherlands Government	\$205,342

Exchange rate: 1 Euro = \$ 1.23700 (April 16, 2018)



## EC-5 RATIOS OF STANDARD ENTRY LEVEL WAGE COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION

Per December 31, 2017

Significant Location(s)	Name(s)	Lowest Level Wage	Minimum Wage	Ratio Entry-level Wage to Minimum Wage
<b>Americas- USA</b>				
Arkansas	Magnolia West Plant	\$22.09/hour	\$8.50/hour	2.60:1
Arkansas	Magnolia South Plant	\$18.58/hour	\$8.50/hour	2.19:1
Louisiana	Baton Rouge Process Development Center	\$20.78/hour	\$7.25/hour	2.87:1
Louisiana	Baton Rouge Tower	\$17.00/hour	\$7.25/hour	2.34:1
Michigan	South Haven Plant	\$20.46/hour	\$8.90/hour	2.30:1
Nevada	Silver Peak	\$22.85/hour	\$8.25/hour	2.77:1
North Carolina	Charlotte Corporate Office	\$24.00/hour	\$7.25/hour	3.31:1
North Carolina	Kings Mountain-Charlotte Office Extension	\$23.00/hour	\$7.25/hour	3.17:1
North Carolina	Kings Mountain	\$17.14/hour	\$7.25/hour	2.36:1
Ohio	Twinsburg	\$22.71/hour	\$8.15/hour	2.79:1
Pennsylvania	Tyrone Plant	\$19.39/hour	\$7.25/hour	2.67:1
Tennessee	New Johnsonville	\$31.99/hour	\$7.25/hour	4.41:1
Texas	Bayport Plant	\$22.00/hour	\$7.25/hour	3.03:1
Texas	Clear Lake Office	\$23.78/hour	\$7.25/hour	3.28:1
Texas	Pasadena Plant	\$23.00/hour	\$7.25/hour	3.17:1
<b>Americas- Chile</b>				
Chile	Antofagasta	CLP \$639,440 / month	CLP \$270,000 / month	2.37:1
Chile	Salar de Atacama	CLP \$549,570 / month	CLP \$270,000 / month	2.04:1

Chile	Santiago	CLP \$523,702 / month	CLP \$270,000 / month	1.94:1
<b>Europe, Middle East and Africa</b>				
Amsterdam, Netherlands	Amsterdam	€2,293/mo	€1,578/mo	1.43:1
Albemarle Germany, Germany	Frankfurt, Langelshiem	€2539,00/mo	€1.442,00/mo	1.76:1
Budapest Hungary	Budapest	278025HUF/mo	161000HUF/mo	1.73:1
JBC (Jordan Bromine Company Ltd., 50% joint venture)	Jordan	601 JD /MO	220 JD /MO	2.73:1
Louvain-la-Neuve Belgium	LLN	€2,646.11/mo	€1,762.70/mo	1.50:1
<b>Asia Pacific</b>				
Beijing, China	Beijing Office	14,427 CNY/mo	2,000 CNY/mo	7.21:1
Dalian, China	Dalian Office	4,200 CNY/mo	1,530 CNY/mo	2.75:1
Shanghai, China	Shanghai Office	7,762 CNY/mo	2,420 CNY/mo	3.21:1
Meishan (Chengdu), China	Meishan Plant	2,853 CNY/mo	1,380 CNY/mo	2.07:1
Xinyu, China	Xinyu Plant	2,830 CNY/mo	1,340 CNY/mo	2.11:1
Singapore	Singapore Office	5,718 SGD/mo	n/a	n/a
Tokyo, Japan	Tokyo Office	2,638 JPY/hr	958 JPY/hr	2.75:1
Seoul, South Korea	Seoul Office	3,227,600 KRW/mo	1,352,230 KRW/mo	2.39:1
Yeosu, South Korea	Yeosu Plant	2,651,600 KRW/mo	1,352,230 KRW/mo	1.96:1
Taiwan	Chang Hua Plant	34,020 TWD/mo	21,009 TWD/mo	1.62:1

## EC-6 PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION

Albemarle does not have a global policy for granting preference to local residents when hiring in significant locations of operations. Local means: In the neighborhood of the location. As part of standard business practice, we review qualified candidates in local markets as well as outer markets to select the best candidates for positions.

Significant Location(s)		
<b>Americas - USA</b>		
Arkansas	Magnolia Plants	33%
Louisiana	BRT - Baton Rouge Tower	0%
Louisiana	PDC- Baton Rouge Process Development Center	50%
Michigan	South Haven Plant	36%
Nevada	Silver Peak	70%
North Carolina	Charlotte - Corporate Head Quarters	20%
North Carolina	Kings Mountain	45%
Ohio	Twinsburg	100%
Pennsylvania	Tyrone Plant	45%
Tennessee	New Johnsonville	50%
Texas	Bayport Plant	36%
Texas	Clear Lake Office	0%
Texas	Pasadena Plant	15%
<b>Americas, Chile</b>		
Antofagasta	La Negra	38%
Salar de Atacama	El Salar	100%
Santiago	Santiago	78%
<b>Europe, Middle East and Africa</b>		
Amsterdam the Netherlands	Amsterdam	90%
Albemarle Germany Germany	Frankfurt, Langelsheim	95%
Budapest Hungary	Budapest	100%
JBC (Jordan Bromine Company Ltd. , 50% joint venture)	Jordan	100%
Louvain-la-Neuve Belgium	LLN	100%
<b>Asia Pacific</b>		
Beijing, China	Beijing	100%
Dalian, China	Dalian	100%
Shanghai, China	Shanghai	100%
Meishan (Chengdu), China	Meishan (Chengdu)	43%
Xinyu, China	Xinyu	13%

Yeosu, South Korea	South Korea	100%
Singapore	Singapore	100%
Tokyo, Japan	Japan	100%
Seoul, South Korea	South Korea	100%
Taiwan	Taiwan	100%

## EC-7 DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES PROVIDED PROMARLY FOR PUBLIC BENEFIT THROUGH COMMERCIAL, IN-KIND OR PRO BONO ENGAGEMENT

The Albemarle Foundation® (a U.S. 501(c)(3) (charitable, tax-exempt) entity formed in 2007), which serves as the primary source and mechanism for our philanthropic giving, focuses on philanthropic efforts through monetary donations and volunteer efforts in the communities in which we live and operate. The local foundation councils at each site strive to make their communities stronger with an emphasis on the areas of education, health, social services and cultural initiatives. In 2017, the Albemarle Foundation distributed over \$3.3 million to deserving agencies, of which \$665,750 came from current and retired Albemarle employees and the Board of Directors. Since its 2007 inception, the Albemarle Foundation® has donated over \$30 million dollars into our communities, by giving to more than 200 agencies in locations where our employees live and operate. Our commitment to “Grow the Good” in our communities takes center stage in the programs offered by the Albemarle Foundation. The Albemarle Foundation has been launched at all of our U.S. sites and is currently being introduced to our locations outside of the U.S. through our efforts around International Disaster Relief, thus keeping our employees engaged both domestically and internationally. The Albemarle Foundation’s major components include:

**Foundation Grant Program-** provides direct funding to local U.S. charitable (501(c)(3)) organizations engaged in at least one of these areas: education, social and health services and cultural resources. The Albemarle Foundation board and local site councils approve all grants.

**Matching Gift Program-** gives all eligible employees and retirees the opportunity to further support charitable organizations by matching individual donations on a one-to-one basis, up to specified maximum limits and certain qualifications.

**Employee Volunteer Program-** encourages volunteerism and recognizes the outstanding leadership and volunteer efforts of Albemarle employees and retirees by special grants.

**Albemarle Gottwald Scholarship Program-** awards independent scholarships to Albemarle employee dependents.

**Albemarle Foundation Annual Community Campaign-** supports local non-profit organizations in the areas of education, health and social services, and cultural initiatives. This employee-managed annual campaign collects employee and retiree pledges by payroll deduction or one-time payment, with the Albemarle Foundation handling distribution. Each year, Albemarle employees help select the following year's member agencies.

More information on our foundation and charitable efforts can be found at

<https://www.albemarle.com/about/philanthropy>

# ENVIRONMENTAL



## DISCLOSURE OF MANAGEMENT APPROACH (DMA) - ENVIRONMENTAL

As responsible stewards of our global operations, we realize that we must be diligent in maintaining our processes, systems and equipment to the highest standards so that we do not leave a negative legacy. We strive to be a positive force in everything we do.

From the initial concept, through design, construction, startup, operation and shutdown, we critically consider the robustness of our processes. We evaluate the chemicals used, the products and by-products produced, and the potential environmental impacts from water and energy consumption. Waste emissions are minimized starting at the bench scale.

We are a proud member of the American Chemistry Council and active participants in Responsible Care. Through its rigorous discipline, our Corporate RC14001 certification challenges us to identify key environmental aspects, set goals, and track progress on achieving those goals.



The environment and the regulatory framework charged with sustaining it constantly change. We strive to not only meet regulatory requirements but to exceed them through best practices from industry, benchmarking with peers, and implementation of our sustainability initiatives. Of these, we are most proud of our wildlife habitat projects. These wildlife habitats show us how fragile ecosystems are and how we, as good stewards, can nourish them and help them thrive.



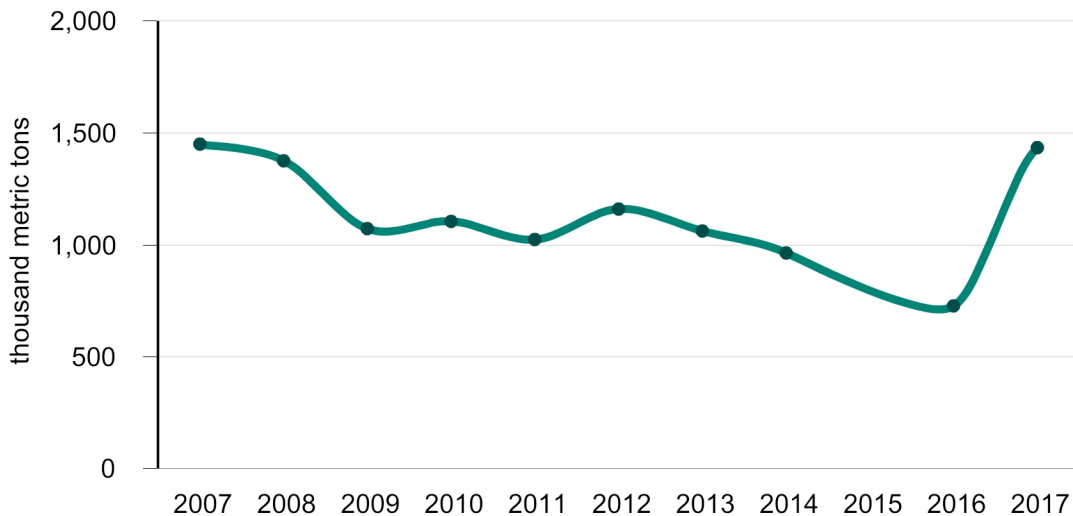
Michael Brown, Vice President, Health, Safety & Environment and Operational Excellence



## EN-1 MATERIALS USED BY WEIGHT OR VOLUME

Albemarle tracks the consumption of process raw materials, energy products and the natural mineral resource bromine for the purposes of this indicator. The volume of packaging materials used in manufacture and transportation is not tabulated. In 2017, Albemarle used a total of 1.43 million metric tons of raw materials. This volume does not include materials transferred between production facilities or the use of water (see EN-3). The majority of materials used are categorized as non-renewable.

**EN 1: Albemarle Material Usage**



## EN-2 PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS

In 2017, none of Albemarle’s raw materials were “non-virgin” material.

## EN-3 TOTAL WATER CONSUMPTION

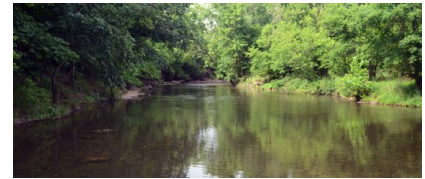
Albemarle’s water consumption totaled 12.63 million cubic meters in 2017 compared to 11.85 million cubic meters in 2016.

## EN-4 WATER SOURCES SIGNIFICANTLY AFFECTED BY WITHDRAWAL OF WATER

There are no known significant negative impacts to water sources or related habitats resulting from Albemarle’s withdrawal of water.

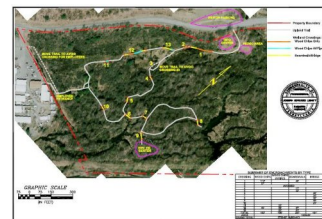
## EN-5 OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

Sayerville, New Jersey, USA: The site includes 16 acres located in the Raritan River watershed of which approximately 7 acres are wetlands.



Magnolia, Arkansas, USA: 100 acres of wetlands bank near west plant where hard woods are planted. Of the acres of wetland (a) 50 acres of south plant artificial marsh are registered with the Wildlife Habitat Council and (b) the west plant has 20 acres of artificial marsh. 1,500 acres of forest are managed for timber (paper or structural).

Tyrone, Pennsylvania, USA: Approximately 10 acres of the site are wetlands and the facility borders Cook Creek. The site also has been a Wildlife Habitat Council certified Corporate Wildlife Habitat since 2008. In addition, the Albemarle Nature Trail (a 3/4-mile loop through a 50-acre section of deciduous forest, open meadow and wetlands formed by a beaver dam on Cook Hollow Creek, which nature trail and wildlife habitat is home to a wide variety of animal and plant species) is open to the public, and future plans include an observation deck, educational amphitheater for school groups and informational kiosks along the trail.





Amsterdam, Netherlands: The facility is adjacent to the city park forest "Het Vliegenbos" and the river IJ. "Natura 2000 areas" in the site's vicinity: (i.e., part of a European network of protected nature areas where certain species of animal and their natural habitats are protected in order to preserve biodiversity, with over 160 in the Netherlands alone as of 2016) include "IJmeer en Markermeer" (land and marshland).

El Salar, Chile: Los Flamencos National Reserve is a nature reserve located in the commune of San Pedro de Atacama, Antofagasta Region of northern Chile. The reserve covers a total area of 740 square kilometres (180,000 acres) or 73,986 hectares in the Central Andean dry puna ecoregion and consists of seven separate sections.



Other facilities include:

Location	Area of High Biodiversity or Protected Areas
Pasadena, Texas, USA	The facility borders 35 acres of wetlands.
Process Development Center, Baton Rouge, Louisiana, USA	The facility borders Bayou Monte Sano
South Haven, Michigan, USA	Lake Michigan is west of the facility.
Yeosu, South Korea	The facility is 3 km away from the forest around HeungKook Temple. This forest is designated as cultural asset preservation area by Yeosu City.

## EN-6 DESCRIPTION OF SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS AND SERVICES ON BIODIVERSITY IN PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

The area identified in EN-5 for Magnolia, Arkansas has been positively impacted by the facility's actions. These areas include a 100-acre tract of land that has been reforested, 70 acres of artificially created marsh (certified by the Wildlife Habitat Council, a U.S. based organization that promotes and certifies habitat conservation and management on corporate lands through partnerships and education) and 1,500 acres of land that is managed for timber. In 2009, Wildlife

Habitat Council named the facility a “Corporate Lands for Learning” location. This prestigious designation recognizes the learning opportunities created by our commitment to environmental conservation and increasing native biodiversity across Magnolia’s 100-acre tract of reforested land and 70-acre artificially created marsh, and promotes using “Wildlife at Work” certified land for hands-on environmental education by school and community groups. The Tyrone, Pennsylvania, USA facility achieved a Wildlife Habitat Council certification for their wooded uplands project. In addition, in 2008 our Orangeburg, South Carolina plant site was among Wildlife Habitat Council honorees. All these Wildlife Habitat Council properties are maintained for natural habitat and educational purposes.

In 2013, the Wildlife Habitat Enhancement Project at Albemarle's Process Development Center (PDC) in Baton Rouge, Louisiana achieved Wildlife at Work certification for the first time, making it the fourth Albemarle location to attain this designation. The newly created habitat at the PDC provides space for native pond cypress trees along a lake shoreline located adjacent to the site, as well as native wildflowers and grasses.

The Amsterdam, Netherlands facility partnered with the Foundation W. H. Vliegenbos, a Netherlands non-profit organization dedicated to preserving forested areas in North Amsterdam, Netherlands.

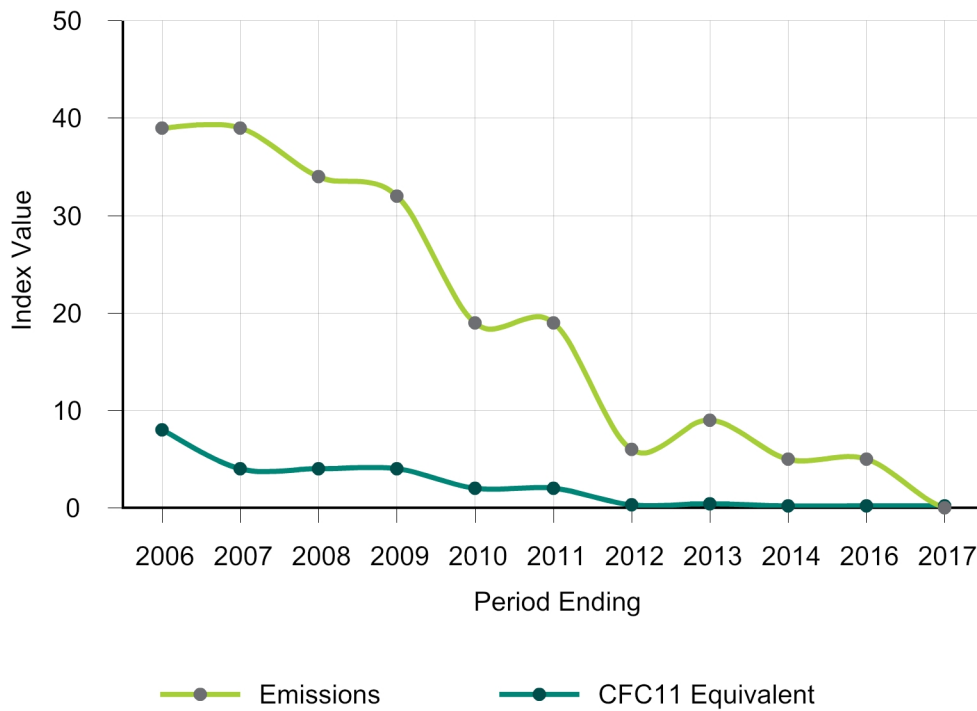
### **EN-7 DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT**

Albemarle collects data on direct and indirect primary fuel consumption at manufacturing facilities for the purpose of determining greenhouse gas (GHG) generation. In addition, data is also collected at our processing facilities on direct GHG generation from sources other than combustion of fuels. Factors for conversion of energy quantities to equivalent CO<sub>2</sub> are derived from data published by the American Chemistry Council. Generation efficiencies used for this calculation are derived from U.S. Department of Energy and American Chemistry Council data. The GHG impact of distribution of products and waste has not been assessed and is not included. The total direct and indirect greenhouse gas emissions for Albemarle in 2017 were 1.05 million metric tons and 1.14 million metric tons in 2016.

## EN-8 EMISSIONS OF OZONE-DEPLETING SUBSTANCES BY WEIGHT

In 2017, Albemarle’s emissions of ozone depleting substances consisted of R-22 and R-11. The 2017 emissions of ozone-depleting substances totaled 0.70 metric tons.

**EN-10: Ozone Depleting Substance Emissions**



## EN-9 NO<sub>x</sub>, SO<sub>x</sub> AND OTHER SIGNIFICANT AIR EMISSIONS BY TYPE AND WEIGHT

Albemarle tabulates NO<sub>x</sub> and SO<sub>x</sub> and Hazardous Air Pollutant (HAP) emissions at manufacturing sites for the purpose of this indicator. These values are based on a combination of calculations, measured values and permitted limits. NO<sub>x</sub> emissions in 2017 totaled 464 metric tons. SO<sub>x</sub> emissions totaled 3,215 metric tons. HAP emissions totaled 76 metric tons.

## EN-10 TOTAL WEIGHT OF WASTE BY TYPE

Each Albemarle manufacturing site tabulates hazardous and non-hazardous waste generation. 2017 generation of hazardous waste was 15,233 metric tons. Non hazardous waste generation in 2017 totaled 73,662 metric tons. The non-hazardous total does not include wastewaters.

EN-12: Waste Generation



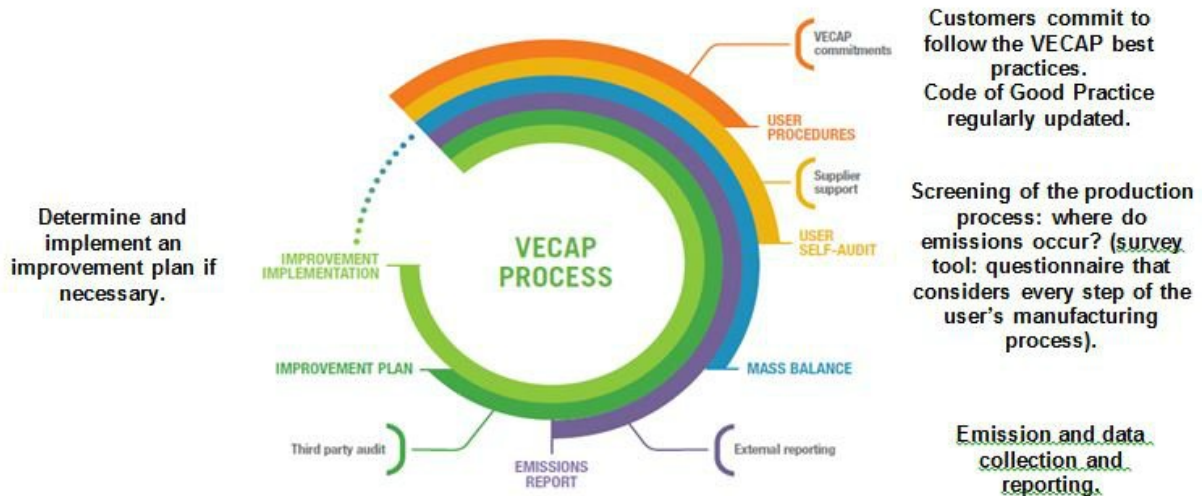
## EN-11 TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

Albemarle tabulates and records all spills and releases that cause serious off-site impacts. Significant spills include those incidents where there is major environmental impact or impact to employees or the public. Albemarle designates these spills as 'Level 3' events. Albemarle experienced no such events in 2016. A total of 13 minor leaks occurred in 2017, none of which constituted Level 3 events.

## EN-12 EXTENT OF IMPACT MITIGATION OF ENVIRONMENTAL IMPACTS OF PRODUCT AND SERVICES

Albemarle (together with other producers) has implemented a unique product stewardship program for its flame retardants. VECAP™ (Voluntary Emissions Control Action Program) is an innovative and excellence-driven way of doing business, based on ISO 14001 principles. It demonstrates the commitment of the industries involved to act in the interest of society and the environment while enhancing the competitiveness of local industries. It offers all companies - small, medium and large - equal access to the industry's expertise in environmental best practices as well as procedures that drive continuous improvement and allow benchmarking for other industries to apply similar principles. VECAP™ uses basic tools to help users of chemicals understand where material is used and intentionally or unintentionally discarded. The VECAP™ process is focused on measuring and reducing emissions during use, is fundamentally a continuous improvement system, and is designed to be cost-effective and simple to implement.

### VECAP Process



For over ten years, Albemarle has conducted VECAP™ surveys at our Brominated Flame Retardant customers in China, Europe, Japan, Korea and North America. Approximately 90% of the volume sold in those regions or countries, mainly Europe, was covered with surveys.



Potential emissions to air, water and land were estimated, and recommendations were provided for the implementation of the best available techniques, which allow for reduction of these potential emissions. The main area of emission concerns that we learned of through the surveys is the disposal of packaging waste. If incineration or chemically controlled landfill is not the method of disposal, the residues in the packaging are likely to end up in the environment.

We anticipate continued improvements and reductions in potential emissions [to land] from newly participating users once recommendations and best practices have been implemented. We expect that future surveys will capture these anticipated results. The 2017 VECAP™ report was not published yet at the publication of this report.

Albemarle's main bromine manufacturing site in Magnolia, Arkansas, USA was VECAP™ certified by third party Bureau Veritas in 2009 (and re-certified in February 2015). As from now it has been decided on an internal certification as part of our RC14001 internal audits. Our internal auditor (Verrico Associates) has been trained on doing this. Using an auditor from Europe was very costly and Bureau Veritas choose not to train anyone in the US to do the certifications. The Magnolia site will have their recertification done by Verrico in August 2018. Verrico will issue a certificate for the Magnolia site.

Our manufacturing plant in Safi, Jordan and our Process Development Center in Baton Rouge, Louisiana, USA also received VECAP™ certification in February 2014 and January 2015, respectively. Our certification has expired in 2017. We are discussing how to proceed with a new certification.

Significant progress has been made in the last ten years as the program has evolved and participation has increased. A greater portion of the worldwide volume is covered than ever, and



the potential reduction in potential emissions has exceeded all expectations. The results have been very strong, but we think they could be better. The role of Product Stewardship has never been more important and we expect that VECAP™ can continue to serve as a pillar in our overall efforts. Over the next year, the VECAP™ program will be evaluated for potential improvements and upgrades and take it to the next level, focusing on maintaining the best practices that have driven the success while also looking for how to further expand its reach and bring new information with a goal of continued reductions in potential releases.

More information can be found via <https://www.vecap.info/>

### **EN-13 PERCENTAGE OF PRODUCTS SOLD AND THEIR PACKAGING MATERIALS THAT ARE RECLAIMED BY CATEGORY**

2,238 Metric tons of products and packaging were identified in 2017 that were directly reclaimed by Albemarle.

### **EN-14 MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS**

Albemarle maintains a very robust auditing program for environmental performance and compliance.

In 2017 we received penalties totaling approximately \$38,000 relating to minor incidents or paperwork issues at three of our manufacturing sites worldwide. These penalties were not material, and corrective measures had been implemented prior to the receipt of the final enforcement action. There have been no non-monetary sanctions for 2017.



# **SOCIAL: LABOR PRACTICES & DECENT WORK**

### **DISCLOSURE OF MANAGEMENT APPROACH (DMA) - LABOR PRACTICES AND DECENT WORK**

Albemarle's culture, fundamentally, is all about people. We have a comprehensive new employee orientation program in which we address our Code of Conduct, our expectations for a workplace that values and respects diversity of thought, nationality, race, and other values and beliefs. Throughout an individual's development with the company, we continue to reinforce those very important values.

We believe that fostering a highly effective and values based workforce is the unique determinant of sustained business success. Albemarle strives to provide an environment that values results of individuals and teams, while emphasizing respect for each other and effective communications. Employees are expected to raise with their supervisors workplace issues that represent a risk to the Company, violate the policies of Albemarle, or threaten a safe and successful work environment. We maintain an open door practice that allows employees multiple avenues for expressing and ensuring resolution of any issues.

We also believe in investing in the whole person and providing support and resources so that individuals can operate at their best at work, at home and in their communities. We provide comprehensive health and welfare benefits and support healthy lifestyles through our network of employee Wellness Ambassadors.

Furthermore, we work to teach employees the importance of physical, emotional, mental and spiritual renewal with the goal of ensuring that the employee is able to operate at high levels of performance now and into the future. This commitment is grounded in our core values: Care, Courage, Curiosity, Collaboration, Humility, and Integrity/Transparency, six fundamental principles that guide our decisions, behavior and relationships inside and outside the organization. These core values are the foundation of Albemarle's business practices, and are the foundation of a strong and healthy organizational culture.

We endeavor to abide by all applicable employment laws regarding employment decisions, including recruitment, hiring, placement, promotion, reassignment, compensation, training, discipline and dismissal. We work to make reasonable accommodations as required by applicable law for individuals with handicaps or disabilities. It is our policy to comply faithfully with the

applicable immigration laws and regulations. We also endeavor to abide by applicable labor laws at all global facilities.



Karen Narwold, Chief Administrative Officer

## LA-1 TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, AND REGION

2017 Worldwide Staffing Summary (as of December 31, 2017)

	Permanent			Total Permanent	Temporary	TOTAL
	Salaried	Hourly	Indefinite		Fixed term	
North America	1,332	791	3	2,126	3	2,129
Latin America	53	22	499	574	23	597
Europe, Middle East and Africa	93	0	1,085	1,178	283	1,461
Asia Pacific	101	2	57	160	820	980
<b>TOTAL</b>	<b>1,579</b>	<b>815</b>	<b>1,644</b>	<b>4,038</b>	<b>1,129</b>	<b>5,167</b>

## LA-2 TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER, AND REGION

For 2017:

Category	Average Headcount	Total Terminations	% Turnover
<b>By Gender</b>			
Male	3,784	331	8.75%
Female	990	107	10.8%
<b>By Age( U.S. only)</b>			
Age < 30	713	133	18.7%
Age 30-50	2,697	179	6.6%
Age > 50	1,430	126	8.8%
<b>By Region</b>			
North America	2,100	308	14.7%
Latin America	511	7	1.4%
Europe	1,415	61	4.3%
Asia Pacific	814	62	7.6%
Overall	4,841	438	9.1%

## LA-3 BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES, BY MAJOR OPERATIONS

For 2017:

	Name(s)	Minimum Benefits for Full-Time Employees
Americas - USA		
Baton Rouge, Louisiana	Baton Rouge Tower	Medical Insurance Dental Insurance Disability Insurance (Short- and Long term) Life Insurance (Basic and Supplemental) Personal Accident Insurance (Basic and Supplemental) Blanket Travel Accident Insurance Health Care and Dependent Care Spending Accounts Health Savings Account Executive Long Term Disability Retirement/Savings Plan Educational Reimbursement Plan Matching Gifts to Education and Charitable Organizations Seat Belt Coverage and Accidental Insurance Vision Insurance Voluntary Auto and Home Voluntary Hyatt Legal Voluntary Critical Illness Voluntary Group Accident and Hospital Dependent Life Insurance Coverage Health Reimbursement Account
Baton Rouge, Louisiana	Process Development Center	
Charlotte, North Carolina	Company Headquarters	
Houston, Texas	Bayport	
Houston Texas	Clear Lake	
Houston Texas	Pasadena	
Kings Mountain, North Carolina	Kings Mountain	
Magnolia Arkansas	Magnolia	
New Johnsonville, Tennessee	New Johnsonville	
New Providence, New Jersey	New Providence	
Silver Peak, Nevada	Silver Peak	
South Haven Michigan	South Haven	
Twinsburg Ohio	Twinsburg	
Tyrone Pennsylvania	Tyrone	
Americas - Chile		

Antofagasta	La Negra	Medical Insurance Dental Insurance Catastrophic Insurance Life Insurance Critical Illness
Salar de Atacama	El Salar	
Santiago	Santiago	
Europe, Middle East and Africa		
Amsterdam, Netherlands	Amsterdam	Benefits mentioned are also for part-time personnel: Pension Survivor pension and insurance (ANW-hiaat) Disability pension and insurance (WIA hiaat) Medical check-up (PMO) every 3 year Blanket Travel Accident Insurance
Budapest, Hungary	Budapest	Fringe benefit plan All you can move sportcard Medicover - Private health insurance
Frankfurt, Germany	Frankfurt	Benefits mentioned are also for part-time and temporary personnel: Health insurance Pension benefits Travel Insurance Accident Insurance
Langelsheim, Germany	Langelsheim	
Louvain-la-Neuve, Belgium	LLN	Health insurance Extra legal Pension plan Death and Disability insurance Luncheon vouchers Transportation allowances and company car if GL >= A18 or sales person Repatriation insurance for high frequency traveler Blanket Travel Accident Insurance
Karak - Ghor Safi, Jordan	Jordan Bromine Company (50% j.v.)	Extra Salary (16 salary /YR.) Living Allowance (fixed amount 110 JD) Field Allowance ( 25% from BS) Shift Allowance (10% for N/D employees, 7% for D employees) Family allowance ( 20 JD) Transportation Allowance Housing Allowance Meal Allowance Housing Loan End of Service. Provident Fund
Asia Pacific		



Beijing, China	Beijing	Statutory government benefits Supplemental medical insurance Annual Health Check-up Blanket Travel Accident Insurance Welfare
Shanghai, China	Shanghai	
Meishan (Chengdu), China	Meishan (Chengdu)	
Xinyu, China	Xinyu	
Dalian, China	Dalian	
Seoul, South Korea	Seoul	Blanket Travel Accident Insurance Supplemental group insurance Congratulations & Condolences benefit Children tuition support Employee medical check-up
Yeosu, South Korea	Yeosu	
Singapore	Singapore	Supplemental group insurance Blanket Travel Accident Insurance
Taiwan	Taiwan	Statutory government benefits Group Insurance
Tokyo, Japan	Tokyo	Blanket Travel Accident Insurance Employee Medical Check up Supplemental Group Insurance

### LA-4 PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

For 2017:

Significant Location(s)	Name(s)	% Employees Represented by Unions / CBA
<b>Americas - USA</b>		
Arkansas	Magnolia Plants	0% (non-union)
Louisiana	BRT - Baton Rouge Tower	0% (non-union)
Louisiana	PDC- Baton Rouge Process Development Center	26%
Michigan	South Haven Plant	0% (non-union)
Nevada	Silver Peak	0% (non-union)
North Carolina	Charlotte (Corporate Head Quarters)	0% (non-union)
North Carolina	Kings Mountain	0% (non-union)
Pennsylvania	Tyrone Plant	0% (non-union)
Tennessee	New Johnsonville	46%

Texas	Bayport Plant	0% (non-union)
Texas	Clear Lake Office	0% (non-union)
Texas	Pasadena Plant	54%
<b>Americas - Chile</b>		
Antofagasta	La Negra	89%
Salar de Atacama	El Salar	97%
Santiago	Santiago	29%
<b>Europe, Middle East and Africa</b>		
Amsterdam, Netherlands	Amsterdam	95%
Rockwood Lithium Germany	Frankfurt an Main; Langelsheim	90%
Budapest Hungary	Budapest	0% (non-union)
JBC (Jordan Bromine Company Limited, 50% joint venture)	Jordan	80% Based on permanent employees
Louvain-la-Neuve Belgium	Louvain-la-Neuve (LLN)	0% (non-union)
<b>Asia Pacific</b>		
Beijing, China	Beijing	0% (non-union)
Shanghai, China	Shanghai	0% (non-union)
Meishan (Chengdu), China	Meishan (Chengdu)	0% (non-union)
Xinyu, China	Xinyu	0% (non-union)
Dalian, China	Dalian	0% (non-union)
Seoul, South Korea	Seoul	0% (non-union)
Yeosu, South Korea	Yeosu	0% (non-union)
Singapore	Singapore	0% (non-union)
Taiwan	Taiwan	0% (non-union)
Tokyo, Japan	Tokyo	0% (non-union)

## LA-5 MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES, INCLUDING WHETHER THESE ARE SPECIFIED IN COLLECTIVE AGREEMENTS

For 2017:

Significant Location(s)	Name(s)	Minimum Notice Periods for Operational Changes
<b>Americas - USA</b>		
Baton Rouge, Louisiana	Process Development Center	60 days 'notice to reopen contract
Baton Rouge, Louisiana	Baton Rouge Tower	No minimum notice period applicable
Charlotte, North Carolina	Charlotte (Corporate Head Quarters)	No minimum notice period applicable
Houston, Texas	Bayport	No minimum notice period applicable
Houston, Texas	Clearlake	No minimum notice period applicable
Houston, Texas	Pasadena	60 days notice to re open the Collective Bargaining Agreement (CBA)
Kings Mountain, North Carolina	Kings Mountain	No minimum notice period applicable
Magnolia, Arkansas	Magnolia	No minimum notice period applicable
New Johnsonville Tennessee	New Johnsonville	If either party shall desire to change any provision of this Agreement, it must give written notice of such desire to the other at least sixty (60) days in advance of the expiration of the Agreement. - In the event the Company develops new rules, amends, or enforces present rules in a different manner, notice shall be given to the Union in writing at least one week prior to posting.
Silver Peak, Nevada	Silver Peak	No minimum notice period applicable
South Haven, Michigan	South Haven	No minimum notice period applicable

Twinsburg, Ohio	Twinsburg	No minimum notice period applicable
Tyrone, Pennsylvania	Tyrone	No minimum notice period applicable
<b>Americas - Chile</b>		
Antofagasta	La Negra	At least 30 days in advance
Salar de Atacama	El Salar	
Santiago	Santiago	
<b>Europe, Middle East and Africa</b>		
Amsterdam, Netherlands	Amsterdam	1 month up to grade 8; 3 months from grade 9
Rockwood Lithium, Germany	Frankfurt an Main; Langelsheim	4 weeks
Budapest, Hungary	Budapest	minimum 30 days
Louvain-la-Neuve, Belgium	LLN	In case of dismissal: The minimum notice period is 3 months & 2 weeks for the contract started before 2014 and 2 weeks for the contract started after 2014. The notice period will be finalized individually according to the seniority of the person. In case of resignation: at half
Jordan	JBC (Jordan Bromine Company Ltd., 50% joint venture)	30 days notice
<b>Asia Pacific</b>		
Beijing, China	Beijing	30 days notice
Shanghai, China	Shanghai	
Dalian, China	Dalian	
Meishan (Chengdu), China	Meishan	Differentiated based on whether the employee has passed probation: (1) Minimum 3 calendar days if still in probation period; (2) Minimum 30 calendar days if passed
Xinyu, China	Xinyu	

Seoul, South Korea	Seoul	At least 30 days in advance
Yeosu, South Korea	Yeosu	(NO COLLECTIVE BARGAINING) Depends on the employment contract, usually 1 month significant operational changes : prior to 50 days` notice to the representative of employee, and need to negotiate with employee
Singapore	Singapore	1 month
Taiwan	Taiwan	Service period over 3 months, less than 1 year - 10 days Service period over 1 year, less than 3 years - 20 days Service period over 3 years - 30 days
Tokyo	Tokyo	1 month

**LA-6 PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS**

Almost all Albemarle's US sites are ISO/RC 14001 certified. As part of the certification process, each site must have a Responsible Care Steering Committee (RCSC), led by the Plant Manager for overseeing the sites Responsible Care Management System. The RCSC will include a cross-sectional representation of the site (salary, wage and any nested contractor organization). The RCSC will work with the site management to set the site HS&E policies and -procedures consistent with the Corporate HS&E policies and -procedures, to establish site specific significant HS&E aspects along with the operation controls for such aspects, to establish and monitor the HS&E objectives for the site, and to routinely evaluate HS&E programs for the site. The site RCSC's will meet at least four times per year (typically quarterly - some sites changed to monthly meetings) and they report annually to the Corporate RCSC on the status of their site-specific significant HS&E aspects and objectives.

Germany requires that there be a Safety Council (Arbeitsschutzausschuss - ASA) for the German sites, which at meets at least four times a year. Representatives of the workforce in this Safety Council are members of the works council (Betriebsrat) and the Speaker of the safety advocates (Sicherheits-beauftragte). The ASA Safety Council represents the total workforce on the German sites.

At the Amsterdam site, two special Works Council Commissions (Safety, Health & Environment Commission and Personnel Commission, respectively) meet with management to discuss the Safety, Health, Environment and Wellbeing on a monthly basis. These commissions represent the total workforce on the site.

The location in Louvain-la-Neuve in Belgium has a 'Comité de Prévention et de Protection au travail'. The committee meets on a regular basis to discuss Health and Safety issues.

Chile - Both production sites have committees which are required by Chilean government

### LA-7 TYPE OF INJURY AND RATES, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES BY REGION

Albemarle global - injury metrics

	2017	2016	2015	2014	2013
Injury rate	0.56	0.53	0.57	0.33	0.56
Occupational diseases	0	0	0	0	0
Lost days	747	258	551	175	535
Absenteeism	No Data	No data	No data	No data	No data
Work-related fatalities	0	0	0	0	0
Contractor rates	0.50	0.00	0.72	0.54	0.51

Absenteeism is a metric that neither Albemarle nor any regulatory authority within whose jurisdiction we operate requires. We do not report on this issue and have no intention of reporting in the future as the disclosure is not material to our business because we have a robust on-the-

job and off-the-job safety program to ensure that employees are aware of best practices in maintaining their health and wellness.

### **LA-8 WORKERS WITH HIGH RISK INCIDENCE OR HIGH RISK OF DISEASES RELATED TO THEIR OCCUPATION**

Albemarle provides training, counseling, prevention, risk-control programs and training for handling of diseases. These programs vary by region.

Albemarle does not have a high incidence or risk of specific occupational diseases.

At most of our sites, we have proactive wellness programs that provide information and resources for good nutrition, exercise and stress management. These programs are guided by committees comprised of employees and a health care provider. These committees tailor the programs to meet the needs for each specific site.

### **LA-9 PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS**

We invest in our employees through many different channels. At all locations, we use internal training programs for skill development. Programs range from broad leadership programs to specific skill development such as welding. The internal training programs are supplemented with external programs that provide for new skill development or skill refresher. Additionally, for those eligible individuals willing to make the commitment, we support employees' continuing education aspirations by funding university tuition, fees, and allowing the necessary time for classroom attendance.

In addition to our education and training programs, we also offer outplacement services to employees who leave the organization due to job elimination and reduction-in-force.

The following processes are covered in the training and job placement benefits provided as part of the outplacement services:

- Self Assessment
- Review of previous work history, training and achievements

- General career counseling
- Development of a career search strategy
- Coaching, advice and support by a full-time, proactive consultant
- Interview and networking training
- Job leads and methods for discovering employment opportunities
- If during the program period, advice in evaluating, responding to and negotiating offers
- Assistance in completion and reproduction of a professional resume
- Development plan for retirement (if applicable)
- Individually focused training, counseling and follow-up

### LA-10 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

100%: Each employee, either through a formal and/or informal process, receives feedback on his/her performance from his/her supervisor at least every six months.

### LA-11 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

For 2017:

Significant Location(s)	Name(s)	Average Hours of Training/ Employee /Year
<b>Americas - USA</b>		
Baton Rouge, Louisiana	Baton Rouge Tower	8.5 hours
Baton Rouge, Louisiana	Process Development Center	20 hours
Charlotte, North Carolina	Company Head Quarters	15 hours
Houston, Texas	Bayport	59 hours
Houston, Texas	Clearlake Office	15 hours
Houston, Texas	Pasadena	14.75 hours
Kings Mountain, North Carolina	Kings Mountain	50 hours
Magnolia Arkansas	Magnolia South Plant	79 hours
Magnolia Arkansas	Magnolia West Plant	79 hours
New Johnsonville, Tennessee	New Johnsonville	50 hours



Silver Peak, Nevada	Silver Peak	60 hours
South Haven, Michigan	South Haven	900 hours
Twinsburg, Ohio	Twinsburg	6.3 hours
Tyrone, Pennsylvania	Tyrone	740 hours
<b>Americas - Chile</b>		
Antofagasta	La Negra	18 hours
Salar de Atacama	El Salar	18 hours
Santiago	Santiago	18 hours
<b>Europe, Middle East and Africa</b>		
Amsterdam, Netherlands	Amsterdam	20 hours
Budapest, Hungary	Budapest	33 hours
Germany	Rockwood Lithium Germany	42 hours
Jordan	JBC (Jordan Bromine Company Ltd., 50% joint venture)	25 hours
Louvain-la-Neuve, Belgium	LLN	21 hours
<b>Asia Pacific</b>		
Beijing, China	Beijing	20 hours
Dalian, China	Dalian	48 hours
Shanghai, China	Shanghai	20 hours
Meishan (Chengdu), China	Meishan	20 hours
Xinyu, China	Xinyu	25 hours
Seoul, South Korea	Seoul	15 hours
Singapore	Singapore	15 hours
Taiwan	Taiwan	35 hours
Tokyo, Japan	Tokyo	15 hours
Yeosu, South Korea	Yeosu	20 hours

**LA-12 RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN BY EMPLOYEE CATEGORY, BY SIGNIFICANT LOCATIONS OF OPERATION**

2017 – Americas Region Only

	Total	Male Count	Male Avg Wage	Female Count	Female Avg Wage	Ratio Avg Wage
Ethnic - Asian	87	66	\$57.15/hr	21	\$52.79/hr	1.08 : 1
Ethnic - Black or African American	155	105	\$38.99/hr	50	\$35.40/hr	1.1 : 1
Ethnic - Hispanic or Latino	130	95	\$46.91/hr	35	\$42.32/hr	1.11 : 1
Ethnic - White	1,712	1,418	\$46.79/hr	294	\$46.12/hr	1.01 : 1
Ethnic - Other Categories	40	36	\$53.46/hr	4	\$29.34/hr	1.82 : 1

# **SOCIAL: HUMAN RIGHTS**

The image features a blurred background of a person in a dark suit standing on a stage, addressing a group of people. The scene is bathed in a blue and green light, creating a modern, digital atmosphere. A white rectangular box is superimposed on the left side of the image, containing the text 'SOCIAL: HUMAN RIGHTS' in a bold, white, sans-serif font. The overall composition is clean and professional, suitable for a corporate or academic presentation.

## DISCLOSURE OF MANAGEMENT APPROACH (DMA) - HUMAN RIGHTS

### *People and Development*

We recognize that our greatest asset is our people. We invest time, energy and money to ensure that our workforce has the necessary knowledge and expertise to conduct its work in a safe and environmentally responsible manner, and we reinforce our initial training throughout the employee life cycle. We provide refresher courses and host forums that promote information exchange between employees within their own facilities as well as with their colleagues at other Albemarle locations. Our relationships with our employees are grounded in a firm commitment to our core values: Care, Courage, Curiosity, Collaboration, Humility, and Integrity/Transparency. These values drive decisions, our behavior and the way we interact with each other, our clients and our communities. We firmly believe that to improve the future, we must learn from the past. Cross-communication between our facilities, sharing experiences and lessons learned and establishing best practices are critical to improving our performance and empowering our employees to make good choices for us and the communities in which we serve.



Karen Narwold, Chief Administrative Officer

## HR-1 TOTAL HOURS OF EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS, INCLUDING THE PERCENTAGE OF EMPLOYEES TRAINED

The vast majority (95%) of our global employees were provided with one hour of employee training on the Code of Conduct (including human rights). This is a mandatory annual update for all employees. Most of our global employees performed the training by GPS (on-line training services). New employees receive Code of Conduct training as part of New Hire On boarding. Employees that are on leave will receive this required training upon returning to work.

In addition, all U.S. employees receive two hours of employee training on harassment and Code of Conduct (including human rights).

100% of Jordan Bromine Company employees are provided with 1 hour of Albemarle Code of Conduct training using NAVEX system.

## HR-2 TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

No incidents of discrimination were reported - no actions taken.

## HR-3 OPERATIONS WHERE THE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING RIGHT IS EXERCISED

As of December 31, 2017, we had approximately 5,400 employees, including employees of our consolidated joint ventures, of whom 2,600, or 48%, are employed in the U.S. and Latin America; 1,400, or 26%, are employed in Europe; 1,000, or 19%, are employed in Asia and 400, or 7%, are employed in the Middle East.

**United States:** We have collective bargaining agreements at the following U.S. locations:

- Baton Rouge, Louisiana-: United Steel Workers (USW);
- Pasadena, Texas-: United Steel Workers (USW); Sheet Metal Workers International Association (SMWIA); United Association of Journeymen & Apprentices of Plumbing and Pipe-fitting Industry (UAJAPPI); and International Brotherhood of Electrical Workers (IBEW).

- New Johnsonville: United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC, on behalf of its Local 007 We believe that we have good working relationships with these unions, and we have operated without a labor work stoppage at each of these locations for more than 20 years. Collective bargaining agreements expire in 2021 at our Pasadena, Texas location and in 2018 at our Baton Rouge, Louisiana location.

**Chile:** The year 2018 marks a very important milestone in Chile, as several collective bargaining processes have taken place with our operators and supervisors Unions. We have a history of constructive relations with the Unions and having avoided stoppage or strikes is a record that we aimed at sustaining once again.

The unions in our Chile operations are determined by type of employee rather than by physical location. In April 2018, a successful negotiation process was completed with the operators' Union La Negra that will extend from August 2018 until July 2021. The benefits agreed with the Union include salary increase, scholarships for our operators and their children, monetary benefits related to company's performance and severance packages. The Salar Operators' Union is currently in the process of negotiation and we expect to take this to a successful end by July 2018.

There are 2 Supervisors Unions, formed by employees from our plants La Negra and Salar, as well as our Santiago offices. Both unions have been formed over the past year. In June 2018 we completed an agreement with the two unions, which consisted in three-year agreements with benefits including salary increase, scholarships for children, severance packages and monetary benefits related to productivity and individual performance.

**Europe:** European Works Councils representing the majority of our European employees. In Amsterdam, Netherlands, the works council represents the employees of the site. For the majority (approximately 95%) of the employees in Amsterdam, a new collective bargaining agreement was negotiated with FNV Procesindustrie and CNV Vakmensen. This agreement covers the period from January 1, 2018 to April 1, 2019.



*On April 25 2018 the Amsterdam site was visited by a high-level delegation from Tunisia. The visit, initiated by CNV International, was part of a three day program, in which the delegation was informed on the Dutch Social Dialogue, among others in discussions in The Hague with the SER (Social Economic Council), and the Dutch Minister of Social Affairs and Employment. The delegation was especially interested to hear about how we are able to work with multiple union ideologies in negotiations (Tunisia in essence has one union, UGTT), and how relations between the partners in the Social Dialogue (i.e. unions and the company) are managed. The delegation consisted of high ranking government officials from the ministry of Social Affairs, the trade union UGTT, the employers' organization UTICA, and the United Nations' International Labor Organization (UGTT and UTICA are two of the four organizations in the Tunisian National Dialogue Quartet that won the 2015 Nobel Peace Prize for their contribution to the building of a new multi-party democracy following the 2011 Jasmine revolution in Tunisia). The Tunisian delegation was received by the teams that were responsible for the recent CLA (CAO) negotiations, both from site management and the unions.*

Albemarle Germany GmbH in Germany has works council each of its Frankfurt and Langelsheim, Germany sites. Together they built a joint works council for RWL, now Albemarle Germany GmbH. Approximately 632 employees were covered by works councils at Albemarle Germany Frankfurt and Langelsheim, Germany in 2017. In 2017 Albemarle Germany GmbH was member of an employer's association for the chemical industry, and were subject to the labor agreement for the chemical industry in Germany. The current labor agreement covers the period from Sept 1 2017 to July 31, 2018 for Frankfurt. The current labor agreement covers the period from Oct 1, 2017 to August 31, 2018 for Langelsheim.

A meeting with the European Works Council takes place one to two times per year. We believe that we have a generally good relationship with these works councils as well as bargaining representatives.

**Middle- East:** In the Middle East at the JBC site, the unions Jordanian Engineers Association (JEA) and The General Union of Petroleum and Chemical Workers (GUPC) are operating. We have very positive relations with the JEA, including internships agreements, frequent support of major events and hosting sites visits for fresh engineers. To date, there has been no conflict with (or bargaining with) the JEA. As for the GUPC, we have two-year agreement that is renewed from period to period based on negotiations with the union. It can be time-consuming and cumbersome to reach agreement with the union, even though JBC's management has continued to collaborate with the union and employees to enhance working conditions at the site. The most recent negotiations resulted in an agreement that is effective until April 2018. The agreement is extended until August 2018 in order to finalize major expansions and shutdown activities at the site.

**Asia-Pacific:** As of December 31, 2017, the Asia Pacific region had no unionized employees.

### **HR-4 OPERATIONS AND SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOR, AND MEASURES TAKEN TO EFFECTIVE ABOLITION OF CHILD LABOR**

Albemarle has identified no operations as having significant risk for incidents of child labor; so it has not had to take any elimination measures.

### **HR-5 OPERATIONS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOR, AND MEASURES TO CONTRIBUTE TO THE ELIMINATION OF ALL FORMS OF FORCED OR COMPULSORY LABOR**

Albemarle has identified no operations as having significant risk for incidents of forced or compulsory labor, so it has not had to take any elimination measures.



**HR-6 PERCENTAGE OF SECURITY PERSONNEL TRAINED IN THE ORGANIZATION'S POLICIES OR PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS**

100% of overall global security personnel has been trained in policies and procedures concerning aspects of human rights that are relevant to our operations.

# SOCIAL: SOCIETY



## DISCLOSURE OF MANAGEMENT APPROACH (DMA) - SOCIAL SOCIETY

Our goal is for Albemarle to be the most sustainable specialty chemical company in the world. And, by sustainable, what we mean is that we are meeting the demands of our stakeholders today and also preparing to meet what will be the increased demand of those stakeholders in the future. As full participants in Responsible Care, Albemarle takes our commitment to safe, secure and environmentally sound operation very seriously. These principles do not stop at the end of the workday, or outside the workplace. Albemarle employees and contractors are asked to maintain a heightened sense of awareness of their actions on and off the job and we proactively seek to advocate this philosophy in our communities and with those with whom we interact on a daily basis.



We continue to be committed to making a positive impact in the communities in which we live and operate by advancing education, health and social services, cultural initiatives and volunteerism. In 2007, we launched the Albemarle Foundation. Since then, we have provided over \$30 million in grants to organizations that fulfill our mission around the globe. In 2017 alone, we had over 14,000 logged hours of volunteerism by employees through the Albemarle Foundation Volunteer Grant program. That, to us, is the key of social responsibility - what our employees are doing, how our employees are living their lives and what our employees are doing to make the communities in which they live and raise their families', better places. The Albemarle Foundation offers that strong platform for active volunteerism and an ability to leverage our philanthropic giving. We call it "Growing the Good".



Luke Kissam, Chairman, President & CEO

## SO-1 PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENT, AND DEVELOPMENT PROGRAMS

We view the community in which we operate as our partner and key stakeholders. We realize that they provide us with the license to operate. We value the trust this entails and strive to always remain worthy of it through our commitment to the highest standards of stewardship. With regard to assessing and managing the impact of operations on communities, Albemarle coordinates the requirements of entering and exiting a community with a special task-force that is initiated upon the need for such action. The taskforce is usually comprised of a multi-functional team that evaluates all aspects of such activities, including but not limited to financial, environmental, social and regulatory implications. In addition, Albemarle strives to be excellent stewards of the environment near our facilities, working to reduce emissions and foster environmental awareness. Our sites with certified Wildlife Habitats are great examples of this commitment. Albemarle's operating sites typically have a Community Advisory Panel (CAP) that serves as the conduit for open communication between the site and the community in which it operates. The Community Advisory Panel provides the plant with open perspective regarding the priorities for the community and an outlet for communications from Albemarle about the state of the company and HSE related initiatives.

In 2015, the Albemarle Care Fund was established as a public 501(c)3 to allow employees to directly help one another. This program provides funds to assist Albemarle employees and retirees who experience financial hardship due to a natural disaster, life-threatening illness or injury, death or other catastrophic or extreme circumstance beyond the employee's control. In such a case, an employee identifies the need for action to assist a fellow employee and completes an Albemarle Care Fund application form. Once the fund raiser is approved, the local site hosts the fundraising event for the eligible employee or retiree. The Albemarle Care Fund will match the amount raised in order to double the impact. The maximum match amount is \$10,000 and the grant is made directly to the individual in need. For a natural disaster, a team is put in place to determine the need and the employees impacted. The Albemarle Care Fund then sends funds or provides services directly to impacted employees to assist with relief efforts. In order to receive funds from the Albemarle Care Fund, an individual must be regularly scheduled to work 20+ hours per week, employed by Albemarle Corporation or its affiliates for at least one year prior to the application, actively employed or on an approved leave of absence for no more than one

year or a retiree who met the foregoing requirements at the time of retirement. In the case of an employee or retiree's death, management may conduct fundraising events for the spouse or eligible dependents. In 2017, the fund paid out \$510,100 in grants and services.

## **SO-2 TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION AND THE SIGNIFICANT RISKS IDENTIFIED**

In 2017 Albemarle focused on assessing the corruption-related risk associated the use of third party sales representatives including agents and distributors. This involved (i) the identification of at-risk employees who engage with such sales representatives; (ii) the conduct of new or refreshed due diligence; (iii) the audit of higher risk sales representatives; and (iv) an audit of the effectiveness of controls relating to the selection of and payments to third party sales representatives. In 2018 Albemarle is continuing to make enhancements to its compliance program relating to third party sales representatives. It is also intending to undertake anti-corruption risk assessments at operations in multiple countries.

## **SO-3 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES**

Before the launch of Code of Conduct training (which includes an anti-corruption element), the CEO sends an communication about the importance of acting in accordance with our Core Values, understanding the requirements of the Code of Conduct, and completing Code of Conduct training. These messages are subsequently reinforced by the Chief Compliance Officer when communicating the mechanics of taking the training.

Employees are required to complete training with respect to our Code of Conduct (Albemarle's principal document and philosophy for the prevention of corruption). In addition, in-person anti-corruption training were held in seven countries for 215 employees and third party sales representatives. Finally, Albemarle devoted an entire day at its January 2018 Sales Meeting to reinforcing the importance of conducting business in accordance with Albemarle's Code of

Conduct and values. This is being reinforced by additional anti-corruption training for Albemarle's Sales teams throughout 2018.

### **G4-SO4 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN**

Violations of policy and law, including anti-corruption law, are taken seriously, and any such infractions result in a variety of disciplinary measures, up to and including termination.

As indicated in Albemarle's Form 10-K Annual Report for FY 2017, following receipt of information regarding potential improper payments being made by third party sales representatives of our Refining Solutions business, the corporation promptly retained outside counsel and forensic accountants to investigate potential violations of the Company's Code of Conduct, the FCPA, and other potentially applicable laws. Based on this internal investigation, Albemarle has voluntarily self-reported potential issues relating to the use of third party sales representatives in our Refining Solutions business to the U.S. Department of Justice ("DOJ") and SEC, and intend to cooperate with the DOJ and SEC in their review of these matters. In connection with our internal investigation, Albemarle has implemented, and are continuing to implement, appropriate remedial measures.

### **SO-5 PUBLIC POLICY POSITIONS AND PARTICIPATION IN PUBLIC POLICY DEVELOPMENT AND LOBBYING**

Albemarle participates in relevant public policy and regulatory debates, as well as communicating our positions to governmental and regulatory Institutions around the world. We dedicate time and personnel to interacting with a variety of groups and officials in areas where we believe we can make a difference to the debate. These areas include:

- Global legislation for the safe and sustainable management of chemicals.
- U.S. federal legislation requiring mandatory security standards for chemical facilities which will protect not only our employees but the surrounding community.

- Dialogue with country-specific agencies on fire safety standards for consumer and professional products that will save lives.
- Federal standards that provide safe pharmaceutical products.
- Global initiatives to promote the use the electric vehicles.

### *Active participation with U.S. EPA initiatives in the following areas:*

- Design for Environment (DfE) alternatives assessment programs for printed circuit boards
- Catalysts for clean fuel technologies
- Activity at the state and federal government level as well as academia toward a commitment to Green Chemistry principles and a systematic, science-based chemical regulatory system that has stimulated our research of new products into areas of innovative chemical processes and products that make the world an environmentally safer and healthier place to live

### *Active participation with European initiatives in the following areas:*

- EU REACH requirements in promote the sustainable and safe use of our products
- Ecolabel  
Risk assessments and risk reduction strategies
- EU legislative developments
- Development and leadership of working groups comprised of industry, government, end user and NGO participants working toward development of chemicals policy and product safety in various end markets.

## **SO-6 TOTAL VALUE OF POLITICAL CONTRIBUTIONS BY COUNTRY AND RECIPIENT/BENEFICIARY**

Albemarle is committed to participating constructively in the political process with the ultimate goal of advancing and protecting the best interests of Albemarle and its stockholders and employees. The political process significantly impacts Albemarle through government policies, legislation and regulatory decisions. Through our participation, we promote legislative and regulatory actions that further Albemarle's business objectives and work to protect the company from unreasonable, unnecessary or



burdensome legislative or regulatory actions at all levels of government. We are fully committed to conducting our political activities in compliance with all applicable campaign finance laws and reporting requirements and in accordance with the Albemarle Political Contribution Policy (the “Policy”). A summary of the Policy is located on our website at <https://investors.albemarle.com/investor-overview>

Albemarle supports transparency in the political process and has on an annual basis commencing in 2014 publicly disclosed its corporate political contributions and political contributions by the Albemarle Corporation Political Action Committee (the “Albemarle PAC”), which is registered with the U.S. Federal Election Commission and permitted to make contributions at the federal level. The Albemarle PAC provides eligible employees with the opportunity to support candidates who have demonstrated support for the principles to which we are dedicated. The political contributions made by the Albemarle PAC are funded entirely by the voluntary contributions from eligible employees. A committee composed of Albemarle’s Chairman, President & Chief Executive Officer, its Executive Vice President, Chief Administrative Officer & General Counsel, and its Executive Vice President, Chief Financial Officer, with the advice and assistance of Albemarle’s Government Relations Office, is responsible for overseeing the contributions and activities of the Albemarle PAC. We do not make political contributions at the federal level using corporate funds.

Albemarle’s contributions at the state and local level are based on advancing the best interests of Albemarle and its stockholders and employees, including consideration of Albemarle’s interests in a particular state, legislative activity in that state, Albemarle facilities and employees in that state and local political factors. Albemarle’s Chairman, President & Chief Executive Officer and Executive Vice President, Chief Administrative Officer & General Counsel, with the advice and assistance of Albemarle’s Government Relations Office, are responsible for overseeing Albemarle’s contributions at the state and local level.

Neither Albemarle nor the Albemarle PAC intends to make “independent expenditures” or contributions to political committees that make such independent expenditures (“Super PACs”) in connection with any federal or state election. If Albemarle or the Albemarle PAC changes its general guidelines to allow independent expenditures or contributions to Super PACs, we expect that any such expenditures or contributions would be disclosed in Albemarle’s Annual Report on Form 10-K setting forth its political contributions.

Our Health, Safety & Environment Committee is responsible for overseeing Albemarle’s political contributions. The Health, Safety & Environment Committee receives periodic updates regarding Albemarle’s political activities, including corporate contributions and contributions by the Albemarle PAC.

Below are the contributions made by Albemarle Corporation and the Albemarle PAC in 2017.

POLITICAL CONTRIBUTIONS (January 1, 2017 - December 31, 2017)

**Albemarle Corporation**

Candidate/Organization	Party	State	Date	Amount
Baton Rouge Area Chamber Creative Capital	N/A	Louisiana	01-07-17	\$25,000

**Albemarle PAC**

Candidate/Organization	Party	State	Date	Amount
Friends of John Barrasso	Republican	Wyoming	02-03-17	\$2,500

**SO-7 MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS**

During 2017, there were no material monetary fines or non-monetary sanctions for non-compliance with laws and regulations.



# SOCIAL: PRODUCT RESPONSIBILITY

## DISCLOSURE OF MANAGEMENT APPROACH (DMA) - PRODUCT RESPONSIBILITY

Product responsibility encompasses many activities and programs with the overall goal of safe handling, distribution and use of our products. It is important for us as stewards of our environment, our employees' health and of the health of the communities in which we operate in (as well as those communities that use our products), that we are responsible for all of those areas across our products. Albemarle believes that it meets all local and international requirements for the safe shipment of its products. We conduct risk assessments on the products themselves, as well as on their distribution life cycle. We communicate the hazards to those involved in the manufacture, distribution or use of our products. We register our products according to the applicable local, national or international regulations, and stay connected to relevant authorities to maintain these authorizations as required. We also partner with multiple organizations to provide input and guidance to enhance product stewardship around the world, especially in developing countries. For our most hazardous materials, we develop specific product stewardship manuals to ensure that each aspect of responsible manufacture and use are clearly defined. We encourage our customers and make ourselves available to review and potentially enhance their systems as guided by these important documents to further extend our goal of product stewardship. Almost all U.S. and two international sites are certified to the Responsible Care 14001 standard. Responsible Care is a very important part of Albemarle's product stewardship program, as a robust foundation, for us to create and maintain a sustainable product stewardship program.



Catharine de Lacy, Vice President Public Affairs

## PR-1 PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES FOR WHICH HEALTH AND SAFETY IMPACTS ARE ASSESSED FOR IMPROVEMENT

All of Albemarle’s products and services are subject to and assessed for improvement opportunities as part of the Albemarle HSE Product Risk Characterization Process. Albemarle has both our products and our facilities certified.

Activity	YES	NO
Development of product concept	X	
R & D	X	
Certification	X	
Manufacturing and production	X	
Marketing and promotion	X	
Storage distribution and supply	X	
Use and service	X	
Disposal, reuse or recycling	X	

## PR-2 TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED BY THE ORGANIZATION'S PROCEDURES FOR PRODUCT AND SERVICE INFORMATION AND LABELING, AND PERCENTAGE OF SIGNIFICANT PRODUCTS AND SERVICE CATEGORIES SUBJECT TO SUCH INFORMATION REQUIREMENTS

Under our corporate procedures, Albemarle works to follow all pertinent regional, national and global regulations for product service information and labeling for all Albemarle products. We generally do not list the source of the raw materials used in our finished products, except as required by law. The following product and service information is required by our procedures for product and service information and labeling:

	YES	NO
The sourcing of components of the product or service		X
Content, particularly with regard to substances that might produce an environmental or social impact	X	
Safe use of the product or service	X	
Disposal of the product and environmental/social impacts	X	

### **PR-3 MONETARY VALUE OF SIGNIFICANT FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES**

During 2017, there were no material monetary fines or non-monetary sanctions for non-compliance with laws and regulations.

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