

REPORT ON 2016 ACTIVITIES

2017 SUSTAINABILITY REPORT

 ALBEMARLE®



Cover Photograph: Albemarle's man-made marshes in Magnolia, Arkansas, demonstrate our commitment to the environment.

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1.1 STATEMENT FROM MOST SENIOR DECISION MAKER OF THE ORGANIZATION

Dear Stakeholder,

As we entered 2016, our core principles remained unchanged. Operating safely, reducing our environmental footprint, enhancing our communities and delivering solid returns to our shareholders continued to be our primary objectives. Throughout the year, we dedicated significant resources and talent to achieve these important goals, and as a result, we have realized historic successes and positioned ourselves as a global specialty chemicals company helping to power a cleaner environment and an innovative future. As an organization, we are making transportation fuels cleaner, enhancing the power of batteries that fuel new technologies, and manufacturing products that ultimately improve our lives and make us safer.

Through this report, I am proud to share examples of how we worked together in 2016 to execute our strategy, deliver on our promises and truly raise Albemarle's potential to a new level.

Committed to Safe Operations

In 2016, we delivered a solid performance with regard to Health, Safety and Environment. From a safety perspective, we recorded the lowest lost time severity rate in company history. We also delivered strong results in our occupational illness and injury and lost time injury rates. This performance was highlighted by the following awards:

- Recognition by the American Chemistry Council for achievement in employee health, safety, and security performance: awards presented to our Kings Mountain, Magnolia, New Johnsonville, Pasadena, PDC, Twinsburg, and Tyrone facilities.

However, we did have an increase in our process safety incidents at our sites and that was disappointing. While none of these incidents had an offsite impact, the performance is unacceptable and our efforts to eliminate process safety incidents are a priority.

Our environmental performance is our license to operate in communities around the world, and while we currently operate well within our permit limits, we are committed to reducing our emissions and our use of resources. Our environmental successes for the year include:

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- Winning the U.S. Environmental Protection Agency Green Chemistry Award for AlkyClean® process.
- Winning an American Chemistry Council Waste Minimization Award for a project to improve water and recycling.
- Winning six American Chemistry Council Energy Efficiency Awards for projects dedicated to improvements in energy efficiency. Energy reduction over these six projects totaled 487,000 MMBtu per year and 28,470 tons of CO2 per year.
- Conservation Certification by the Wildlife Habitat Council was awarded to our Magnolia site for creating artificial marshes that manage industrial waste water and benefit numerous wildlife species.

Committed to People and Communities

Another key component of our sustainability efforts has been our commitment to people and communities. As an organization we have a rich history of financial generosity and enthusiastic volunteerism. We believe that strengthening our communities by enhancing the quality of life for our employees, customers and neighbors through charitable giving is one of our most important responsibilities. The Albemarle Foundation, an endowed 501(c)3 created as a means to power the giving potential of our employees, has delivered approximately \$27 million to more than 200 deserving agencies since its inception nearly 10 years ago.

In August of this year, the Albemarle Care Fund (ACF) was initiated to assist team members affected by the catastrophic flooding in Baton Rouge. The ACF, established in 2015, is a program that allows current and former employees to directly help one another by providing financial aid due to hardship beyond the employee's control. Over \$371,000 was granted to those impacted by the floods. In addition to giving monetary donations, countless employees and partners of Albemarle volunteered goods and services to those impacted as they began the rebuilding process.

Our commitment to people and communities is a world-wide initiative. This year, we worked proactively to engage stakeholders and citizens in the communities where we operate to build alliances and discuss joint visions for local development. In Langelsheim, Germany, we were honored to welcome the vice chancellor of Germany, Sigmar Gabriel, to our facilities to discuss job creation and energy efficiency. In Chile, we participated in in-depth dialogues with

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the Council of Atacameño People (CAP) to discuss principles of respect and create a framework for long-term community relations. This resulted in the signing of a Cooperation Sustainability and Mutual Benefit Agreement with the CAP.

As Albemarle grows, we are proud to deepen our partnerships with global communities to create a sustainable future in which we all succeed together. I'm excited for what's to come and I look forward to briefing you on our company and our continued progress in next year's Sustainability Report.

Sincerely,

A handwritten signature in black ink that reads "Luke Kissam". The signature is written in a cursive, flowing style.

Luke Kissam,
Chairman, President & CEO



1.2 DESCRIPTION OF KEY IMPACTS, RISKS AND OPPORTUNITIES

Below are the highlighted excerpts from the 10-K Annual Report. The 10-K Annual Report can be found via www.albemarle.com/investors under Financials - Annual Reports

Adverse conditions in the economy and volatility and disruption of financial markets can negatively impact our customers, suppliers and other business partners and therefore have a material adverse effect on our results of operations.

A global, regional or localized economic downturn may reduce customer demand or inhibit our ability to produce our products, negatively impacting our operating results. Our business and operating results have been and will continue to be sensitive to economic downturns (including credit market tightness which can impact our liquidity as well as that of our customers, suppliers and other business partners), declining consumer and business confidence, fluctuating commodity prices, volatile exchange rates and other challenges that can affect the economy. Our customers may experience deterioration of their businesses, cash flow shortages and difficulty obtaining financing, leading them to delay or cancel plans to purchase products, and they may not be able to fulfill their obligations in a timely fashion. Further, suppliers and other business partners may experience similar conditions, which could impact their ability to fulfill their obligations to us. Also, it could be difficult to find replacements for business partners without incurring significant delays or cost increases.

Our inability to secure key raw materials, or to pass through increases in costs and expenses for other raw materials and energy, on a timely basis or at all, could have an adverse effect on the margins of our products and our results of operations.

The long-term profitability of our operations will be, in part, related to our ability to continue to economically obtain resources, including energy and raw materials. For example, our lithium and bromine businesses rely upon our continued ability to produce, or otherwise obtain, lithium and bromine of sufficient quality in adequate amounts. If we fail to secure and retain the rights to continue to access these key raw materials, we may have to restrict or suspend our operations that rely upon these key resources, which could harm our business, results of operations and financial condition. In addition, other raw material and energy costs account for a significant percentage of our total costs of products sold, even if they can be obtained on commercially reasonable terms. Our raw material and energy costs can be volatile and may increase

significantly. Increases are primarily driven by tightening of market conditions and major increases in the pricing of basic building blocks for our products such as crude oil, chlorine and metals (including molybdenum and rare earths which are used in the refinery catalysts business). We generally attempt to pass through changes in the prices of raw materials and energy to our customers, but we may be unable to do so (or may be delayed in doing so). There also is a risk that raising prices charged to our customers could result in a loss of sales volumes. Our inability to efficiently and effectively pass through price increases, or inventory impacts resulting from price volatility, could adversely affect our margins.

Our results are subject to fluctuation because of irregularities in the demand for our HPC catalysts and certain of our agrichemicals.

Our HPC catalysts are used by petroleum refiners in their processing units to reduce the quantity of sulfur and other impurities in petroleum products. The effectiveness of HPC catalysts diminishes with use, requiring the HPC catalysts to be replaced, on average, once every one to three years. The sales of our HPC catalysts, therefore, are largely dependent on the useful life cycle of the HPC catalysts in the processing units and may vary materially by quarter. In addition, the timing and profitability of HPC catalysts sales can have a significant impact on revenue and profit in any one quarter. Sales of our agrichemicals are also subject to fluctuation as demand varies depending on climate and other environmental conditions, which may prevent or reduce farming for extended periods. In addition, crop pricing and timing of when farms alternate from one crop to another crop in a particular year can also alter sales of agrichemicals.

Our research and development efforts may not succeed and our competitors may develop more effective or successful products.

Our industries and the end markets into which we sell our products experience technological change and product improvement. Manufacturers periodically introduce new products or require new technological capacity to develop customized products. Our growth will depend on our ability to gauge the direction of the commercial and technological progress in all key end markets and upon our ability to fund and successfully develop, manufacture and market products in such changing end markets. As a result, we must commit substantial resources each year to research and development. We will have to continue to identify, develop, market and in certain cases, secure regulatory approval for innovative products on a timely basis to replace or enhance existing products in order to maintain our profit margins and our competitive position. Ongoing investments

in research and development for future products could result in higher costs without a proportional increase in revenues. Additionally, we may not be successful in developing new products and/or technology, either alone or with third parties, or licensing intellectual property rights from third parties on a commercially competitive basis. Our new products may not be accepted by our customers or may fail to receive regulatory approval. Moreover, new products may have lower margins than the products they replace. If we fail to keep pace with the evolving technological innovations in our end markets on a competitive basis, our business, financial condition and results of operations could be adversely affected.

Our inability to protect our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

Protection of our proprietary processes, methods and compounds and other technology is important to our business. We generally rely on patent, trade secret, trademark and copyright laws of the United States and certain other countries in which our products are produced or sold, as well as licenses and nondisclosure and confidentiality agreements, to protect our intellectual property rights. The patent, trade secret, trademark and copyright laws of some countries, or their enforcement, may not protect our intellectual property rights to the same extent as the laws of the United States. Failure to protect our intellectual property rights may result in the loss of valuable proprietary technologies. Additionally, some of our technologies are not covered by any patent or patent application and, even if a patent application has been filed, it may not result in an issued patent. If patents are issued to us, those patents may not provide meaningful protection against competitors or against competitive technologies. We cannot assure you that our intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable.

We also conduct research and development activities with third parties and license certain intellectual property rights from third parties and we plan to continue to do so in the future. We endeavor to license or otherwise obtain intellectual property rights on terms favorable to us. However, we may not be able to license or otherwise obtain intellectual property rights on such terms or at all. Our inability to license or otherwise obtain such intellectual property rights could have a material adverse effect on our ability to create a competitive advantage and create innovative solutions for our customers, which will adversely affect our net sales and our relationships with our customers.

We could face patent infringement claims from our competitors or others alleging that our processes or products infringe on their proprietary technologies. If we are found to be infringing on the proprietary technology of others, we may be liable for damages and we may be required to change our processes, redesign our products partially or completely, pay to use the technology of others, stop using certain technologies or stop producing the infringing product entirely. Even if we ultimately prevail in an infringement suit, the existence of the suit could prompt customers to switch to products that are not the subject of infringement suits. We may not prevail in intellectual property litigation and such litigation may result in significant legal costs or otherwise impede our ability to produce and distribute key products.

We also rely upon unpatented proprietary manufacturing expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. While we generally enter into confidentiality agreements with our employees and third parties to protect our intellectual property, we cannot assure you that our confidentiality agreements will not be breached, that they will provide meaningful protection for our trade secrets and proprietary manufacturing expertise or that adequate remedies will be available in the event of an unauthorized use or disclosure of our trade secrets or manufacturing expertise. In addition, our trade secrets and know-how may be improperly obtained by other means, such as a breach of our information technologies security systems or direct theft.

Our business and operations could suffer in the event of cybersecurity breaches.

Attempts to gain unauthorized access to our information technology systems become more sophisticated over time. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases we might be unaware of an incident or its magnitude and effects. The theft, unauthorized use or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. To the extent that any cybersecurity breach results in inappropriate disclosure of our customers' or licensees' confidential information, we may incur liability as a result. In addition, the devotion of additional resources to the security of our information technology systems in the future could significantly increase the cost of doing business or otherwise adversely impact our financial results.

Our substantial international operations subject us to risks of doing business in foreign countries, which could adversely affect our business, financial condition and results of operations.

We conduct a substantial portion of our business outside the United States. Accordingly, our business is subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many jurisdictions. Risks inherent in international operations include the following:

- fluctuations in foreign currency exchange rates may affect product demand and may adversely affect the profitability in U.S. dollars of products and services we provide in international markets where payment for our products and services is made in the local currency;
- transportation and other shipping costs may increase, or transportation may be inhibited;
- increased cost or decreased availability of raw materials;
- changes in foreign laws and tax rates or U.S. laws and tax rates with respect to foreign income may unexpectedly increase the rate at which our income is taxed, impose new and additional taxes on remittances, repatriation or other payments by subsidiaries, or cause the loss of previously recorded tax benefits;
- foreign countries may adopt other restrictions on foreign trade or investment, including currency exchange controls;
- trade sanctions could result in losing access to customers and suppliers in those countries;
- unexpected adverse changes in foreign laws or regulatory requirements may occur;
- agreements may be difficult to enforce and receivables difficult to collect;
- compliance with a variety of foreign laws and regulations may be burdensome;
- compliance with anti-bribery and anti-corruption laws (such as the Foreign Corrupt Practices Act) as well as anti-money-laundering laws may be costly;
- unexpected adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licenses;
- general economic conditions in the countries in which we operate could have an adverse effect on our earnings from operations in those countries;
- foreign operations may experience staffing difficulties and labor disputes;
- termination or substantial modification of international trade agreements;
- foreign governments may nationalize private enterprises;

- increased sovereign risk (such as default by or deterioration in the economies and credit worthiness of local governments) may occur; and
- our business and profitability in a particular country could be affected by political or economic repercussions from terrorist activities and the response to such activities, the possibility of hyperinflationary conditions and political instability in certain countries.

In addition, certain of our joint ventures operate, and we have ongoing capital projects in, high-risk regions of the world such as the Middle East and South America. Unanticipated events such as geopolitical changes could result in a write-down of our investment in the affected joint venture or a delay or cancellation of those capital projects, which could negatively impact our future growth and profitability. Our success as a global business will depend, in part, upon our ability to succeed in differing legal, regulatory, economic, social and political conditions by developing, implementing and maintaining policies and strategies that are effective in each location where we and our joint ventures do business.

Furthermore, our subsidiaries are subject to rules and regulations related to anti-bribery prohibitions of the U.S. and other countries and export controls and economic embargoes, violations of which may carry substantial penalties. For example, export control and economic embargo regulations limit the ability of our subsidiaries to market, sell, distribute or otherwise transfer their products or technology to prohibited countries or persons. Failure to comply with these regulations could subject our subsidiaries to fines, enforcement actions and/or have an adverse effect on our reputation and the value of our common stock.

Changes in, or the interpretation of, tax legislation or rates throughout the world could materially impact our results.

Our effective tax rate and related tax balance sheet attributes could be impacted by changes in tax legislation throughout the world. Currently, the majority of our net sales are generated from customers located outside the United States, and a substantial portion of our assets and employees are located outside of the United States.

We have not accrued income taxes or foreign withholding taxes on undistributed earnings for most non-U.S. subsidiaries, because those earnings are intended to be indefinitely reinvested in the operations of those subsidiaries. Certain tax proposals with respect to such earnings could substantially increase our tax expense, which would substantially reduce our income and have a material adverse effect on our results of operations and cash flows from operating activities.

We have provided deferred income taxes on the portion of undistributed foreign earnings determined not to be indefinitely reinvested in our foreign operations.

Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, expirations of tax holidays or rulings, changes in the assessment regarding the realization of the valuation of deferred tax assets, or changes in tax laws and regulations or their interpretation. Recent developments, including the European Commission's investigations on illegal state aid as well as the Organisation for Economic Co-operation and Development ("OECD") project on Base Erosion and Profit Shifting may result in changes to long-standing tax principles, which could adversely affect our effective tax rates or result in higher cash tax liabilities.

We are subject to the regular examination of our income tax returns by various tax authorities. Examinations in material jurisdictions or changes in laws, rules, regulations or interpretations by local taxing authorities could result in impacts to tax years open under statute or to foreign operating structures currently in place. We regularly assess the likelihood of adverse outcomes resulting from these examinations or changes in laws, rules, regulations or interpretations to determine the adequacy of our provision for taxes. It is possible the outcomes from these examinations will have a material adverse effect on our financial condition and operating results.

Our business could be adversely affected by environmental, health and safety laws and regulations to which our raw materials, products and facilities are subject.

In the jurisdictions in which we operate, we are subject to numerous federal, state and local environmental, health and safety laws and regulations, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated properties. Further, some of the raw materials we handle are subject to government regulation. These regulations affect the manufacturing processes, handling, uses and applications of our products. In addition, our production facilities and a number of our distribution centers require numerous operating permits. Due to the nature of these requirements and changes in our operations, our operations may exceed limits under permits or we may not have the proper permits to operate our operations. Ongoing compliance with such laws, regulations and permits is an important consideration for us and we incur substantial capital and operating costs in our compliance efforts.

Compliance with environmental laws generally increases the costs of manufacturing,

registration/approval requirements, transportation and storage of raw materials and finished products, and storage and disposal of wastes, and could have a material adverse effect on our results of operations. We may incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in our operations, for violations arising under these laws or permit requirements. Furthermore, environmental laws are subject to change and have become increasingly stringent in recent years. We expect this trend to continue and anticipate that compliance will continue to require materially increased capital expenditures and operating and compliance costs.

Violations of environmental, health and safety laws and regulations may subject us to fines, penalties and other liabilities and may require us to change certain business practices or curtail production.

If we violate environmental, health and safety laws or regulations, in addition to being required to correct such violations, we can be held liable in administrative, civil or criminal proceedings for substantial fines and other sanctions could be imposed that could disrupt or limit our operations. Liabilities associated with the investigation and cleanup of hazardous substances, as well as personal injury, property damages or natural resource damages arising from the release of, or exposure to, such hazardous substances, may be imposed in many situations without regard to violations of laws or regulations or other fault, and may also be imposed jointly and severally (so that a responsible party may be held liable for more than its share of the losses involved, or even the entire loss). Such liabilities may also be imposed on many different entities, including, for example, current and prior property owners or operators, as well as entities that arranged for the disposal of the hazardous substances. Such liabilities can be difficult to identify or quantify.

We use, and in the past have used, hazardous substances at many of our facilities, and we have in the past, and may in the future, be subject to claims relating to exposure to hazardous materials and the associated liabilities may be material. We also have generated, and continue to generate, hazardous wastes at a number of our facilities. Some of our facilities also have lengthy histories of manufacturing or other activities that may have resulted in site contamination. We have also given contractual indemnities for environmental conditions relating to facilities we no longer own or operate. The nature of our business, including historical operations at our current and former facilities, exposes us to risks of liability under environmental laws and regulations due to the production, storage, use, transportation and sale of materials that can cause

contamination or personal injury if released into the environment. Additional information may arise in the future concerning the nature or extent of our liability with respect to identified sites, and additional sites may be identified for which we are alleged to be liable, that could cause us to materially increase our environmental accrual or the upper range of the costs we believe we could reasonably incur for such matters.

Our business and financial results may be adversely affected by various legal and regulatory proceedings.

We are involved from time to time in legal and regulatory proceedings, which may be material in the future. The outcome of proceedings, lawsuits and claims may differ from our expectations, leading us to change estimates of liabilities and related insurance receivables.

Legal and regulatory proceedings, whether with or without merit, and associated internal investigations, may be time-consuming and expensive to prosecute, defend or conduct, divert management's attention and other resources, inhibit our ability to sell our products, result in adverse judgments for damages, injunctive relief, penalties and fines, and otherwise negatively affect our business.

We may be subject to indemnity claims and liable for other payments relating to properties or businesses we have divested.

In connection with the sale of certain properties and businesses, we have agreed to indemnify the purchasers for certain types of matters, such as certain breaches of representations and warranties, taxes and certain environmental matters.

With respect to environmental matters, the discovery of contamination arising from properties that we have divested may expose us to indemnity obligations under the sale agreements with the buyers of such properties or cleanup obligations and other damages under applicable environmental laws.

We may not have insurance coverage for such indemnity obligations or cash flows to make such indemnity or other payments. Further, we cannot predict the nature of and the amount of any indemnity or other obligations we may have to the applicable purchaser. Such payments may be costly and may adversely affect our financial condition and results of operations.

At several of our properties where hazardous substances are known to exist (including some

sites where hazardous substances are being investigated or remediated), we believe we are entitled to contractual indemnification from one or more former owners or operators; however, in the event we make a claim, the indemnifier may disagree with us or not have the financial capacity to fulfill its indemnity obligation. If our contractual indemnity is not upheld or effective, our accrual and/or our costs for the investigation and cleanup of hazardous substances could increase materially.

We may be exposed to certain regulatory and financial risks related 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 have impacts on 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 (“UNFCC”), 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, 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 impacts of climate change and related regulation on our customers are highly uncertain and may adversely affect us.

Regulation, or the threat of regulation, of some of our products could have an adverse effect on our sales and profitability.

We manufacture or market a number of products that are or have been the subject of attention by regulatory authorities and environmental interest groups. For example, for many years we have marketed methyl bromide, a chemical that is particularly effective as a soil fumigant. In recent years, the market for methyl bromide has changed significantly, driven by the Montreal Protocol of 1987 and the London Amendment of 1990 and related regulations prompted by findings regarding the chemical's potential to deplete the ozone layer. Completion of the phase-out of methyl bromide as a fumigant took effect January 1, 2005, with critical uses allowed in the U.S. on an annual basis until feasible alternatives are available, with methyl bromide scheduled to be completely phased out in 2017.

Over the past decade, there has been increasing scrutiny of certain brominated flame retardants by regulatory authorities, legislative bodies and environmental interest groups in various countries. We manufacture a broad range of brominated flame retardant products, which are used in a variety of applications to protect people, property and the environment from the negative consequences of fire. Concern about the impact of some of our products on human health or the environment may lead to regulation, or reaction in our markets independent of regulation, that could reduce or eliminate markets for such products.

Agencies in the European Union continue to evaluate the risks to human health and the environment associated with certain brominated flame retardants such as tetrabromobisphenol A and decabromodiphenylethane, both of which we manufacture. Additional government regulations, including limitations or bans on the use of brominated flame retardants, could result in a decline in our net sales of brominated flame retardants and have an adverse effect on our sales and profitability. In addition, the threat of additional regulation or concern about the impact of brominated flame retardants on human health or the environment could lead to a negative reaction in our markets that could reduce or eliminate our markets for these products, which could have an adverse effect on our sales and profitability.

Our business and our customers are subject to significant requirements under REACH,

which imposes obligations on European Union manufacturers and importers of chemicals and other products into the European Union to compile and file comprehensive reports, including testing data, on each chemical substance, and perform chemical safety assessments. Additionally, substances of high concern, as defined under REACH, are subject to an authorization process, which may result in restrictions in the use of products by application or even banning the product. REACH regulations impose significant additional burdens on chemical producers, importers, downstream users of chemical substances and preparations, and the entire supply chain. See “Regulation” in Item 1. Business on page 8. Our significant manufacturing presence and sales activities in the European Union requires significant compliance costs and may result in increases in the costs of raw materials we purchase and the products we sell. Increases in the costs of our products could result in a decrease in their overall demand; additionally, customers may seek products that are not regulated by REACH, which could also result in a decrease in the demand of certain products subject to the REACH regulations.

In June 2016, modifications to the TSCA in the U.S. were signed into law, requiring chemicals to be assessed against a risk-based safety standard and for the elimination of unreasonable risks identified during risk evaluation. Other pending initiatives potentially will require toxicological testing and risk assessments of a wide variety of chemicals, including chemicals used or produced by us. These initiatives include the Voluntary Children's Chemical Evaluation Program, and High Production Volume Chemical Initiative in the U.S., as well as new initiatives in Asia and other regions. These assessments may result in heightened concerns about the chemicals involved and additional requirements being placed on the production, handling, labeling or use of the subject chemicals. Such concerns and additional requirements could also increase the cost incurred by our customers to use our chemical products and otherwise limit the use of these products, which could lead to a decrease in demand for these products. Such a decrease in demand would likely have an adverse impact on our business and results of operations.

We could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of our products to meet certain quality specifications.

Our products provide important performance attributes to our customers' products. If a product fails to perform in a manner consistent with quality specifications or has a shorter useful life than guaranteed, a customer could seek replacement of the product or damages for costs incurred as a result of the product failing to perform as guaranteed. These risks apply to our

refinery catalysts in particular because, in certain instances, we sell our refinery catalysts under agreements that contain limited performance and life cycle guarantees. Also, because many of our products are integrated into our customers' products, we may be requested to participate in, or fund in whole or in part the costs of, a product recall conducted by a customer. For example, some of our businesses supply products to customers in the automotive industry. In the event one of these customers conducts a product recall that it believes is related to one of our products, we may be asked to participate in, or fund in whole or in part, such a recall.

Our customers often require our subsidiaries to represent that our products conform to certain product specifications provided by our customers. Any failure to comply with such specifications could result in claims or legal action.

A successful claim or series of claims against us could have a material adverse effect on our financial condition and results of operations and could result in a loss of one or more customers.

Our business is subject to hazards common to chemical businesses, any of which could injure our employees or other persons, damage our facilities or other properties, interrupt our production and adversely affect our reputation and results of operations.

Our business is subject to hazards common to chemical manufacturing, storage, handling and transportation, including explosions, fires, inclement weather, natural disasters, mechanical failure, unscheduled downtime, transportation interruptions, remediation, chemical spills, discharges or releases of toxic or hazardous substances or gases and other risks. These hazards can cause personal injury and loss of life to our employees and other persons, severe damage to, or destruction of, property and equipment and environmental contamination. In addition, the occurrence of disruptions or material operating problems at our facilities due to any of these hazards may diminish our ability to meet our output goals. Accordingly, these hazards and their consequences could adversely affect our reputation and have a material adverse effect on our operations as a whole, including our results of operations and cash flows, both during and after the period of operational difficulties.

Natural disasters and weather-related matters could impact our results of operations.

Historically, major hurricanes have caused significant disruption to the operations on the U.S. Gulf Coast for many of our customers and our suppliers of certain raw materials, which had

an adverse impact on volume and cost for some of our products. Our operations in Chile could be subject to significant rain events and earthquakes. If similar weather-related matters or other natural disasters occur in the future, they could negatively affect the results of operations at our sites in the affected regions as well as have adverse impacts on the global economy.

Our insurance may not fully cover all potential exposures.

We maintain property, business interruption, casualty, and other insurance, but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and coverage limits. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for environmental remediation. In addition, from time to time, various types of insurance for companies in the specialty chemical industry have not been available on commercially acceptable terms or, in some cases, have not been available at all. We are potentially at additional risk if one or more of our insurance carriers fail. Additionally, severe disruptions in the domestic and global financial markets could adversely impact the ratings and survival of some insurers. Future downgrades in the ratings of enough insurers could adversely impact both the availability of appropriate insurance coverage and its cost. In the future, we may not be able to obtain coverage at current levels, if at all, and our premiums may increase significantly on coverage that we maintain.

If we are unable to retain key personnel or attract new skilled personnel, it could have an adverse effect on our business.

Our success depends on our ability to attract and retain key personnel, and we rely heavily on our management team. The unanticipated departure of any key member of our management team could have an adverse effect on our business. In addition, because of the specialized and technical nature of our business, our performance is dependent on the continued service of, and on our ability to attract and retain, qualified management, scientific, technical, marketing and support personnel. Competition for such personnel is intense, and we may be unable to continue to attract or retain such personnel. In addition, because of our reliance on our senior management team, our future success depends, in part, on our ability to identify and develop or recruit talent to succeed our senior management and other key positions throughout the organization. If we fail to identify and develop or recruit successors, we are at risk of being harmed by the departures of these key employees.

Effective succession planning is also important to our long-term success. Failure to ensure

effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution.

Some of our employees are unionized, represented by workers' councils or are employed subject to local laws that are less favorable to employers than the laws of the U.S.

As of December 31, 2016, we had approximately 5,000 employees, including employees of our consolidated joint ventures. Certain of these employees are represented by unions or workers' councils. In addition, a large number of our employees are employed in countries in which employment laws provide greater bargaining or other rights to employees than the laws of the United States. Such employment rights require us to work collaboratively with the legal representatives of the employees to effect any changes to labor arrangements. For example, most of our employees in Europe are represented by workers' councils that must approve any changes in conditions of employment, including salaries and benefits and staff changes, and may impede efforts to restructure our workforce. Although we believe that we have a good working relationship with our employees, a strike, work stoppage, slowdown or significant dispute with our employees could result in a significant disruption of our operations or higher ongoing labor costs.

Our joint ventures may not operate according to their business plans if our partners fail to fulfill their obligations, which may adversely affect our results of operations and may force us to dedicate additional resources to these joint ventures.

We currently participate in a number of joint ventures and may enter into additional joint ventures in the future. The nature of a joint venture requires us to share control with unaffiliated third parties. If our joint venture partners do not fulfill their obligations, the affected joint venture may not be able to operate according to its business plan. In that case, our results of operations may be adversely affected and we may be required to increase the level of our commitment to the joint venture. Also, differences in views among joint venture participants may result in delayed decisions or failures to agree on major issues. If these differences cause the joint ventures to deviate from their business plans, our results of operations could be adversely affected.

We may not be able to consummate future acquisitions or integrate acquisitions into our business, which could result in unanticipated expenses and losses.

As part of our business growth strategy, we have acquired businesses and entered into joint ventures in the past and intend to pursue acquisitions and joint venture opportunities in the future.

STRATEGY AND ANALYSIS

Our ability to implement this component of our growth strategy will be limited by our ability to identify appropriate acquisition or joint venture candidates and our financial resources, including available cash and borrowing capacity. The expense incurred in consummating acquisitions or entering into joint ventures, the time it takes to integrate an acquisition or our failure to integrate businesses successfully, could result in unanticipated expenses and losses. Furthermore, we may not be able to realize any of the anticipated benefits from acquisitions or joint ventures.

The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Some of the risks associated with the integration of acquisitions include:

- potential disruption of our ongoing business and distraction of management;
- unforeseen claims and liabilities, including unexpected environmental exposures;
- unforeseen adjustments, charges and write-offs;
- problems enforcing the indemnification obligations of sellers of businesses or joint venture partners for claims and liabilities;
- unexpected losses of customers of, or suppliers to, the acquired business;
- difficulty in conforming the acquired businesses' standards, processes, procedures and controls with our operations;
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries;
- variability in financial information arising from the implementation of purchase price accounting;
- inability to coordinate new product and process development;
- loss of senior managers and other critical personnel and problems with new labor unions and cultural challenges associated with integrating employees from the acquired company into our organization; and
- challenges arising from the increased scope, geographic diversity and complexity of our operations.

Although our pension plans currently meet minimum funding requirements, events could occur that would require us to make significant contributions to the plans and reduce the cash available for our business.

We have several defined benefit pension plans around the world, including in the United States, United Kingdom, Germany, Belgium and Japan. We are required to make cash contributions to our pension plans to the extent necessary to comply with minimum funding requirements imposed by the various countries' benefit and tax laws. The amount of any such required contributions will be determined annually based on an actuarial valuation of the plans as performed by the plans' actuaries.

In previous years, we have made voluntary contributions to our U.S. qualified defined benefit pension plans. We anticipate approximately \$6.0 million of required cash contributions during 2017 for our defined benefit pension plans. Additional voluntary pension contributions in and after 2017 may vary depending on factors such as asset returns, interest rates, and legislative changes. The amounts we may elect or be required to contribute to our pension plans in the future may increase significantly. These contributions could be substantial and would reduce the cash available for our business.

Further, an economic downturn or recession or market disruption in the capital and credit markets may adversely impact the value of our pension plan assets, our results of operations, our statement of changes in stockholders' equity and our liquidity. Our funding obligations could change significantly based on the investment performance of the pension plan assets and changes in actuarial assumptions for local statutory funding valuations. Any deterioration of the capital markets or returns available in such markets may negatively impact our pension plan assets and increase our funding obligations for one or more of these plans and negatively impact our liquidity. We cannot predict the impact of this or any further market disruption on our pension funding obligations.

The occurrence or threat of extraordinary events, including domestic and international terrorist attacks, may disrupt our operations and decrease demand for our products.

Chemical-related assets may be at greater risk of future terrorist attacks than other possible targets in the United States and throughout the world. As a result, we are subject to existing federal rules and regulations (and may be subject to additional legislation or regulations in the future) that impose site security requirements on chemical manufacturing facilities, which increase our overhead expenses.

We are also subject to federal regulations that have heightened security requirements for the transportation of hazardous chemicals in the United States. We believe we have met these

requirements but additional federal and local regulations that limit the distribution of hazardous materials are being considered. We ship and receive materials that are classified as hazardous. Bans on movement of hazardous materials through cities, like Washington, D.C., could affect the efficiency of our logistical operations. Broader restrictions on hazardous material movements could lead to additional investment to produce hazardous raw materials and change where and what products we manufacture.

The Chemical Facility Anti-Terrorism Standards program (“CFATS Program”), which is administered by the Department of Homeland Security (“DHS”), identifies and regulates chemical facilities to ensure that they have security measures in place to reduce the risks associated with potential terrorist attacks on chemical plants located in the US. In December 2014, the Protecting and Securing Chemical Facilities from Terrorist Attacks Act of 2014 (“CFATS Act”) was enacted. The CFATS Act reauthorizes the CFATS Program for four years. DHS has released an interim final rule under the CFATS Program that imposes comprehensive federal security regulations for high-risk chemical facilities in possession of specified quantities of chemicals of interest. This rule establishes risk-based performance standards for the security of the U.S.'s chemical facilities. It requires covered chemical facilities to prepare Security Vulnerability Assessments, which identify facility security vulnerabilities, and to develop and implement Site Security Plans, which include measures that satisfy the identified risk-based performance standards. We cannot determine with certainty the costs associated with any security measures that DHS may require.

The occurrence of extraordinary events, including future terrorist attacks and the outbreak or escalation of hostilities, cannot be predicted, and their occurrence can be expected to continue to negatively affect the economy in general and specifically the markets for our products. The resulting damage from a direct attack on our assets, or assets used by us, could include loss of life and property damage. In addition, available insurance coverage may not be sufficient to cover all of the damage incurred or, if available, may be prohibitively expensive.

Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing, the market price of our securities and our debt service obligations.

Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading

or downgrading the current rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading would likely increase our cost of future financing, could limit our access to the capital markets and have an adverse effect on the market price of our securities.

Borrowings under a portion of our debt facilities bear interest at floating rates, and are subject to adjustment based on the ratings of our senior unsecured long-term debt. The downgrading of any of our ratings or an increase in any of the benchmark interest rates would result in an increase of our interest expense on our variable rate borrowings.

We may be subject to increased tax exposure resulting from Rockwood pre-acquisition periods.

Under the terms of certain purchase agreements, third party sellers have agreed to substantially indemnify us for tax liabilities pertaining to Rockwood's pre-acquisition periods generally until the applicable statutes of limitations expire. To the extent that such companies fail to indemnify or satisfy their obligations, or if any amount is not covered by the terms of the indemnity, earnings could be negatively impacted in future periods through increased tax expense.

We have not established proven or probable reserves through the completion of a feasibility study for the minerals that we produce.

We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a "final" or "bankable" feasibility study for any of the minerals that we produce. Since we commenced production without having established proven or probable reserves, there may be greater inherent uncertainty as to whether or not mineralized material can be economically obtained as originally planned and anticipated. Also, because we do not have any proven or probable reserves, we may not be able to continue to produce such minerals at existing levels or to expand our production capacity in the future which could harm our business, results or operations and financial condition.

G4-3 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

We are a leading global developer, manufacturer and marketer of highly-engineered specialty chemicals that meets customer needs across a diverse range of end markets. The end markets we serve include petroleum refining, consumer electronics, energy storage, construction, automotive, steel and aerospace, lubricants, pharmaceuticals, crop protection, household appliances, heating, ventilation, aluminum finishing, food safety 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.

On January 12, 2015, we completed the acquisition of Rockwood Holdings, Inc. (“Rockwood”) pursuant to an Agreement and Plan of Merger for a purchase price of approximately \$5.7 billion. As a result, Rockwood became a wholly-owned subsidiary of Albemarle.

Business Segments

During 2016, 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.

Lithium and Advanced Materials Segment

As of December 31, 2016, our Lithium and Advanced Materials segment consisted of two product categories: Lithium and Performance Catalyst Solutions.

Lithium.

Our Lithium business develops advanced materials for a wide range of industries and end markets. Our Lithium business is a low-cost producer of one of the most diverse product portfolios of lithium derivatives in the industry.

We develop and manufacture a broad range of basic lithium compounds, including lithium carbonate, lithium hydroxide, lithium chloride, and value-added lithium specialties and reagents, including butyllithium and lithium aluminum hydride. Lithium is a key component in products and processes used in a variety of applications and industries, which include lithium batteries used in consumer electronics and automobiles, high performance greases, thermoplastic elastomers for car tires, rubber soles and plastic bottles, catalysts for chemical reactions, organic synthesis processes in the areas of steroid chemistry and vitamins, various life science applications, as well as intermediates in the pharmaceutical industry, among other applications. We also develop and manufacture cesium products for the chemical and pharmaceutical industries, and zirconium, barium and titanium products for various pyrotechnical applications, including airbag igniters.

In addition to developing and supplying lithium compounds, we provide technical services, including the handling and use of reactive lithium products. We also offer our customers recycling services for lithium-containing by-products resulting from synthesis with organolithium products, lithium metal and other reagents. We plan to continue to focus on the development of new products and applications.

Lithium-Customers

Our most significant customers include Panasonic Corporation, Umicore S.A., Binova International Co. Ltd., Samsung SDI Co. Ltd. and Corning Inc., among others.

Lithium-Competition

The global lithium market consists of producers located in the Americas, Asia-Pacific and, to a lesser extent, Africa. We are a leading global provider of lithium compounds. Major competitors include FMC Corporation, Sociedad Quimica y Minera de Chile S.A., SichuanTianqi Lithium, and Jiangxi Ganfeng Lithium. In the metal-based specialty chemicals business, key competitors include Cabot Corporation and Sigma-Aldrich Corporation. Competition in the global

lithium market is based on product quality, product diversity, reliability of supply and customer service.

Lithium-Raw Materials and Significant Supply Contracts

We obtain lithium through solar evaporation of our ponds at the Salar de Atacama, in Chile, and in Silver Peak, Nevada. After we obtain the lithium brine from the Salar de Atacama, we process it into lithium carbonate and lithium chloride at a plant in nearby La Negra, Chile. The lithium brine from our Silver Peak site is processed into lithium carbonate at our plant in Silver Peak. Subsequently, in other locations in the United States (“U.S.”), Germany, France and Taiwan, we further process the materials into various derivatives, depending on the markets we serve. In addition, we have entered an agreement with Bolland Minera S.A. for the exclusive exploration and acquisition rights to a lithium resource in Antofalla, within the Catamarca Province of Argentina. If necessary, we can also obtain lithium from other sources.

Our mineral rights with respect to the Salar de Atacama in Chile consist exclusively of our right to access lithium brine pursuant to a long-term contract with the Chilean government, originally entered into in January 1975 by one of our predecessors and subsequently amended and restated. Our contract with the Chilean government will remain in effect until the date on which we have produced and sold 200,000 metric tons of lithium in any of its forms from the Salar de Atacama. As of December 31, 2016, the remaining amount of lithium we were permitted to sell under the contract equaled approximately 115,000 metric tons of total lithium. In February 2016, we announced that we were granted approval by the Environmental Assessment Commission of the Antofagasta Region to increase our currently authorized lithium brine removal rate in the Salar de Atacama. The size of the area at the Salar de Atacama covered by our claims is approximately 16,700 hectares. We currently own the land on which we operate our facility at the Salar de Atacama and our processing facility in La Negra. However, the ownership of the land at the Salar de Atacama will revert to the Chilean government once we have sold all amounts of lithium remaining under our contract with the Chilean government (the ownership of the land and fixed assets in La Negra will remain unchanged). In December 2016, we also announced that we amended our lithium production rights agreement with the Chilean Economic Development Agency (“CORFO”) to both extend the term of that agreement and increase our authorized lithium quota at our facility in the Salar de Atacama, Chile. The amended agreement provides us with sufficient lithium to produce over 80,000 metric tons annually of technical and

battery grade lithium salts over the next 27 years at our expanding battery grade manufacturing facilities in La Negra, Antofagasta.

Our mineral rights in Silver Peak, Nevada consist of our right to access lithium brine pursuant to our permitted and certificated senior water rights, a settlement agreement with the U.S. government, originally entered into in June 1991, and our patented and unpatented land claims. Pursuant to the 1991 agreement, our water rights and our land claims, we have rights to all lithium that we can remove economically from the Clayton Valley Basin in Nevada. We have been operating at the Silver Peak site since 1966. Our Silver Peak site covers a surface of approximately 15,301 acres, 10,826 acres of which we own through a subsidiary. The remaining acres are owned by the U.S. government from whom we lease the land pursuant to an unpatented land claim and lease agreement which is renewed annually. Based on our 2016 production levels, we believe that the amount of lithium brine we can economically obtain from our Silver Peak, Nevada site pursuant to our rights could support the current levels of lithium carbonate production for approximately 20 years. Assuming certain operating conditions are satisfied, our annual lithium carbonate production capacity is estimated to be approximately 6,000 metric tons at our Silver Peak facility. However, no assurance can be given that the indicated levels of production of lithium carbonate at either Silver Peak or La Negra will be realized.

We also own a 49% interest in Windfield Holdings Pty Ltd, which directly owns 100% of the equity of Talison Lithium Pty Ltd, a company incorporated in Australia (“Talison”). Talison, through its wholly-owned subsidiaries, owns and operates a lithium mine in Greenbushes, Western Australia and mines lithium ore, which is then milled and processed to separate lithium concentrate from the rest of the ore. The ore is processed into battery-grade lithium carbonate and lithium hydroxide at our Jiangxi and Sichuan, China facilities, which were recently acquired from Jiangxi Jiangli New Materials Science and Technology Co. Ltd. Talison currently sells the lithium concentrate to its shareholders. Talison has a leading position in two categories of lithium concentrates: (i) technical-grade lithium concentrates which have low iron content for use in the manufacture of glass, ceramics and heat-proof cookware; and (ii) a high-yielding chemical-grade lithium concentrate, used to produce lithium chemicals which form the basis for the manufacture of lithium-ion batteries for laptop computers, mobile phones, electric bicycles and electric vehicles. Assuming certain operating conditions are satisfied, the annual lithium concentrate production capacity at the Talison facility is estimated to be approximately 575,000 metric tons. However,

no assurance can be given that the indicated levels of production of lithium concentrate at Talison will be realized.

Performance Catalyst Solutions (“PCS”).

We have four product lines in our PCS division: polymer catalysts, curatives, organometallics and electronic materials. We manufacture organometallic co-catalysts (e.g., aluminum, magnesium and zinc alkyls) as well as metallocene components and co-catalysts (e.g., methylaluminumoxane, organoborons, metallocene compounds, and finished polymerization catalysts comprising these products). We also offer finished single-site catalysts with or without our proprietary ActivCat[®] activation technology and a line of proprietary Ziegler-Natta catalysts under the Advantage[™] brand. Our co-catalysts and finished catalysts are used in our customers' production of polyolefin polymers. Such polymers are commodity (i.e., Ziegler-Natta polymerization technology-based) and specialty (i.e., Single Site polymerization technology-based) plastics serving a wide variety of end markets including packaging, non-packaging, films and injection molding. Some of our organometallic products are also used in the manufacture of alpha-olefins (i.e., hexene, octene, decene). In electronic materials, we manufacture and sell high purity metal organic products into electronic applications such as the production of light-emitting diodes (“LEDs”) for displays and general lighting, as well as other products used in the production of solar cells. Our curatives include a range of curing agents used in polyurethanes, epoxies and other engineered resins.

PCS-Customers

Our PCS business customers include multinational corporations such as ExxonMobil Corporation, Chevron Corporation, Total Petrochemicals, Saudi Basic Industries Corporation and INEOS Group Holdings S.A. There are thousands of polyolefin and elastomer units worldwide which require a constant supply of co-catalysts and finished catalysts.

PCS-Competition

Our PCS business serves the global market including the Americas, Europe, Asia and the Middle East. Our major competitors in the PCS market include AkzoNobel, Chemtura Corporation and W.R. Grace & Co. in the polyolefin catalysts and co-catalysts areas. Lonza is our main competitor in the curatives market.

PCS-Raw Materials and Significant Supply Contracts

The major raw materials we use in our PCS operations include aluminum, ethylene, alpha-olefins, isobutylene and toluene, most of which are readily available from numerous independent suppliers and are purchased or provided under contracts at prices we believe are competitive. The cost of raw materials is generally based on market prices, although we may use contracts with price caps or other tools, as appropriate, to mitigate price volatility.

Bromine Specialties Segment

Our bromine and bromine-based business includes products used in fire safety solutions and other specialty chemicals applications. Our fire safety technology enables the use of plastics in high performance, high heat applications by enhancing the flame resistant properties of these materials. End market products that benefit from our fire safety technology include plastic enclosures for consumer electronics, printed circuit boards, wire and cable products, electrical connectors, textiles and foam insulation. Our bromine-based business also includes specialty chemicals products such as elemental bromine, alkyl bromides, inorganic bromides, brominated powdered activated carbon and a number of bromine fine chemicals. These specialty products are used in chemical synthesis, oil and gas well drilling and completion fluids, mercury control, water purification, beef and poultry processing and various other industrial applications. Other specialty chemicals that we produce include tertiary amines for surfactants, biocides, and disinfectants and sanitizers.

Customers

Our bromine business offers more than 40 products to a variety of end markets. We sell our products mostly to chemical manufacturers and processors, such as polymer resin suppliers, drilling and oil service companies, beef and poultry processors, water treatment and photographic companies, energy producers and other specialty chemical companies.

Sales of bromine and brominated derivatives in Asia are expected to grow long-term due primarily to the underlying growth in consumer demand. In response to this development, we have established a sales and marketing network in China, Japan, Korea and Singapore with products sourced from the U.S., Europe, China and the Middle East.

A number of customers of our bromine business operate in cyclical industries, including the consumer electronics and oil field industries. As a result, demand from our customers in such industries is also cyclical.

Competition

Our bromine business serves the markets in the Americas, Asia, Europe and the Middle East, each of which is highly competitive. Product performance and quality, price and contract terms are the primary factors in determining which qualified supplier is awarded a contract. Research and development, product and process improvements, specialized customer services, the ability to attract and retain skilled personnel and maintenance of a good safety record have also been important factors to compete effectively in the marketplace. Our most significant competitors are Chemtura Corporation and Israel Chemicals Ltd.

Raw Materials and Significant Supply Contracts

The bromine we use is sourced from two locations: Arkansas and the Dead Sea. Our bromine production operations in Arkansas are supported by an active brine rights leasing program. We estimate that, at current production levels, we will be able to produce bromine in Arkansas for more than 50 years. In addition, through our 50% interest in Jordan Bromine Company Limited (“JBC”), a consolidated joint venture with operations in Safi, Jordan, we source bromine from the Dead Sea, which is believed to have indefinite quantities of brine. In addition, we have a joint venture with Weifang Sinobrom Import and Export Company, Ltd. (“Sinobrom”) in China that allows us the option to source bromine directly from China’s Shandong Province brine fields.

Refining Solutions Segment

Our two main product lines in this segment are (i) Clean Fuels Technologies, which is primarily composed of hydroprocessing catalysts (“HPC”), and (ii) Heavy Oil Upgrading (“HOU”), which is primarily composed of fluidized catalytic cracking (“FCC”) catalysts and additives. HPC products are widely applied throughout the refining industry. Their application enables the upgrading of oil fractions to clean fuels and other usable oil feedstocks and products by removing sulfur, nitrogen and other impurities from the feedstock. In addition, they improve product properties by adding hydrogen and in some cases improve the performance of downstream catalysts and processes. We continuously seek to add more value to refinery operations by offering HPC products that meet our customers’ requirements for profitability and performance

in the very demanding refining market. FCC catalysts assist in the high yield cracking of less desired refinery petroleum streams into derivative, higher-value products such as transportation fuels and petrochemical feedstocks like propylene. Our FCC additives are used to reduce emissions of sulfur dioxide and nitrogen oxide in FCC units and to increase liquefied petroleum gas olefins yield, such as propylene, and to boost octane in gasoline. Albemarle offers unique refinery catalysts to crack and treat the lightest to the heaviest feedstocks while meeting refinery yield and product needs. We offer a wide range of HPC products and provide customized FCC catalyst systems to our customers.

Customers

Our Refining Solutions segment customers include multinational corporations such as ExxonMobil Corporation, Chevron Corporation, TOTAL S.A., Saudi Aramco and its joint ventures, and INEOS Group Holdings S.A.; independent petroleum refining companies such as Valero Energy Corporation, SK Energy Holdings, Reliance Industries and Marathon Petroleum; national petroleum refining companies such as Petróleo Brasileiro S.A., Petróleos Mexicanos, Kuwait National Petroleum Company, Abu Dhabi National Oil Company and Indian Oil Corp.

In 2016, the total number of refineries world wide was reduced from 634 to 615 and we see this trend continuing with smaller refineries shutting down and being replaced by mega refineries, with growth concentrated in the Middle East and Asia. Oil refining has again increased moderately compared to the previous year.

We estimate that there are currently approximately 565 FCC units being operated globally, each of which requires a constant supply of FCC catalysts. In addition, we estimate that there are approximately 3,200 HPC units being operated globally, or a capacity of approximately 45 million barrels per day, each of which typically requires replacement HPC catalysts once every one to four years.

Competition

Our Refining Solutions segment serves the global market including the Americas, Asia, Europe and the Middle East, each of which is highly competitive. Product performance and quality, price and contract terms are the primary factors in determining which qualified supplier is awarded a contract.

Research and development, product and process improvements, specialized customer services, the ability to attract and retain skilled personnel and the maintenance of a good safety record have also been important factors to compete effectively in the Catalysts marketplace. Through our research and development programs, we strive to differentiate our business by developing value-added products and products based on proprietary technologies.

Our major competitors in the HPC catalysts market include Criterion Catalysts and Technologies, Advanced Refining Technologies and Haldor Topsoe. Our major competitors in the FCC catalysts market include W.R. Grace & Co., BASF Corporation and China Petrochemical Corporation (Sinopec).

Raw Materials and Significant Supply Contracts

The major raw materials we use in our Refining Solutions operations include sodium silicate, sodium aluminate, kaolin, rare earths and metals such as molybdenum, nickel and cobalt, most of which are readily available from numerous independent suppliers and are purchased or provided under contracts at prices we believe are competitive. The cost of raw materials is generally based on market prices, although we may use contracts with price caps or other tools, as appropriate, to mitigate price volatility.

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.

On December 14, 2016, we completed the sale of the Chemetall Surface Treatment business to BASF SE for cash proceeds of approximately \$3.1 billion, net of purchase price adjustments. The Chemetall Surface Treatment business was acquired on January 12, 2015, as part of the acquisition of Rockwood Holdings, Inc. (“Rockwood”).

During 2016, 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.

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

We operate on a global basis. Our principal executive offices in Charlotte, North Carolina, United States of America (effective as of June 2016: prior to that our principal executive offices were in Baton Rouge, Louisiana, United States of America) and regional shared services offices in Budapest, Hungary and Dalian, China are leased. We and our affiliates also operate regional sales and administrative offices in various locations throughout the world, which are generally leased.

We believe that our production facilities, research and development facilities, and sales and administrative offices are generally well maintained, effectively used and are adequate to operate our business. During 2016, our manufacturing plants operated at approximately 71% capacity in the aggregate.

Set forth below is information regarding our significant production facilities operated by our affiliates and us:

ORGANIZATIONAL PROFILE

Location	Business Segment in 2016	Principal Use	Owned/Leased
Amsterdam, Netherlands	Refining Solutions	Production of refinery catalysts, research and product development activities	Owned
Baton Rouge, Louisiana	Lithium and Advanced Materials; Bromine Specialties	Research and product development activities, and production of flame retardants, catalysts and additives	Owned; on leased land
Bitterfeld, Germany	Refining Solutions	Refinery catalyst regeneration, rejuvenation, and sulfiding	Owned by Eurecat S.A., a joint venture owned 50% by each of IFP Investissements and Albemarle
Cambridge, United Kingdom	Lithium and Advanced Materials	Production of performance catalysts	Leased
Greenbushes, Australia	Lithium and Advanced Materials	Production of lithium spodumene minerals and lithium concentrate	Owned by Windfield Holdings Pty Ltd, a joint venture in which Albemarle owns 49%, and Sichuan Tianqi Lithium Industries Inc which owns the remaining interest
Jubail, Saudi Arabia	Lithium and Advanced Materials	Manufacturing and marketing of organometallics	Owned; Albemarle Netherlands BV and Saudi Specialty Chemicals Company (a SABIC affiliate) each owns 50% interest
Kings Mountain, North Carolina	Lithium and Advanced Materials	Production of technical and battery grade lithium hydroxide	Owned
La Negra, Chile	Lithium and Advanced Materials	Production of lithium carbonate and lithium chloride	Owned
Langelshiem, Germany	Lithium and Advanced Materials	Production of butyllithium, lithium chloride, specialty products, lithium hydrides, cesium, special metals	Owned

ORGANIZATIONAL PROFILE

Louvain-la-Neuve, Belgium	Lithium and Advanced Materials; Bromine Specialties; Refining Solutions; All other	Regional offices and research and customer technical service activities	Owned
La Voulte, France	Refining Solutions	Refinery catalysts regeneration and treatment, research and development activities	Owned by Eurecat S.A., a joint venture owned 50% by each of IFP Investissements and Albemarle
Magnolia, Arkansas	Bromine Specialties	Production of flame retardants, bromine, inorganic bromides, agricultural intermediates and tertiary amines	Owned
McAlester, Oklahoma	Refining Solutions	Refinery catalyst regeneration, rejuvenation, pre-reclaim burn off, as well as specialty zeolites and additives marketing activities	Owned by Eurecat S.A., a joint venture owned 50% by each of IFP Investissements and Albemarle
Meishan, China	Lithium and Advanced Materials	Production of lithium carbonate and lithium hydroxide	Owned
Mobile, Alabama	Lithium and Advanced Materials	Production of tin stabilizers	Owned by PMC Group, Inc. which operates the plant for Stannica LLC, a joint venture in which we and PMC Group Inc. each own a 50% interest
New Johnsonville, Tennessee	Lithium and Advanced Materials	Production of specialty products	Owned
Niihama, Japan	Refining Solutions	Production of refinery catalysts	Leased by Nippon Ketjen Company Limited, a joint venture owned 50% by each of Sumitomo Metal Mining Company Limited and Albemarle
Pasadena, Texas	Lithium and Advanced Materials; All other	Production of aluminum alkyls, alkenyl succinic anhydride, orthoalkylated anilines, and other specialty chemicals	Owned

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Pasadena, Texas	Refining Solutions	Production of refinery catalysts, research and development activities	Owned
Pasadena, Texas	Refinery Solutions	Refinery catalysts regeneration services	Owned by Eurecat U.S. Incorporated, a joint venture in which we own a 57.5% interest and a consortium of entities in various proportions owns the remaining interest
Safi, Jordan	Bromine Specialties	Production of bromine and derivatives and flame retardants	Owned and leased by JBC, a joint venture owned 50% by each of Arab Potash Company Limited and Albemarle
Salar de Atacama, Chile	Lithium and Advanced Materials	Production of lithium brine and potash	Owned; however ownership will revert to the Chilean government once we have sold all remaining amounts under our contract with the Chilean government pursuant to which we extract lithium brine in Chile
Santa Cruz, Brazil	Refining Solutions	Production of catalysts, research and product development activities	Owned by Fábrica Carioca de Catalisadores S.A, a joint venture owned 50% by each of Petrobras Química S.A.-PETROQUISA and Albemarle
Silver Peak, Nevada	Lithium and Advanced Materials	Production of lithium-carbonate	Owned
South Haven, Michigan	All other	Production of custom fine chemistry products including pharmaceutical active ingredients	Owned
Taichung, Taiwan	Lithium and Advanced Materials	Production of butyllithium	Owned
Takaishi City, Osaka, Japan	Lithium and Advanced Materials	Production of aluminum alkyls	Owned by Nippon Aluminum Alkyls, a joint venture owned 50% by each of Mitsui Chemicals, Inc. and us
Twinsburg, Ohio	Bromine Specialties	Production of bromine-activated carbon	Leased

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Tyrone, Pennsylvania	All other	Production of custom fine chemistry products, agricultural intermediates, performance polymer products and research and development activities	Owned
Xinyu, China	Lithium and Advanced Materials	Production of lithium carbonate and lithium hydroxide	Owned
Yeosu, South Korea	Lithium and Advanced Materials	Research and product development activities/ small scale production of catalysts and catalyst components	Owned

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

2016 Sales Results (In thousands, except percentages)		
2016 Net Sales	\$	2,677,203
2016 Sales by Region		
United States	\$	705,463 26.35%
Foreign	\$	1,971,740 73.65%
Total		100%
2016 Sales by Business Unit		
Lithium & Advanced Materials	\$	968,216 36.17%
Bromine Specialties	\$	792,425 29.6%
Refining Solutions	\$	732,137 27.35%
FCS	\$	142,404 5.32%
Corporate Group ¹	\$	38,584 0.13%
All Other ²	\$	38,584 1.44%
Chemetall Surface Treatment		- —%
Total		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

As of December 31, 2016, we had approximately 5,000 employees, including employees of our consolidated joint ventures, of whom 2,700, or 54%, are employed in the U.S. and Latin America; 1,350, or 27%, are employed in Europe; 600, or 12%, are employed in Asia and 350, or 7%, are employed in the Middle East. Certain of these employees are represented by unions or works councils. We believe that we generally have a good relationship with our employees, and with the unions and works councils that represent certain employees.

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, 2016):

Net Sales	\$2.677 Billion
Total Assets	\$8.161 Billion
Total Long-Term Debt	\$2.369 Billion
Stockholders' Equity	\$3.795 Billion

Beneficial ownership information is found in the Albemarle Corporation 2016 Proxy Statement filed with the U.S. Securities and Exchange Commission on March 30, 2017.

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

ORGANIZATIONAL PROFILE

pursued opportunities to divest businesses which do not fit our high priority business growth profile. Following is a summary of our acquisitions, joint ventures and divestitures during recent years.

On December 14, 2016, we completed the sale of the Chemetall Surface Treatment business to BASF SE for cash proceeds of approximately \$3.1 billion, net of purchase price adjustments. The Chemetall Surface Treatment business was acquired on January 12, 2015, as part of the acquisition of Rockwood. The Chemetall Surface Treatment business is a leading global supplier of applied surface treatments and services for metal, plastic and glass substrates in a wide range of industries and end markets. This sale reflects our commitment to investing in future growth of our high priority businesses, reducing leverage and returning capital to shareholders.

On December 31, 2016, we completed the acquisition of the lithium hydroxide and lithium carbonate conversion assets of Jiangxi Jiangli New Materials Science and Technology Co. Ltd. for a purchase price of approximately \$145 million. This includes manufacturing assets and supporting business functions located in both Jiangxi and Sichuan, China focused on the production of battery-grade lithium carbonate and lithium hydroxide. We believe this acquisition will enable us to supply premium lithium salts to an expanded global customer base while solidifying our leading position in the lithium industry.

On January 12, 2015, we completed the acquisition of Rockwood for a purchase price of approximately \$5.7 billion, with Rockwood becoming a wholly-owned subsidiary of Albemarle. Through the acquisition of Rockwood, we became a leading integrated and low cost global producer of lithium and lithium compounds used in lithium-ion batteries for electronic devices, alternative transportation vehicles and energy storage technologies, meeting the significant growth in global demand for these products.

In 2015, our Chemetall Surface Treatment business completed several acquisitions, including (1) all remaining shares of its Shanghai Chemetall joint venture for a purchase price of \$57.6 million, (2) the aluminum finishing business of Chemal GmbH & Co. KG (“Chemal GmbH”), based in Hamm, Germany for a purchase price of \$2.2 million and (3) the remaining non-controlling interests’ share of Nanjing Chemetall Surface Technologies Co., Ltd for a purchase price of \$4.8 million. The ownership interests of each of these acquisitions were transferred to BASF SE in the sale of the Chemetall Surface Treatment business on December 14, 2016.

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In 2015, we announced our intention to pursue strategic alternatives, including divestitures, related to certain businesses which include minerals-based flame retardants and specialty chemicals, fine chemistry services and metal sulfides. On January 4, 2016, we completed the sale of our metal sulfides business to Treibacher Industrie AG for net proceeds of approximately \$137 million. Included in the transaction were sites in Vienna and Arnoldstein, Austria, and Tribotecn's proprietary sulfide synthesis process. On February 1, 2016, we completed the sale of our minerals-based flame retardants and specialty chemicals business to Huber Engineered Materials, a division of J.M. Huber Corporation, for net proceeds of approximately \$187 million. The transaction included Albemarle's Martinswerk GmbH subsidiary and manufacturing facility located in Bergheim, Germany, and Albemarle's 50% ownership interest in Magnifin Magnesiaprodukte GmbH, a joint-venture with Radex Heraklith Industriebeteiligung AG at Breitenau, Austria. In April 2016, the Company concluded that it would discontinue efforts to sell the fine chemistry services business.

On September 1, 2014, we closed the sale of our antioxidant, ibuprofen and propofol businesses and assets to SI Group, Inc. and received net proceeds of \$104.7 million. Included in the transaction were Albemarle's manufacturing sites in Orangeburg, South Carolina and Jinshan, China, along with Albemarle's antioxidant product lines manufactured in Ningbo, China.

3.1 REPORTING PERIOD FOR INFORMATION PROVIDED / REPORTING CYCLE

The reporting period for this information is the calendar year 2016. This is the ninth publicly released Sustainability Report for Albemarle Corporation.

This report is released in 2018, based upon fiscal year (and calendar year) 2016 information unless otherwise noted in specific sections. Commencing as to calendar year 2007, Albemarle Corporation produces a Sustainability Report annually. See <http://www.albemarle.com/sustainability/sustainability-reports-36.html>

3.2 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT OR CONTENTS

Tosca Langereis, Sustainability Reporting Specialist.

E-mail: 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) 18% (two 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

The Board maintains the following four standing Committees: Audit & Finance, 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 2016. 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, including:

- Approve major corporate actions and oversee, develop and implement Board policies;
- Review and approve financial plans, objectives and actions, including significant capital allocations and expenditures;
- Stay well-informed regarding our businesses and business strategies (management is responsible for providing accurate, timely and complete information to the Board);
- Monitor and assess management’s performance and execution of corporate plans and objectives and ask appropriate questions of management to address accountability with established goals;
- Be a partner with management on strategic issues by advising and consulting;
- Oversee our legal compliance programs and procedures;
- Assess the effectiveness of our health, safety and environment programs and initiatives;
- Be proactive in crisis situations;

- Appraise our major risks and oversee that appropriate risk management and control procedures are in place and that management takes the appropriate steps to manage our major risks, with the assistance of the Audit and Finance Committee and support from management;
- Determine through our Audit & Finance Committee that appropriate procedures are in place to promote integrity and candor in the audit of our financial statements and operations, and in all financial reporting and disclosure;
- Assume responsibility for the selection, evaluation, monitoring, retention, compensation and succession of the Chairperson of the Board and the Chief Executive Officer (CEO);
- Recruit effective new members to the Board and recommend director nominees for election by our shareholders (recruiting efforts to be led by the Nominating & Governance Committee with support from management); and
- Establish proper governance, which includes a periodic review of the Corporate Governance Guidelines by the Nominating & Governance Committee; the consideration by the Nominating & Governance Committee of other corporate governance issues and related matters; and any resulting recommendation by the Nominating & Governance Committee as to the governance issues that should be addressed by the Board.

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.

Pursuant to the Corporate Governance Guidelines, the Chief Executive Officer succession planning process must include a regular Board review and that any review of possible internal candidates should include:

- Readiness and potential;
- Demonstrated skills and competencies;
- Needed experience and training to fill gaps; and
- Plan for adequate exposure to the Board of Directors.

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 Jim W. Nokes 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. Communications regarding financial and accounting matters may also be sent directly to the Audit & Finance Committee at 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 27% to 67% (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 17% to 23% 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 four Committees comprised entirely of independent directors: Audit & Finance, Executive Compensation, Nominating & Governance and Health Safety & Environment.

Additionally, management designed an Enterprise Risk Management ("ERM") process led by the Company's Chief Risk and Compliance Officer, and managed by an ERM Committee with cross-functional representation by senior Company leaders worldwide. The ERM Committee identifies and assesses Company-wide risks, enterprise level risks and ensures action plans are in place to adequately mitigate those risks categorized as having the largest potential financial, reputational and/or health, safety or environmental impacts. The Chief Risk and Compliance 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 and Compliance Officer and other members of the ERM Committee, as appropriate.

The Audit & Finance Committee reports to the full Board on, among other matters, risk oversight. The Board also engages in periodic discussions with the Chief Risk and Compliance 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. Examples of such procedures and programs include:

- Whistleblower policy
- Code of Conduct
- Responsible Care® 14001 (RC14001®)
- Sustainable Development Policy
- Emissions Trading in the European Union
- Community involvement (Natural disaster relief as an example)
- Technology innovation
- VECAP™ (Voluntary Emissions Control Action Program)

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's 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 indicates that Albemarle aims to collaborate to share information and implement best practices across our organization, and to encourage its employees to perform at their highest potential, empowering them to prevent accidents or incidents before they happen. 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 endeavors to consider product safety and environmental impact issues 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

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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 <http://www.albemarle.com/sustainability/safety-37.html>.

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
ISO 50001	2013	Germany	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

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Active Pharmaceutical Ingredients Committee (APIC)	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 Chemical Society (ACS)	American Chemistry Council (ACC)
American Fuel and Petrochemical Manufacturers (AFPM)	American Industrial Hygiene Association (AIHA)
American Institute of Chemical Engineers (AIChE)	American Society of Materials (ASM)
American Society of Mechanical Engineers (ASME)	American Society of Quality (ASQ)
Amsterdam, Netherlands Region Business Association (ORAM)	Arbeitgeberverband Chemie-Nord
Arkansas Environmental Federation	Arkansas State Chamber Of Commerce and AIA (Associated Industries Of Arkansas)
Asia Plastics Forum	Association Connecting Electronics Industries (IPC)
Association of the Dutch Chemical Industry (VNCI)	Association of the German Chemical Industry (VCI)
Association of International Chemical Manufacturers (AICM)	Business-Industry Political Action Committee (BIPAC)
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	Bromine Science and Environmental Forum (BSEF)
European Chemical Industry Council (CEFIC)	Center for Chemical Process Safety
Channel Industries Mutual Aid (CIMA)	China Plastics Processing Industry Association (CPPIA)
China RoHS Working Group	Comité électronique Belge
Drug, Chemical and Associated Technologies (DCAT)	Dutch Association for Energy, Environment and Water (VEMW)
ECETOC	E4 Carolinas
East Harris County Manufacturers Association (EHCMA)	ESSENSCIA- Belgian federation for the chemical industry and life sciences
Eurobatt	Eurometaux
European Catalyst Manufacturers Association (ECMA)	European Flame Retardants Association (EFRA)
Explosion Research Cooperative	Forum Elektromobilität

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)	Louisiana Engineering Society (LES)
Maine State Chamber of Commerce	Magnolia Economic Development Commission
Magnolia Economic Development Commission	Manufacturers Alliance for Productivity and Innovation (MAPI)
National Association of Corporate Directors (NACD)	North American Flame Retardant Alliance (NAFRA)
Pennsylvania Chemical Industry Council (PCIC)	North Carolina Sustainable Energy Association
Portable Battery Recycle Association (PBRA)	The Advanced Rechargeable & Lithium Batteries Organization (Recharge)
Stop Abuse for Everyone (SAFE)	The Confederation of Netherlands Industry and Employers (VNO-NCW)
Texas Chemical Council	Wildlife Habitat Council
Yeosu Chamber of Commerce and Industry	Yeosu Chemical Plant Safety Manager Association

4.12 LIST OF STAKEHOLDER GROUPS ENGAGED BY THE ORGANIZATION

Stakeholder groups identified and engaged by Albemarle:

- Customers
- Shareholders
- Employees
- Retirees
- Communities in which we operate
- Consumers
- Suppliers
- NGO's
- Industry & Trade Associations
- Media

- Investment groups
- Governments and regulators

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.

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. In 2007, Albemarle formed the Albemarle Foundation, a 501(c) (3) nonprofit organization, to direct these employee efforts. Since 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, sites conduct Community Advisory Panels 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.

Below is an example of a CAP meeting in Magnolia, Arkansas, USA.

Columbia County Community Advisory Panel (CAP)



The mission of the Albemarle - CAP is to provide a forum that opens dialogue between the citizens of Columbia County (external stakeholders) and Albemarle Corporation. The panel addresses issues of interest to both groups and promotes awareness and understanding the plant.

The membership represents a cross section of the county and includes plant and brinefield neighbors, community and civic leaders, people interested in the environment, etc. The panel meets approximately every 3-4 months with the management of Albemarle's Magnolia Plants to review and discuss the facility's operations, environmental concerns, safety, emergency preparedness, community relations and other issues the panel may decide are important.

Additionally, the panel provides feedback to the plant on its operations and ways to improve communications with the community.

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 2016 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.
- Implementation of the Lautenberg Chemical Safety Act (LCSA) a new chemical regulatory framework to replace Toxic Substances Control Act (TSCA) in the United States.
- Advocacy and support of our bromine-based flame retardants

Albemarle advocates the use of science-based chemical 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

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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 both 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.

In May 2012, Albemarle announced the development of GreenCrest™ flame retardant, a stable, high molecular weight polymeric flame retardant designed as a replacement for HBCD in extruded and expanded polystyrene applications.

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.



Albemarle and CB&I win EPA green

chemistry award for AlkyClean® process technology

<http://www.prnewswire.com/news-releases/albemarle-and-cbi-win-epa-green-chemistry-award-for-alkyclean-process-technology-300283747.html>

We sponsor corporate awards associated with enhancing the sustainability of our operations. The Albemarle Sustainability Awards were created to recognize location specific teams for the amazing ingenuity and results they produce each year. The categories include: Waste Reduction, Wildlife Habitats, Community Initiatives, Energy/Greenhouse Gas Reductions, Emission Reductions, Water Conservation, and Office Activities.

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

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. One important aspect of this culture is the avoidance of conflicts of interest. We maintain specific policies and processes to monitor and prevent conflicts of interests, including the policies and procedures described below.

The Albemarle Corporation Board of Directors has adopted the Albemarle Corporation Code of Conduct (the "Code").



The Code of Conduct is managed by the Audit & Finance Committee of the Board of Directors and provides an overview of our expectations and standards for ethical behavior and compliance. The Code of Conduct identifies specific situations where conflicts of interest can arise, such as outside activities and employment, improper financial interests, doing business with family and friends, corporate opportunities, bribes and kickbacks, gifts and entertainment, inside information and insider trading and political contributions and lobbying activities. Potential conflicts of interest may include, without limitation, (i) using an Albemarle position or title in connection with an outside activity that may suggest Albemarle sponsorship or support; (ii) conducting Albemarle business with a family member who works for a customer, supplier or other business partner; (iii) providing or offering anything of value to a government, political or other public official; or (iv) buying or selling, or making any recommendations to others to buy or sell securities of any publicly traded company based on material non-public information obtained through a position at Albemarle. 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. Global training on the Code of Conduct is required to be completed by employees on an annual basis.

Integrity Helpline

We have established and maintain the Albemarle Integrity Helpline (the “Helpline”), which is a confidential, anonymous system for reporting via phone or the Internet suspected violations of the Code of Conduct (1) by mail to the Chief Compliance Officer, (2) by global toll-free telephone call (managed by an independent third-party provider in multiple language) or (3) online/the Internet. 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.

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 2016.

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.

Compliance Council

A further mechanism is the Compliance Council (the "Council"). The Council supports, consults with and advises the Chief Compliance Officer in the implementation, monitoring and administration of an effective ethics and compliance program. Comprised of cross-functional representatives from Compliance, Legal, Human Resources, HSE, Finance, Audit, Business, Sales and Manufacturing, the Council's purpose is to support Albemarle values of integrity, communication and teamwork by promoting a common approach to ethics and compliance. The Council maintains an open dialogue with the business functions and promotes cross-functional partnering and communication to ensure that our compliance goals are implemented and interpreted consistently throughout Albemarle. The Chief Compliance Officer periodically reports to the Audit & Finance Committee of the Board of Directors on the activities of the Council.

Other Mechanisms

In addition to the processes described above, there are other mechanisms in place to monitor and avoid potential conflicts of interest, including the annual Director & Officer Questionnaire, which poses questions designed to enable us to assess potential conflicts of interest.

DISCLOSURE OF MANAGEMENT APPROACH (DMA) - ECONOMIC

Albemarle focuses on innovative products, a global approach and a diverse product set around the world, as well as innovative people, in order to ensure that we continue to grow and have excellent cash flow for ongoing success. We believe that our commercial and geographic diversity, technical expertise, innovative capability, flexibility, 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 chemical industry in which we operate. We believe our disciplined cost reduction efforts, ongoing productivity improvements and strong balance sheet position us well to take advantage of strengthening economic conditions while softening the negative impact of any temporary disruption in the economy. Our strong balance sheet is a critical component of making sure we can handle those uncertainties.



Scott Tozier, Executive Vice President & Chief Financial Officer

EC-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

CONSOLIDATED BALANCE SHEET

(In Thousands)	
December 31,	2016
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,269,756
Trade accounts receivable, less allowance for doubtful accounts	486,035
Other accounts receivable	41,985
Inventories	450,263
Other current assets	58,579
Total current assets	3,306,618
Property, plant and equipment, at cost	3,910,522
Less accumulated depreciation and amortization	1,550,382
Net property, plant and equipment	2,360,140
Investments	457,533
Other assets	142,320
Goodwill	1,540,032
Other intangibles, net of amortization	354,564
Total assets	\$ 8,161,207
Liabilities and Equity	
Current liabilities:	
Accounts payable	\$ 281,874
Accrued expenses	322,165
Current portion of long-term debt	247,544
Dividends payable	34,104
Income taxes payable	254,416
Total current liabilities	1,140,103
Long-term debt	2,121,718
Post retirement benefits	50,538
Pension benefits	298,695
Other non-current liabilities	194,810
Deferred income taxes	412,739
Equity:	
Albemarle Corporation shareholders' equity:	
Common stock, \$.01 par value	1,125

Additional paid-in capital	2,084,418
Accumulated other comprehensive income (loss)	(412,412)
Retained earnings	2,121,931
Total Albemarle Corporation shareholders' equity	3,795,062
Non controlling interests	147,542
Total equity	3,942,604
Total liabilities and equity	\$ 8,161,207

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 2016, filed with the U.S. Securities and Exchange Commission on February 28, 2017; this report may be found via

<http://investors.albemarle.com/phoenix.zhtml?c=117031&p=irol-reportsannual>

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 has been increasing concern regarding the declining water level of the Dead Sea, from which JBC (our joint venture in Jordan), produces bromine. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to climate change. For example, some of our operations are within jurisdictions that have (or are developing) regulatory regimes governing greenhouse gas (GHG) emissions. Potentially, additional U.S. federal regulation will be forthcoming with respect to GHG emissions (including carbon dioxide) and/or "cap and trade" legislation that could have impacts on 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 GHG 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, 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 impacts of climate change and related regulation on our customers are highly uncertain and may adversely affect us.

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, 2016			Year Ended December 31, 2015		
	U.S. Plans	Foreign Plans	Aggregate	U.S. Plans	Foreign Plans	Aggregate
<i>Change in benefit obligations:</i>						
Benefit obligation at January 1	\$ 682,839	\$ 245,747	\$ 928,586	\$ 729,652	\$ 53,112	\$ 782,764
Service cost	1,028	3,133	4,161	1,233	3,909	5,142
Interest cost	30,514	6,570	37,084	30,235	6,405	36,640
Plan amendments	—	—	—	—	864	864

ECONOMIC

Actuarial (gain) loss	7,357	28,083	35,440	(54,140)	(30,978)	(85,118)
Benefits paid	(56,050)	(9,793)	(65,843)	(37,512)	(11,283)	(48,795)
Acquisitions	—	—	—	13,371	270,618	283,989
Divestitures	—	(6,372)	(6,372)	—	—	—
Reclass to assets held for sale	—	—	—	—	(26,608)	(26,608)
Employee contributions	—	245	245	—	256	256
Foreign exchange loss (gain)	—	(21,724)	(21,724)	—	(20,105)	(20,105)
Settlements/curtailments	—	(427)	(427)	—	(161)	(161)
Other	—	818	818	—	(282)	(282)
Benefit obligation at December 31	\$ 665,688	\$ 246,280	\$ 911,968	\$ 682,839	\$ 245,747	\$ 928,586

	Year Ended December 31, 2016			Year Ended December 31, 2015		
	U.S. Plans	Foreign Plans	Aggregate	U.S. Plans	Foreign Plans	Aggregate
<i>Change in plan assets:</i>						
Fair value of plan assets at January 1	\$ 555,084	\$ 64,911	\$ 619,995	\$ 598,250	\$ 9,444	\$ 607,694
Actual return on plan assets	37,725	12,534	50,259	(16,306)	630	(15,676)
Employer contributions	1,323	10,911	12,234	1,398	11,864	13,262
Benefits paid	(56,050)	(9,793)	(65,843)	(37,512)	(11,283)	(48,795)
Acquisitions	—	—	—	9,254	56,418	65,672
Employee contributions	—	245	245	—	256	256
Foreign exchange gain (loss)	—	(10,492)	(10,492)	—	(2,189)	(2,189)
Settlements/curtailments	—	—	—	—	(161)	(161)
Other	—	559	559	—	(68)	(68)
Fair value of plan assets at December 31	\$ 538,082	\$ 68,875	\$ 606,957	\$ 555,084	\$ 64,911	\$ 619,995
Funded status at December 31	\$ (127,606)	\$ (177,405)	\$ (305,011)	\$ (127,755)	\$ (180,836)	\$ (308,591)
Actual return on plan assets %	6.8%	19.31%	8.11%	(2.73)%	6.67%	(2.58)%

	Year Ended December 31, 2016			Year Ended December 31, 2015		
	U.S. Plans	Foreign Plans	Aggregate	U.S. Plans	Foreign Plans	Aggregate
<u>Amounts recognized in consolidated balance sheets:</u>						
Current liabilities (accrued expenses)	\$ (1,100)	\$ (5,216)	\$ (6,316)	\$ (1,110)	\$ (7,498)	\$ (8,608)
Non-current liabilities (pension benefits)	(126,506)	(172,189)	(298,695)	\$ (126,645)	(173,338)	(299,983)
Net pension liability	\$ (127,606)	\$ (177,405)	\$ (305,011)	\$ (127,755)	\$ (180,836)	\$ (308,591)
<u>Amounts recognized in accumulated other comprehensive income:</u>						
Prior service benefit	(136)	(322)	(458)	(211)	(1,046)	(1,257)
<u>Weighted-average assumptions used to determine benefit obligations at December 31:</u>						
Discount rate	4.43%	2%	3.77%	4.67 %	2.76%	4.12 %
Rate of compensation increase	—%	3.18%	3.18%	—%	3.16%	3.16 %

EC-4 SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

Program- /Project name	Funding received from	Funding for Albemarle
WBSO (tax incentive for R&D hours and R&D investments)	Netherlands Government	\$792,405

Exchange rate: 1 Euro = \$ 1.16366 (July 24, 2017)

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

Per December 31, 2016

Significant Location(s)	Name(s)	Lowest Level Wage	Minimum Wage	Ratio Entry-level Wage to Minimum Wage
Americas- USA				
Arkansas	Magnolia Plants	\$18.61/hour	\$8.00/hour	2.33:1
Louisiana	Baton Rouge Tower	\$18.86/hour	\$7.25/hour	2.6:1
Louisiana	PDC- Baton Rouge Process Development Center	\$16.72/hour	\$7.25/hour	2.31:1
Michigan	South Haven Plant	\$19.00/hour	\$8.50/hour	2.24:1
Nevada	Silver Peak	\$16.80/hour	\$8.25/hour	2.04:1
North Carolina	Charlotte	\$21.63/hour	\$7.25/hour	2.98:1
North Carolina	Kings Mountain	\$13.14/hour	\$7.25/hour	1.81:1
Pennsylvania	Tyrone Plant	\$19.64/hour	\$7.25/hour	2.71:1
Tennessee	New Johnsonville	\$22.12/hour	\$7.25/hour	3.05:1
Texas	Bayport Plant	\$23.00/hour	\$7.25/hour	3.17:1
Texas	Clear Lake Office	\$28.90/hour	\$7.25/hour	3.99:1
Texas	Pasadena Plant	\$20.84/hour	\$7.25/hour	2.87:1
Europe, Middle East and Africa				
Amsterdam, Netherlands	Amsterdam	€2,211 /mo	€1,524,80/mo	1.45:1
Albemarle Germany, Germany	Frankfurt, Langelsheim	€2.482,00/mo	€1386,60/mo	1.79:1
Budapest Hungary	Budapest	248207HUF/mo	129000HUF/mo	1.92:1
JBC (Jordan Bromine Company Lid., 50% joint venture)	Jordan	601 JD /MO	220 JD /MO	2.73:1
Louvain-la-Neuve Belgium	LLN	€2,646.11/mo	€1,698.93/mo	1.58:1

Asia Pacific				
Beijing China	Beijing	14427CNY/mo	1890CNY/mo	7.63:1
Dalian China	Dalian	3350CNY/mo	1530CNY/mo	2.19:1
Shanghai China	Shanghai	6000CNY/mo	2190CNY/mo	2.74:1
Yeosu South Korea	South Korea	10,105 KRW/hr	6,470 KRW/hr	1.56:1
Singapore	Singapore	S\$5285/month	n/a	n/a
Tokyo Japan	Japan	JPY2500/hour	JPY907/hour	2.76:1
Seoul, South Korea	South Korea	KRW 3,300,275/month	KRW 1,260,270/month	2.62:1
Taiwan	Taiwan	30,973 TWD/mo	20,008 TWD/mo	1.55:1

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)		
Americas		
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	51%
North Carolina	Charlotte - Corporate Head Quarters	20 %
North Carolina	Kings Mountain	18%
Pennsylvania	Tyrone Plant	45 %
Tennessee	New Johnsonville	50 %
Texas	Bayport Plant	25 %
Texas	Clear Lake Office	0%
Texas	Pasadena Plant	15%
Europe, Middle East and Africa		
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	95%
Asia Pacific		
Beijing, China	Beijing	100%
Dalian, China	Dalian	100%
Shanghai, China	Shanghai	100%
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 PROMARILY 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 2016, the Albemarle Foundation distributed over \$3.7 million to deserving agencies, of which \$546,000 came from current and retired Albemarle employees and the Board of Directors. Since its 2007 inception, the Albemarle Foundation® has donated nearly \$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 <http://www.albemarle.com/sustainability/albemarle-foundation-42.html>.

DISCLOSURE OF MANAGEMENT APPROACH (DMA) - ENVIRONMENTAL

As responsible stewards of our global operations, we realize that we must always be diligent in maintaining our processes, systems and equipment so that we do not leave a negative legacy. We strive to always 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 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 continue to 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 the ecosystems are and how we, as good stewards, can nourish them and help them to thrive.

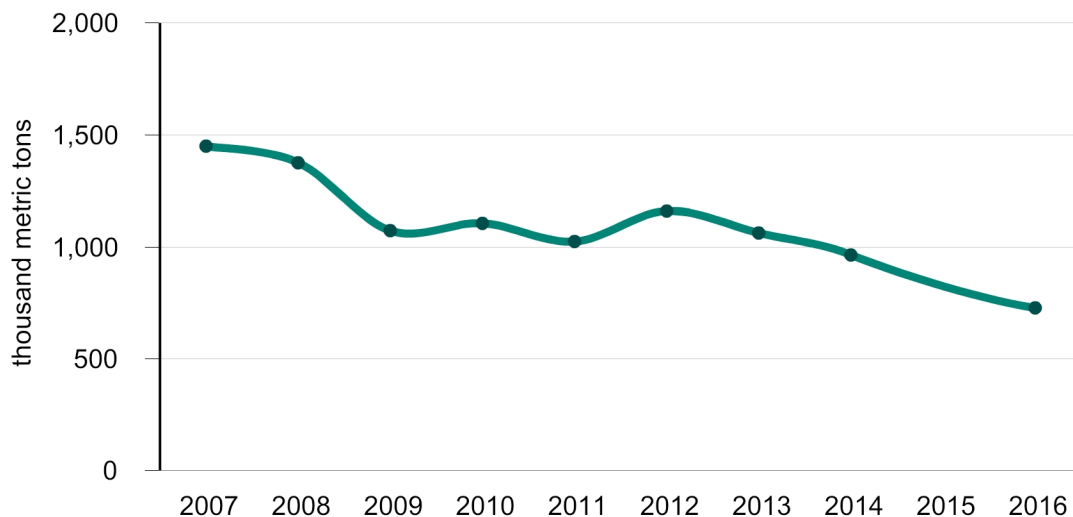


Niomi Krzystowczyk - Former Vice President Health, Safety and Environment

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 2016, Albemarle used a total of 0.73 million metric tons of raw materials. This volume does not include materials transferred between production facilities or the use of water (see EN8). 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 2016, none of Albemarle’s raw materials were “non-virgin” material.

EN-3 DIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE

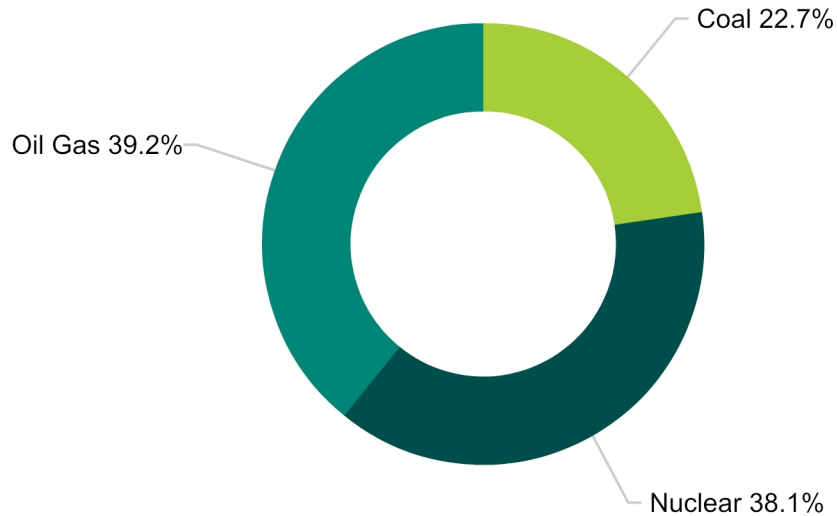
Albemarle’s consumption of energy in 2016 was 20.08 million MMBTU's (with an MMBTU equal to one million BTUs, or British Thermal Units) from manufacturing facilities. *[correction]* The energy impact of distribution of products and waste has not been assessed and is not included. Energy use at Albemarle non-manufacturing facilities (i.e., business offices) is small when compared to

manufacturing facilities and is not included in the above. All direct primary energy used by Albemarle as defined by this indicator is classified as non-renewable. In a few instances, Albemarle transfers energy between co-located companies. This value is small and the data expressed above is net energy use by Albemarle.

EN-4 INDIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE

Indirect energy consumption for Albemarle results from two major intermediate energy sources: purchased electricity and steam. These intermediate energy uses totaled 7.47 million MMBTU in 2016 from manufacturing facilities. Of the total, purchased electricity accounts for 7.22million MMBTU and purchased steam accounts for -0.25 million MMBTU. Albemarle transfers energy between co-located companies. The steam value is net energy use by Albemarle. Energy use at Albemarle nonmanufacturing facilities (i.e., business offices) are small when compared to manufacturing facilities and is not included in this indicator. In a few instances, Generation efficiencies used for this calculation are derived from U.S. Department of Energy and American Chemistry Council data. *[correction]*

EN-4: Indirect Energy Consumption by Primary Energy Source



EN-5 TOTAL WATER CONSUMPTION

Albemarle's water consumption totaled 11.85 million cubic meters in 2016, compared to 10.93 million cubic meters in 2015 and 17.4 million cubic meters in 2014 (reflecting an overall downward trend). *[correction]*

EN-6 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.

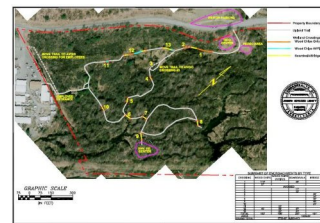
EN-7 OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

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-8 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-7 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.

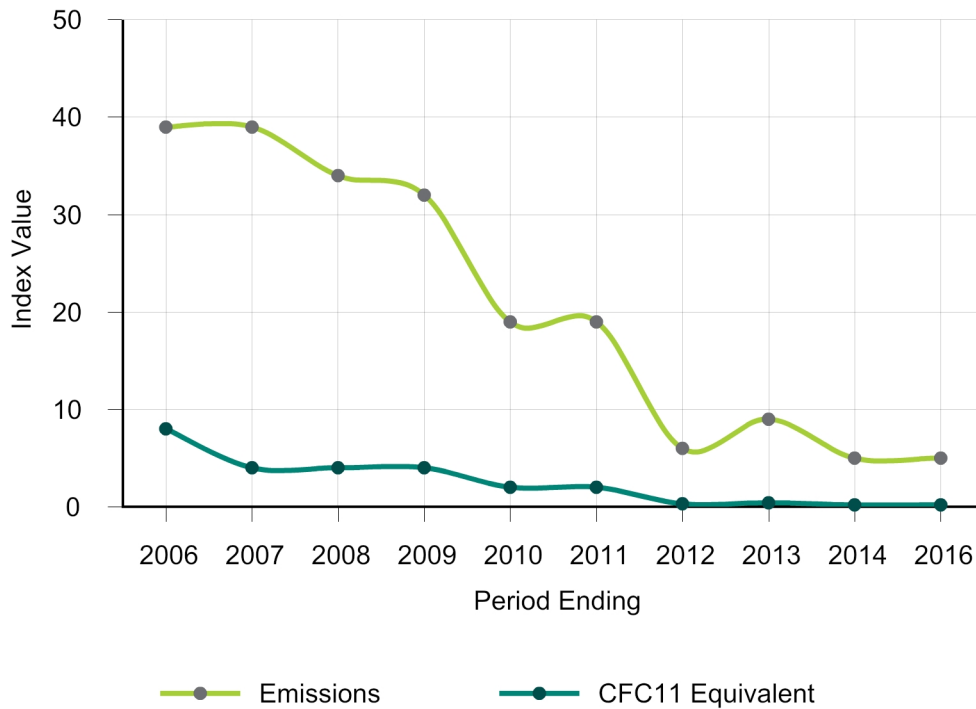
EN-9 DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT

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 CO₂ 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 2016 were 1.14 million metric tons. *[correction]*

EN-10 EMISSIONS OF OZONE-DEPLETING SUBSTANCES BY WEIGHT

In 2016, Albemarle's emissions of ozone depleting substances consisted of R-22. The 2016 emissions of ozone-depleting substances totaled 5.04 metric tons.

EN-10: Ozone Depleting Substance Emissions



EN-11 NO_x, SO_x AND OTHER SIGNIFICANT AIR EMISSIONS BY TYPE AND WEIGHT

Albemarle tabulates NO_x and SO_x 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_x emissions in 2016 totaled 812 metric tons. SO_x emissions totaled 4,690 metric tons. HAP emissions totaled 70 metric tons. *[correction]*

EN-12 TOTAL WEIGHT OF WASTE BY TYPE

Each Albemarle manufacturing site tabulates hazardous and non-hazardous waste generation. 2016 generation of hazardous waste was 11,498 metric tons. Non hazardous waste generation in 2016 totaled 7,442 metric tons. The non-hazardous total does not include wastewaters.

EN-12: Waste Generation



EN-13 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 5 minor leaks occurred in 2016, none of which constituted Level 3 events.

EN-14 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.

Over the last eight 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 in 2015 was covered with surveys.



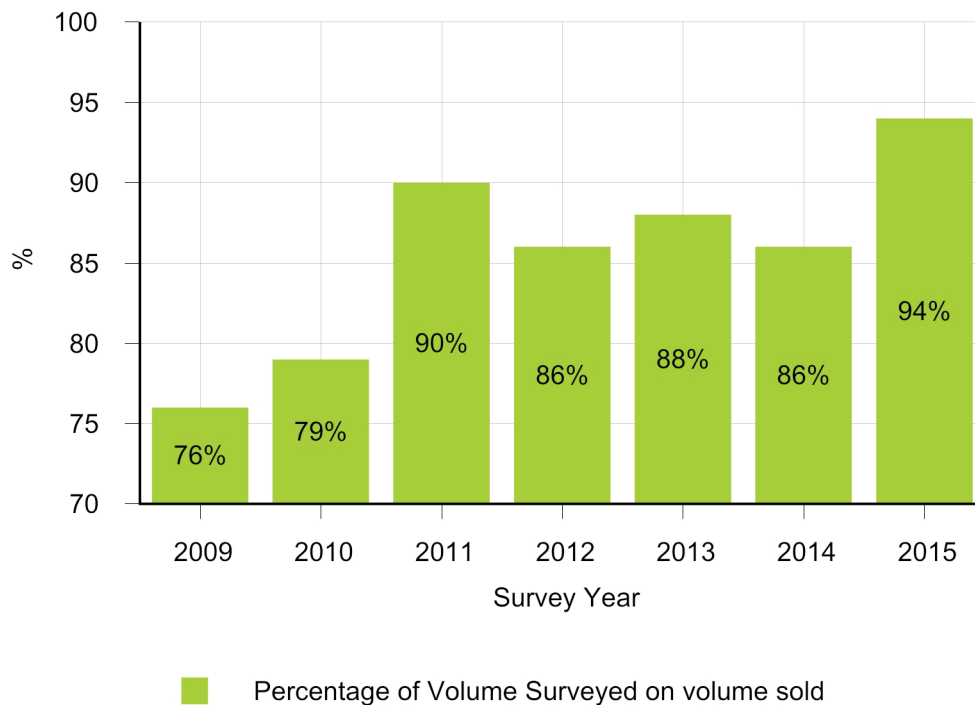
Potential emissions to air, water and land were estimated, and recommendations were provided for the implementation of the best available techniques, which allow for reduction of these potential emissions. The main area of emission concerns that we learned of through the surveys is the disposal of packaging 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. During the 2008 survey, roughly 1,800 g/ton of potential land emissions from residue in packaging waste was identified by numerous users. The graph below of the 2010 through 2016 survey results worldwide show that the potential emissions [to land] have decreased significantly since 2011. 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. A 2017 VECAP™ report was not published, so no 2016 volume/emission data is available.

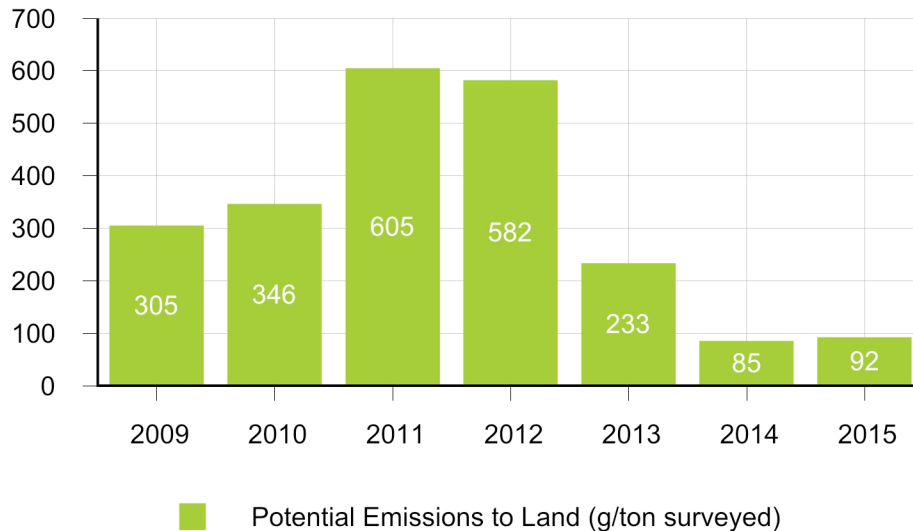
Albemarle's main bromine manufacturing site in Magnolia, Arkansas, USA was VECAP™ certified by third party Bureau Veritas in 2009 (and re-certified in February 2015). Our manufacturing plant in Safi, Jordan and our Process Development Center in Baton Rouge, Louisiana, USA also received VECAP™ certification in February 2014 and January 2015, respectively.

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

2009 - 2015 VECAP Surveys Worldwide. Volume Coverage No 2016 data available



2009 - 2015 VECAP Survey Results Worldwide
Data acquired on 76 to 94% of the total volume sold
No 2016 data available



EN-15 PERCENTAGE OF PRODUCTS SOLD AND THEIR PACKAGING MATERIALS THAT ARE RECLAIMED BY CATEGORY

1081 Metric tons of products and packaging were identified in 2016 that were directly reclaimed by Albemarle.

EN-16 MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONITARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

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

In 2016 we received one penalty of \$ 4,500 related to waste management issues at our manufacturing site in Louisiana. The penalty was 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 2016.

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 high-quality, effective 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.

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

2016 Worldwide Staffing Summary (as of December 31, 2016)

	Permanent			Temporary	TOTAL
	Salaried	Hourly	Total Direct	Contract	
Americas	1,614	669	2,283	0	2,283
Europe, Middle East and Africa	1,284	0	1,970	278	2,248
Asia Pacific*	46	1	47	2	49
TOTAL	2,944	670	4,300	280	4,580

* Singapore, Seoul and Tokyo

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

For 2016:

LABOR PRACTICES

Category	Average Headcount	Total Terminations	% Turnover
By Gender			
Male	2,530	564	22.3%
Female	631	185	29.3%
By Age(U.S. only)			
Age < 30	393	185	47.1%
Age 30-50	1,649	300	18.2%
Age > 50	1,120	264	23.6%
By Region			
Americas	3,161	749	23.7%
Europe + JBC (Jordan JV)	1,705	149	8.7%
Asia Pacific*	49	7	14.3%
Overall	4,915	905	18.4%

* Singapore, Seoul and Tokyo

LABOR PRACTICES

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

Significant Location(s)	Name(s)	Minimum Benefits for Full-Time Employees
Americas		
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	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	
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

LABOR PRACTICES

Budapest, Hungary	Budapest	Health Insurance Pension Weekend Home Travel and Daily Commuting Meal Voucher Medicover
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
Asia Pacific		
Beijing, China	Beijing	Statutory government benefits Supplemental medical insurance Annual Health Check-up Blanket Travel Accident Insurance Welfare
Shanghai, China	Shanghai	
Dalian, China	Dalian	
Guangzhou, China	Guangzhou	
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

LABOR PRACTICES

Significant Location(s)	Name(s)	% Employees Represented by Unions / CBA
Americas		
Arkansas	Magnolia Plants	0%
Louisiana	BRT - Baton Rouge Tower	0%
Louisiana	PDC- Baton Rouge Process Development Center	26%
Michigan	South Haven Plant	0%
Nevada	Silver Peak	0%
North Carolina	Charlotte (Corporate Head Quarters)	0%
North Carolina	Kings Mountain	0%
Pennsylvania	Tyrone Plant	0%
Tennessee	New Johnsonville	64%
Texas	Bayport Plant	0%
Texas	Clear Lake Office	0%
Texas	Pasadena Plant	58%
Europe, Middle East and Africa		
Amsterdam, Netherlands	Amsterdam	95%
Rockwood Lithium Germany	Frankfurt an Main; Langelsheim	90%
Budapest Hungary	Budapest	0%
JBC (Jordan Bromine Company Limited, 50% joint venture)	Jordan	80% Based on permanent employees
Louvain-la-Neuve Belgium	Louvain-la-Neuve (LLN)	0%
Asia Pacific		
Beijing China	Beijing	0% (non-union)
Shanghai China	Shanghai	0% (non-union)
Dalian China	Dalian	0% (non-union)
Ninghai China	Ningbo	0% (non-union)
Yeosu South Korea	South Korea	0% (non-union)
Singapore	Singapore	0% (non-union)
Tokyo Japan	Japan	0% (non-union)

LABOR PRACTICES

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

Significant Location(s)	Name(s)	Minimum Notice Periods for Operational Changes
Americas		
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

LABOR PRACTICES

Twinsburg, Ohio	Twinsburg	No minimum notice period applicable
Tyrone, Pennsylvania	Tyrone	No minimum notice period applicable
Europe, Middle East and Africa		
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	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
Asia Pacific		
Beijing, China	Beijing	30 days notice
Shanghai, China	Shanghai	
Dalian, China	Dalian	
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
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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

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.

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

	2016	2015	2014	2013
Injury rate	0.53	0.57	0.33	0.56
Occupational diseases	0	0	0	0
Lost days	258	551	175	535
Absenteeism	No data	No data	No data	No data
Work-related fatalities	0	0	0	0
Contractor rates	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, BY GENDER AND OUR EMPLOYEE CATEGORY

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

LABOR PRACTICES

Significant Location(s)	Name(s)	Average Hours of Training/ Year
Americas		
Baton Rouge, Louisiana	Baton Rouge Tower	8 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	36 hours
Houston, Texas	Pasadena	1,840 hours
Kings Mountain, North Carolina	Kings Mountain	50 hours
Magnolia Arkansas	Magnolia South Plant	91 hours
Magnolia Arkansas	Magnolia West Plant	91 hours
New Johnsonville, Tennessee	New Johnsonville	50 hours
Silver Peak, Nevada	Silver Peak	60 hours
Europe, Middle East and Africa		
Amsterdam, Netherlands	Amsterdam	20 hours
Budapest, Hungary	Budapest	11 hours
Germany	Rockwood Lithium Germany	40 hours
Jordan	JBC (Jordan Bromine Company Ltd., 50% joint venture)	40 hours
Louvain-la-Neuve, Belgium	LLN	21 hours
Asia Pacific		
Beijing, China	Beijing	20 hours
Dalian, China	Dalian	26 hours
Shanghai, China	Shanghai	20 hours
Seoul, South Korea	Seoul	15 hours
Singapore	Singapore	15 hours
Taiwan	Taiwan	13 hours (external) + 13.5 hours (internal) = 36.5 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

2016 – Americas Region Only

	Total	Male Count	Male Avg Wage	Female Count	Female Avg Wage	Ratio Avg Wage
Ethnic - Asian	68	52	\$54.88/hr	16	\$51.31/hr	1.07 : 1
Ethnic - Black or African American	129	90	\$38.33/hr	39	\$34.81/hr	1.1 : 1
Ethnic - Hispanic or Latino	108	81	\$43.73/hr	27	\$41.12/hr	1.06 : 1
Ethnic - White	1,553	1,289	\$45.63/hr	264	\$45.40/hr	1.01 : 1
Ethnic - Other Categories	424	375	\$39.77/hr	49	\$38.51/hr	1.03 : 1

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

Other than the standard company training, we did provide outside training at Silver Peak. All employees received a 2 hour Harassment training class. Supervisors and Managers received 4 1/2 day sessions. Training was on leadership.

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, 2016, we had approximately 5,000 employees, including employees of our consolidated joint ventures, of whom 2,700, or 54%, are employed in the U.S. and Latin America; 1,350, or 27%, are employed in Europe; 600, or 12%, are employed in Asia and 350, 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-: 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 2017 at our Pasadena, Texas location and in 2018 at our Baton Rouge, Louisiana location.

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 collective bargaining agreement was negotiated with FNV Procesindustrie and CNV Vakmensen. This agreement covers the period from January 1, 2016 to January 1, 2018.

Albemarle Germany (former Rockwood Lithium (RWL)) has a works council at each of its Frankfurt and Langelsheim, Germany sites. Together they built a joint works council for Albemarle Germany GmbH. Approximately 646 employees were covered by works councils at Frankfurt and Langelsheim, Germany.

In 2016 RWL (Albemarle Germany) 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 August 1, 2016 to August 31, 2017 for Frankfurt. The current labor agreement covers the period from September 1, 2016 to September 30, 2017 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.

Asia-Pacific: As of December 31, 2016, 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

1 hour of employee training on code of conduct (including human rights); 100% of security personnel trained in policies and procedures concerning aspects of human rights in the U.S.

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 voluntarism. In 2007, we launched the Albemarle Foundation. Since then, we have provided nearly \$30 million in grants to organizations that fulfill our mission around the globe (including about \$ 4 million in grants in 2016). In 2016 alone, we had over 12,000 logged hours of employee volunteer hours through the Albemarle Foundation® 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.

That, to us, is the key of social responsibility; what our employees are engaged in, by offering a platform for active volunteerism and philanthropic giving that positively impacts the communities where we work each day and raise our families.



Luke Kissam, Chairman, President & CEO

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

We view the community as our partner and realize that they provide us with the license to operate. With regard to assessing and managing the impact of operations on communities, including entering, operating and exiting 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 to evaluate all aspects of such activities, including but not limited to financial, environmental, social and regulatory implications. In addition, Albemarle limits its impact to communities through emissions reduction programs. Each site has specific issues that need addressing; therefore, each initiative has specific programs and practices that are derived and executed by the Albemarle team for each situation or location.

Finally, each site has a Community Advisory Panel (CAP), that is intended as the conduit for open communication between the site and the community within which it operates. The relevant 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 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 2016, the fund paid out \$835,152 in grants and programs.

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

In 2016, we analyzed one location for risks related to corruption and identified no significant risks.

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 a strong "tone at the top" email communication about the importance of acting ethically, understanding the content of the Code of Conduct, and completing the Code of Conduct training.

When providing the instructions on the mechanics of taking the training, the Chief Compliance Officer separately emphasizes the important of ethical conduct.

All employees are required to complete training with respect to our Code of Conduct (Albemarle's principal document and philosophy for the prevention of corruption). 95% of our employees worldwide completed Code of Conduct training in 2016. In addition, employees in customer-facing roles and other relevant roles were required to take online training addressing anti-bribery and anti-corruption specifically. Finally, in-person anti-corruption and anti-bribery training was held in several locations around the world for employees and third party sales representatives.

G4-SO4 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

During 2016, no Albemarle employee was terminated for corruption-related behavior, and no Albemarle employee was formally disciplined for corruption-related behavior.

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

Albemarle has a strong commitment to participating in public policy and regulatory debates as well as communicating our positions with governmental entities 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:

- U.S. federal legislation requiring mandatory security standards for chemical facilities which will protect not only our employees but the surrounding community.
- Active participation in the development of a more effective chemical management system by modernizing the U.S. federal Toxic Substances Control Act (TSCA)
- 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
-

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

Active participation with European initiatives in the following areas:

- Ecolabels
- Risk assessments and risk reduction strategies
- EU legislative developments
- Global harmonization of chemical management policies that follow the guidelines of the EU REACH program to provide the public with the most scientific knowledge of our products, as well as a confidence in the safety of our products

- 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
- 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 <http://www.albemarle.com/investors/corporate-governance/political-contribution-policy-summary-1902.html>.

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

SOCIAL - SOCIETY

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 2016.

POLITICAL CONTRIBUTIONS (January 1, 2016 - December 31, 2016)

Albemarle Corporation

Candidate/Organization	Party	State	Date	Amount
Battle Born Nevada PAC	R	Nevada	10/14/2016	\$1,000
Committee to Elect Aaron Ford	D	Nevada	10/14/2016	\$2,000
Committee to Elect Pete Goicoechea	R	Nevada	10/14/2016	\$1,500
Committee to Elect Ira Hansen	R	Nevada	10/14/2016	\$1,500
Growth & Opportunity PAC	N/A	Nevada	10/14/2016	\$1,000
Nevada Jobs Coalition	N/A	Nevada	10/14/2016	\$1,000
Right Nevada PAC	R	Nevada	10/14/2016	\$2,000
All for Nevada	R	Nevada	10/14/2016	\$1,500
Baton Rouge Area Chamber Creative Capital	N/A	Louisiana	9/23/2016	\$25,000

Albemarle PAC

SOCIAL - SOCIETY

Candidate/Organization	Party	State	Date	Amount
Amodei for Nevada	R	Nevada	4/28/2016	\$2,500
Boozman for Arkansas	R	Arkansas	9/27/2016	\$2,500
The Richard Burr Committee	R	North Carolina	9/27/2016	\$2,500
Gene Green Congressional Campaign	D	Texas	4/28/2016	\$2,500
Crescent Hardy for Congress	R	Nevada	4/28/2016	\$2,500
Bruce Westerman for Congress	R	Arkansas	9/27/2016	\$2,500

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

During 2016, there were no material monetary fines or non-monetary sanctions for non-compliance with laws and regulations.

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. For our most hazardous materials, we develop specific product stewardship manuals to ensure that each aspect of responsible manufacture and use are clearly defined. 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.



Karen Narwold, Executive Vice President & Chief
Administrative Officer

PRODUCT RESPONSIBILITY

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 2016, there were no material monetary fines or non-monetary sanctions for non-compliance with laws and regulations.

Contact Information:

Albemarle Corporation - Public Affairs

4350 Congress Street, Suite 700

Charlotte, North Carolina 28209

United States of America

Tel.: +1 980-299-5700

www.albemarle.com

